

Fiscal 2010

Citizens' Guide to the Budget



Jon S. Corzine, Governor

**R. David Rousseau
State Treasurer**

**Charlene M. Holzbaaur
Director**

**Robert L. Peden
Deputy Director**

**Gary J. Brune
Associate Director**

**Jacki L. Stevens
Assistant Director**

Office of Management and Budget

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



State of New Jersey

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

JON S. CORZINE
Governor

Citizens of the State of New Jersey:

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

Respectfully,

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

Jon S. Corzine
Governor of New Jersey



State of New Jersey

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

JON S. CORZINE
Governor

R. DAVID ROUSSEAU
State Treasurer

Message from the State Treasurer:

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

Sincerely,

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

R. David Rousseau
State Treasurer

Fiscal 2010 Citizens' Guide to the Budget

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

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

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

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

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

ASSEMBLY BILL NO. 4100

To the General Assembly:

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

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

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

Key elements of the FY 2010 Budget include:

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

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

Defining and Solving the FY 2010 Shortfall Problem

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

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

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

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

Reducing Size and Cost of Government

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

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

Putting Children First

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

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

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

Preserving and Continuing Property Tax Relief

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

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

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

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

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

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

Conclusion

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

Respectfully,

/s/Jon S. Corzine

Governor

Attest:

/s/William J. Castner, Jr.

Chief Counsel to the Governor



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

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

Summarizing the Budget

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

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

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

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

Helping New Jersey Overcome the Economic Crisis

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

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

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

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

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

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

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

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

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

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

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

Protecting the Vulnerable

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

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

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

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

Where Does the Money Go?

The Programs and Services Behind the Fiscal 2010 Numbers

**People Served/
Items Purchased**

Helping Those in Need



121,160,379
29,373,155

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

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

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



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

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

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

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

Protecting the Public's Safety



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

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



Preserving the Environment

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

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

**People Served/
Items Purchased**



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

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

Protecting the Public's Health

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

Transportation Services



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

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

Serving Businesses



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

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

Educating Our Children



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

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

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

**People Served/
Items Purchased**

Higher Education Student Assistance



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

Direct Tax Relief



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

Protecting the Consumer



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

Chapter 2: Budget Highlights & Charts and Graphs

BUDGET HIGHLIGHTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

March

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

June

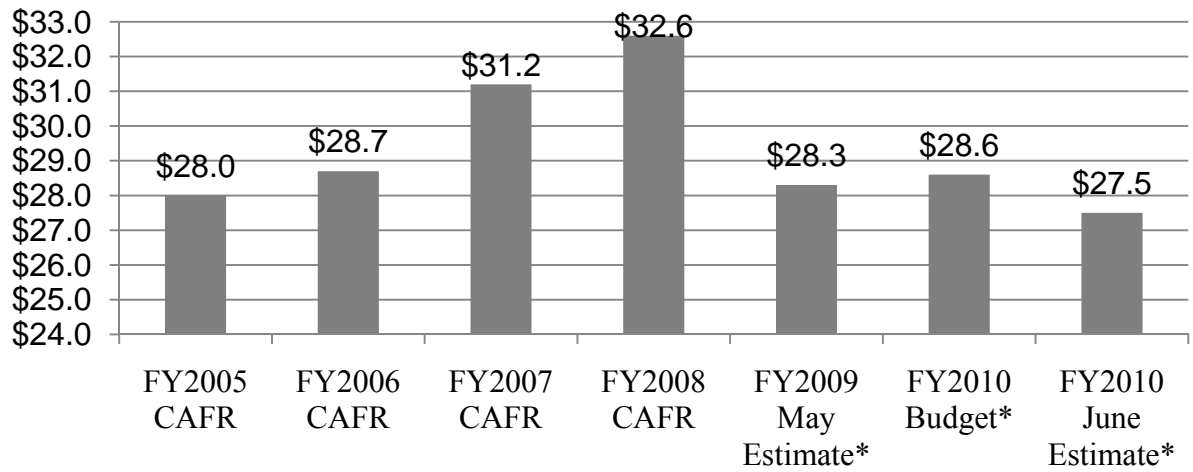
FY 2010 Total Projected Model	\$ 35,736,827
FY 2010 Base Resources *	<u>27,487,635</u>
FY 2010 Projected Shortfall	\$ 8,249,192

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

Revenue History

FY 2010 Base Revenue Below FY 2005 Actual Revenue

(In Billions)



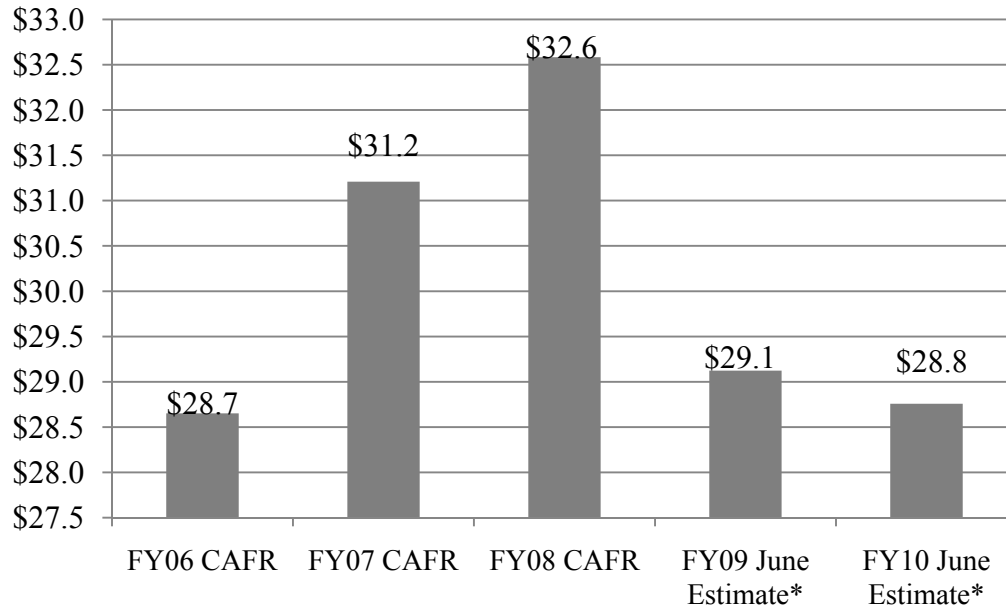
*Without solutions

CAFR – Comprehensive Annual Financial Report

History of Total Revenues

FY2010 Approximates FY2006

(In Billions)

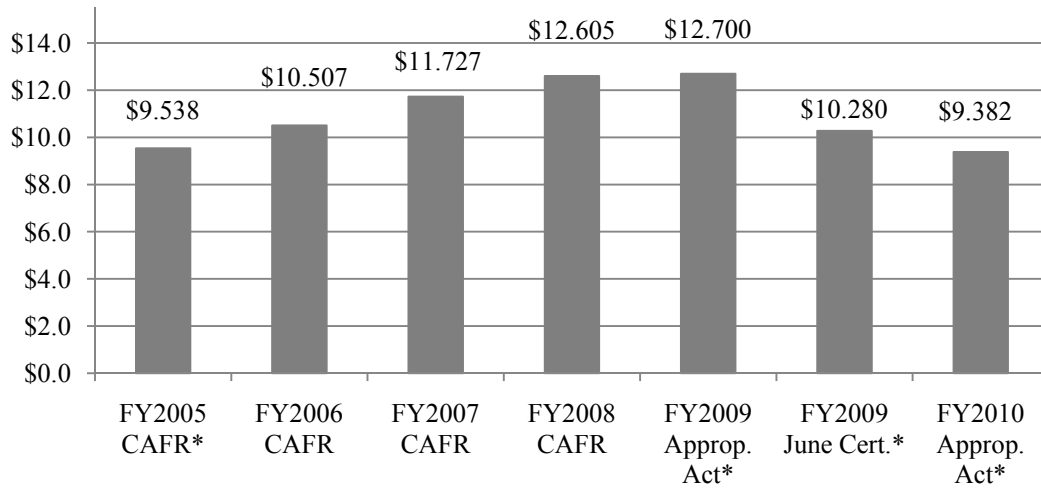


*With solutions

CAFR – Comprehensive Annual Financial Report

Base Income Tax Revenue Below Actual FY 2005 Collections

(In Billions)



*These revenues include changes in tax policy.

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

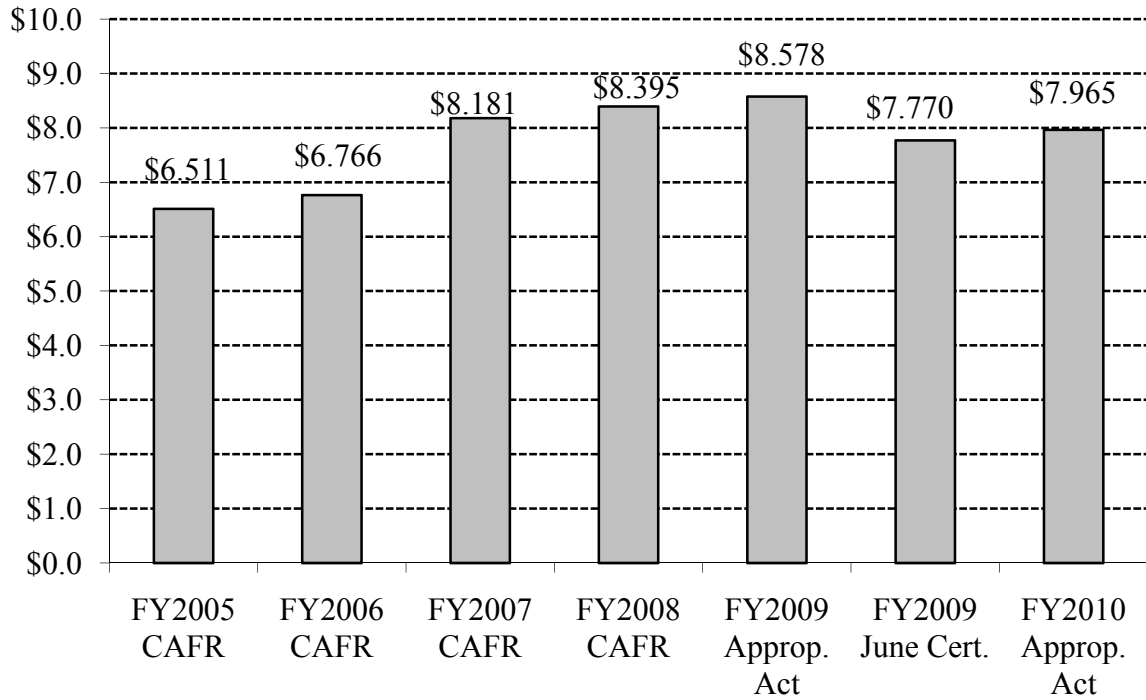
FY 2009 – Incremental Change in EITC Expansion (\$60 million)

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

CAFR – Comprehensive Annual Financial Report

Sales Tax

(In Billions)

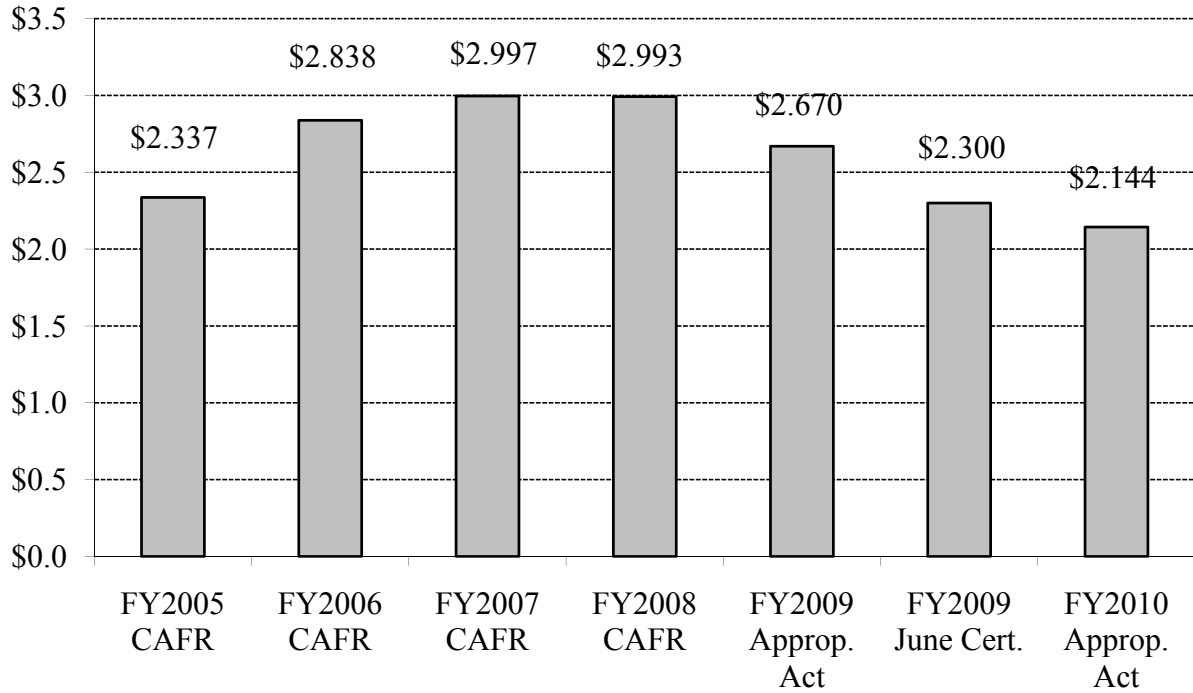


FY2007 had a change in tax policy.
- increase in Sales Tax rate from 6% to 7%
- broadened Sales Tax base

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

Base Corporation Business Tax Revenue Below Actual FY 2005 Collections

(In Billions)



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

The FY 2010 Budget

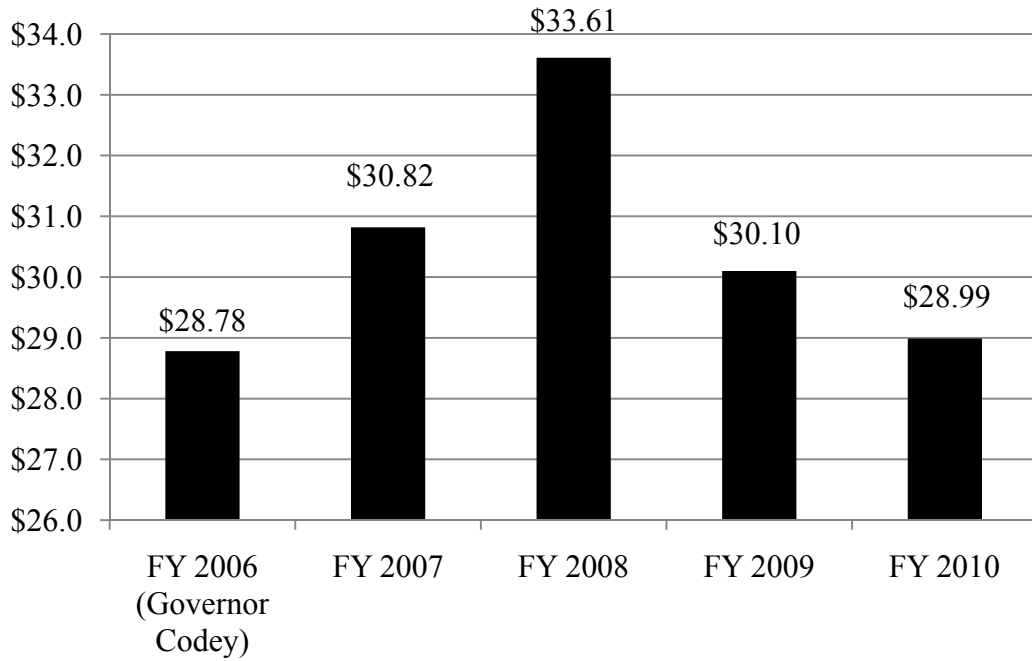
(In Millions)

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

Fiscal Year 2009 spending \$30.1 billion

FY 2010 Spending Approximates FY 2006 Expenditure Level

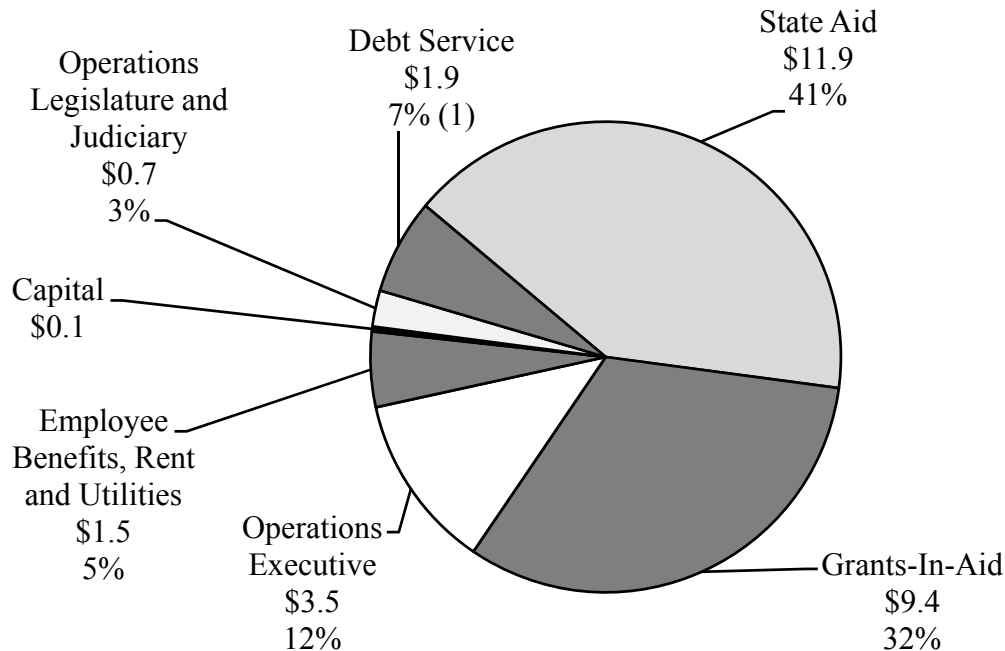
(In Billions)



Where Does the Money Go?

State Aid and Grants Represent Nearly Three Quarters of the Budget

(In Billions)



Total Budget is \$29.0 Billion

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

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

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

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

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

Appropriations Comparison

(In Thousands)

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

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

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

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

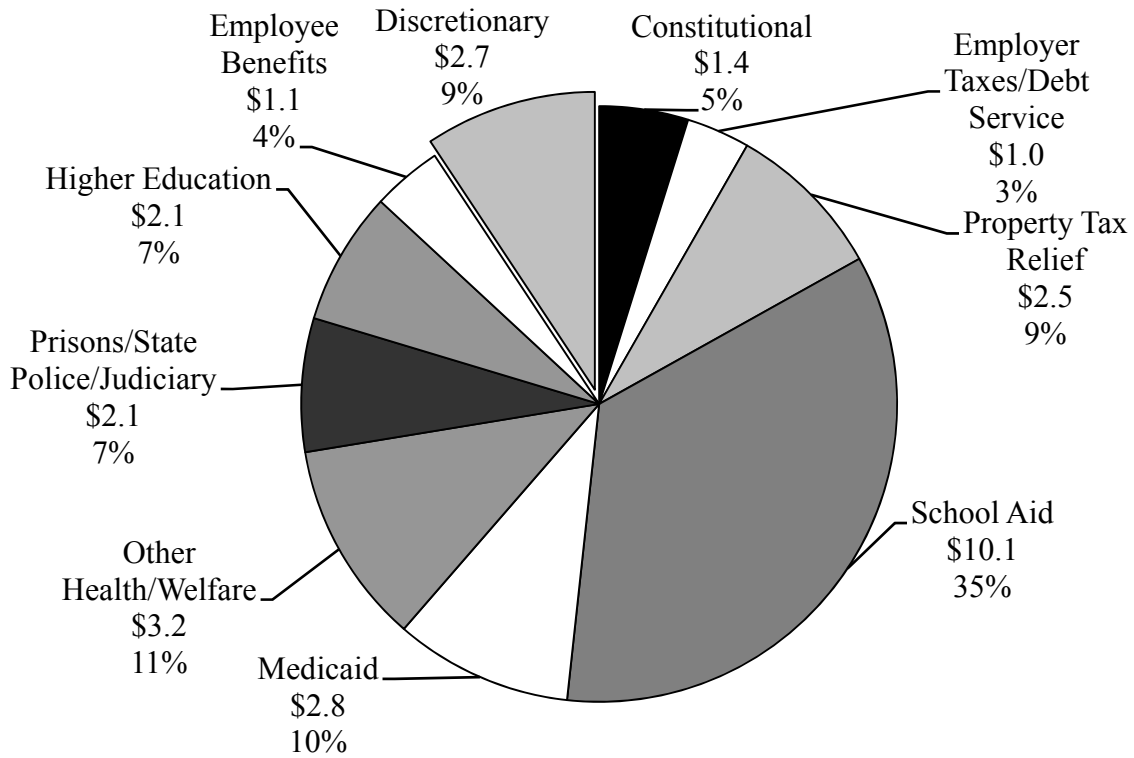
Growth in Judiciary for incarceration diversion programs generates savings in the Department of Corrections Grants-in-Aid.

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

Fiscal Year 2009 spending \$30.1 billion

Fiscal Year 2010

(In Billions)



Total Spending \$28.99 Billion

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

Direct State Services By Department

(In Thousands)

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

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

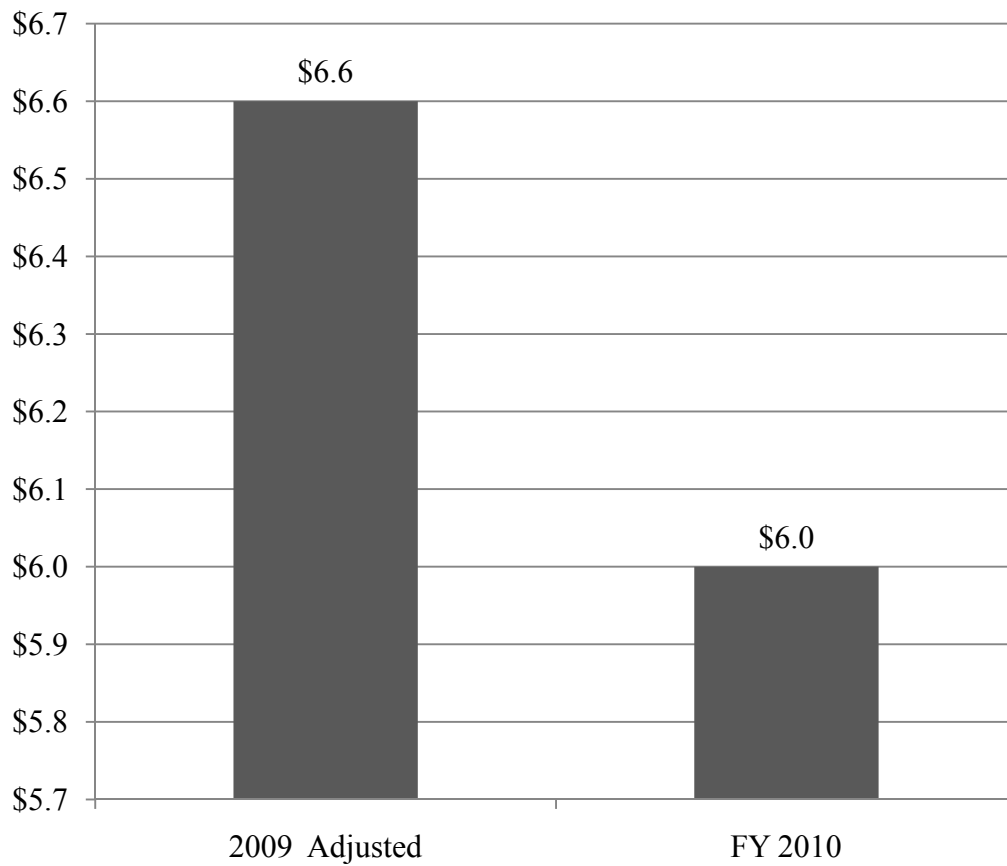
Departmental budgets will be further impacted by furlough savings, procurement savings, (\$25 million)

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

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

FY 2010 Direct State Services Reduction

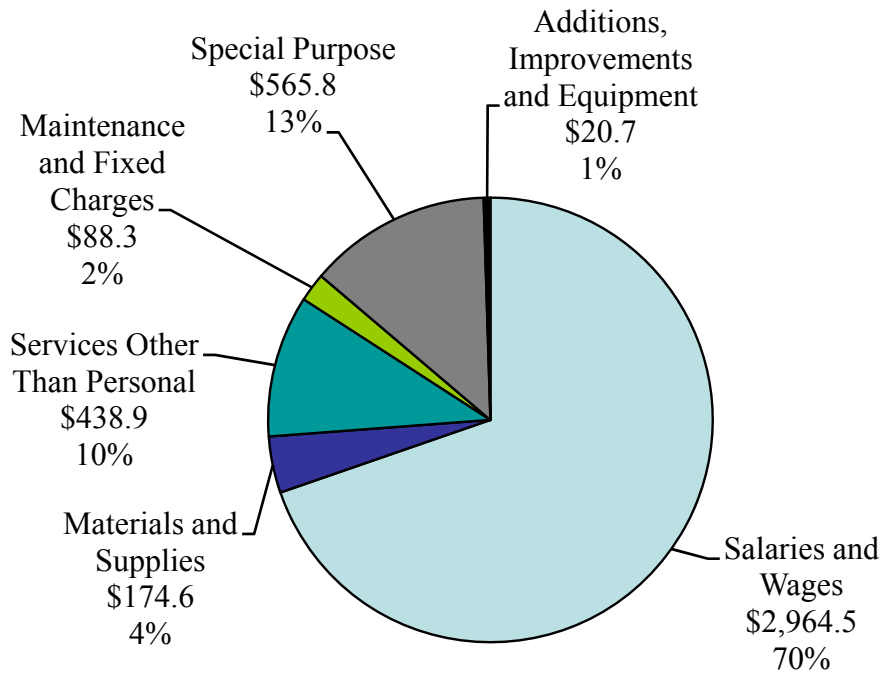
(In Billions)



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

Operating Split between Salaries and Other Costs

(In Millions)

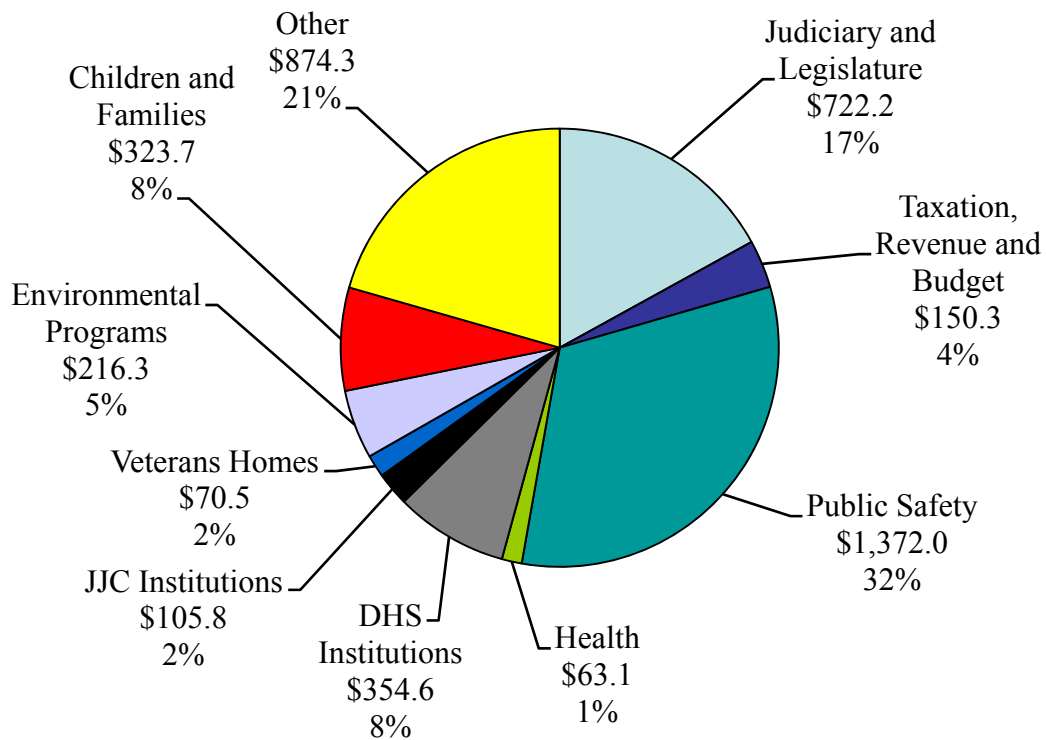


Total Operating Budget is \$4.25 billion

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

Operations Budgets

(In Millions)



Total Operating Budget is \$4.25 billion

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

How FY 2010 Budget Balanced

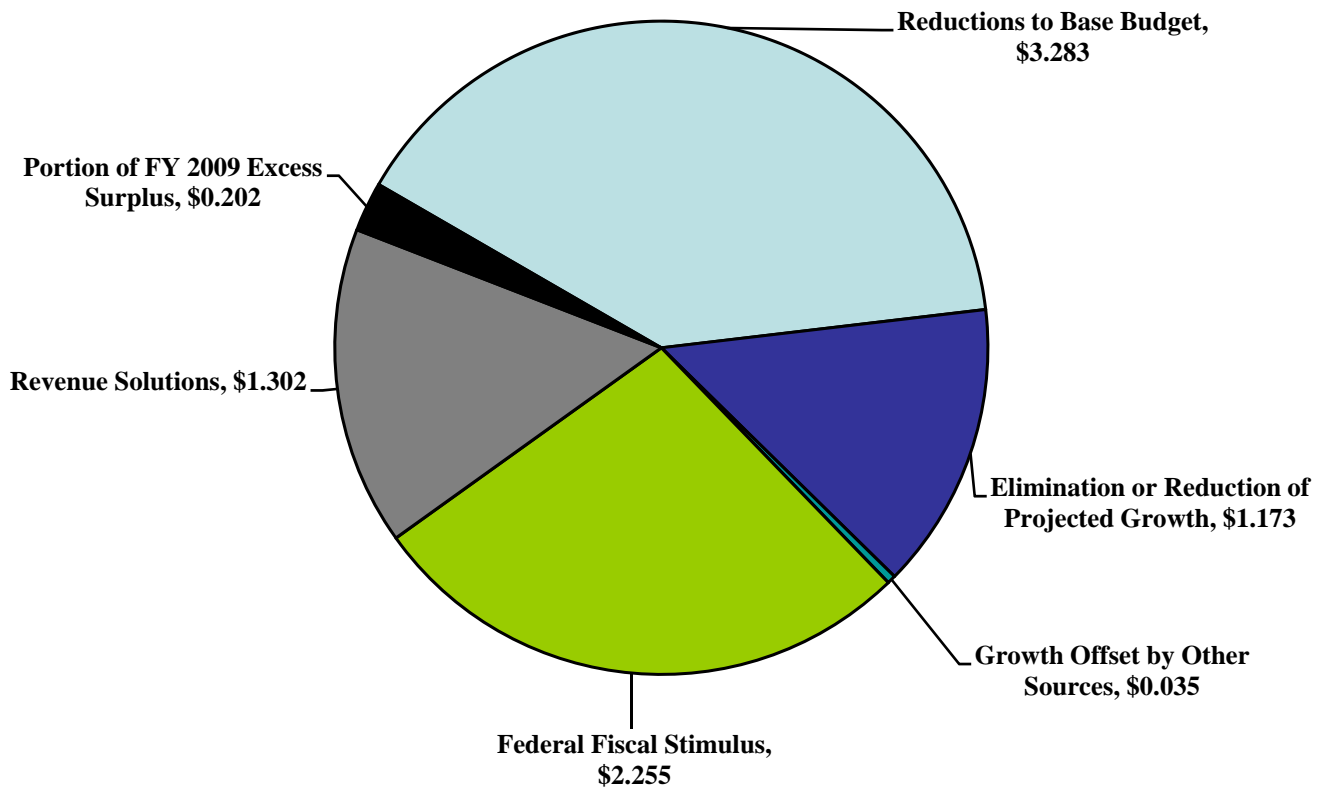
(In Thousands)

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

FY 2010 Actions to Close the Gap

(In Billions)

Appropriations Act



Total \$8.25 billion

Fiscal Year 2010 Revenue Solutions

(In Millions)

Tax Policy Changes

Gross Income Tax

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

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

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

Other

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

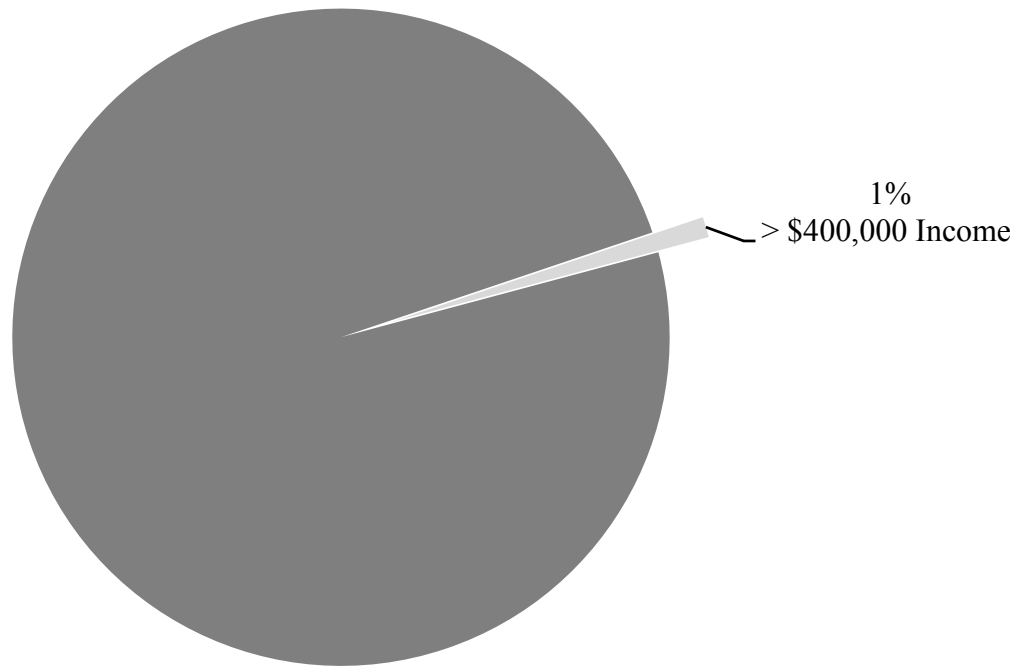
Total Revenue Solutions	\$ 1,302	
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Off Budget Revenue Solutions

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

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



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

Funding for Property Tax Relief

Approximately Half of Budget Funds Property Tax Relief

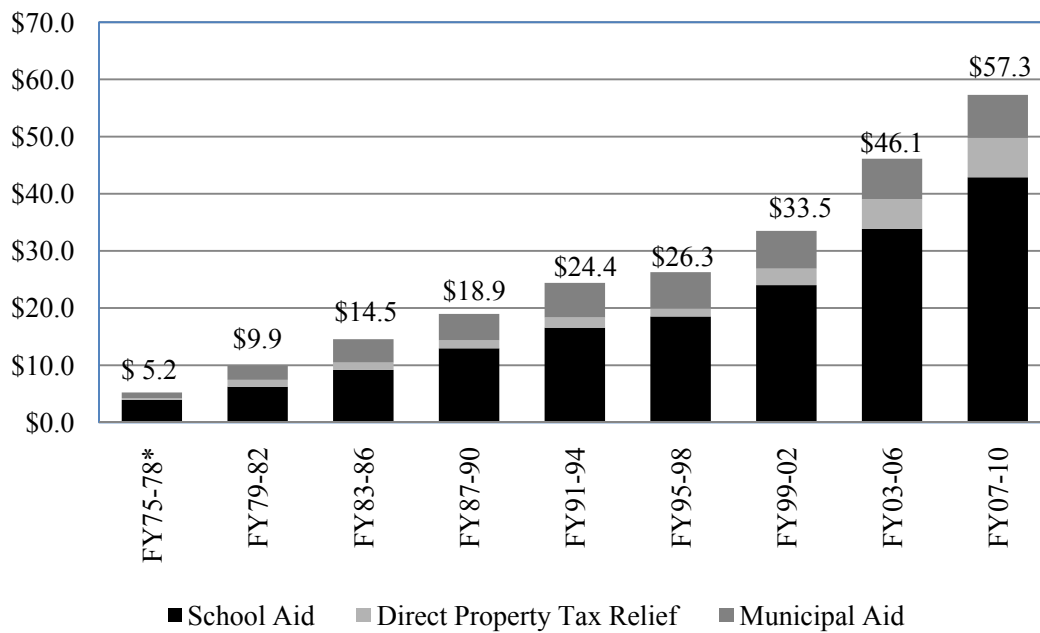
(In Millions)

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

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

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

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



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

Direct Property Tax Relief

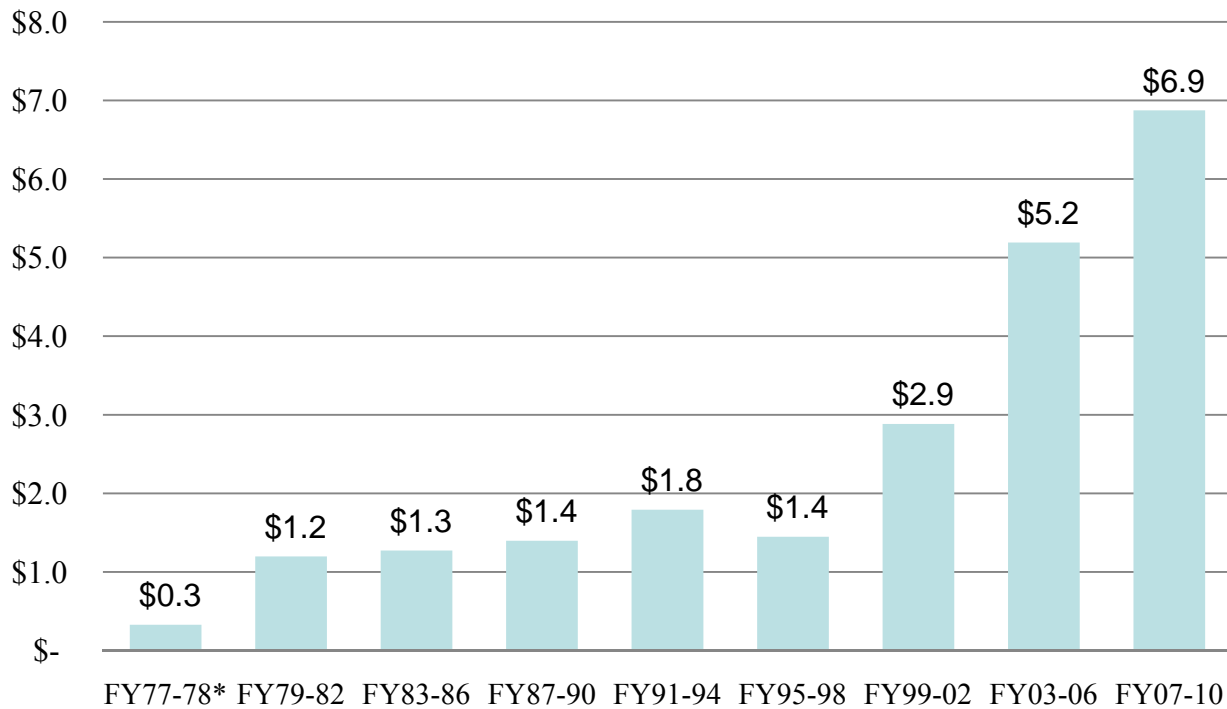
(In Millions)

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

Direct Property Tax Relief Expenditures FY 1977 – FY 2010

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

(In Billions)



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

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

FY 2010

Property Tax Relief Benefit Levels

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

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

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

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

Direct Property Tax Relief by Administration

Cumulative 4-yr relief for average households at different incomes

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

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

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

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

³ Reflects Budget estimates for FY10 average checks .

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

School Aid

\$ 276 Million Increase in Funding for Classrooms

School Aid Represents 35% of Total Budget

(In Millions)

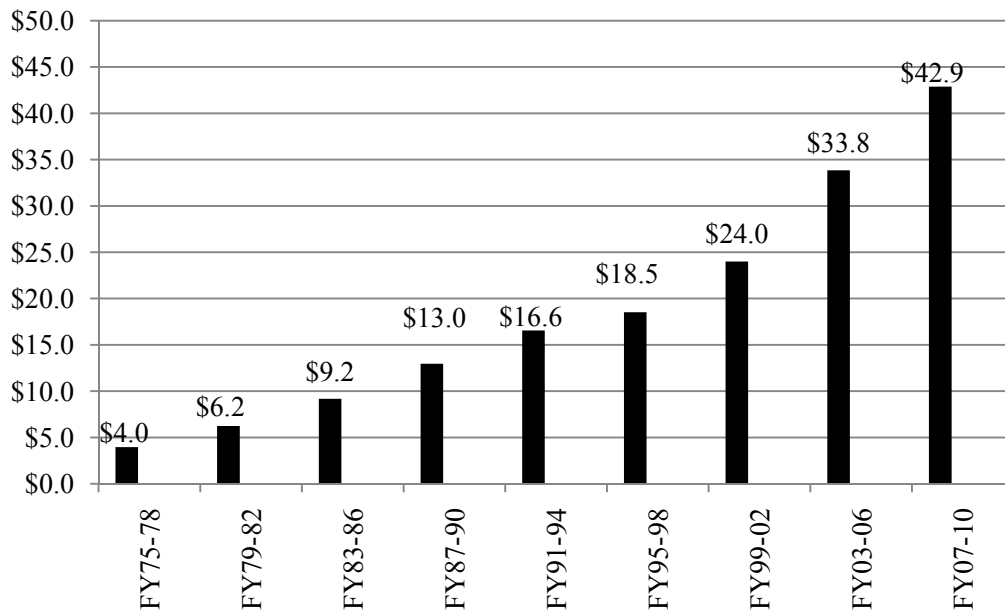
	FY 2009 Adjusted Approp.	FY 2010 Approp. Act*	\$ Change
Formula Aid	\$ 7,795.4	\$ 7,941.4	\$ 146.0
Preschool Programs	543.8	596.1	52.3
Extraordinary Special Education Aid	52.0	140.1	88.1
Adult Education	10.0	10.0	-
Other Aid	130.0	120.1	(9.9)
Total Direct School Aid	\$ 8,531.2	\$ 8,807.7	\$ 276.5
Teachers'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

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

State Aid for Local School Districts FY 1975 – FY 2010

Corzine Administration Provided Over
\$40 Billion in Aid

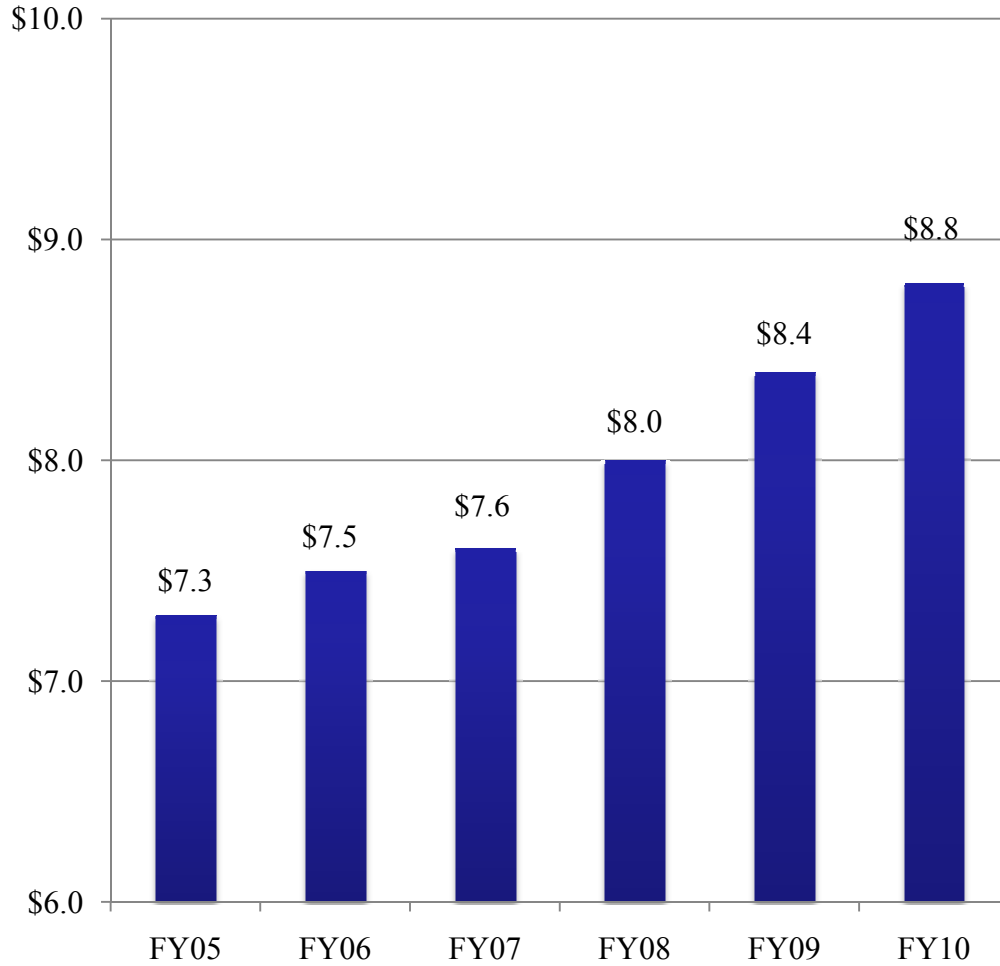
(In Billions)



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

Direct School Aid History

(In Billions)



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

Municipal Aid

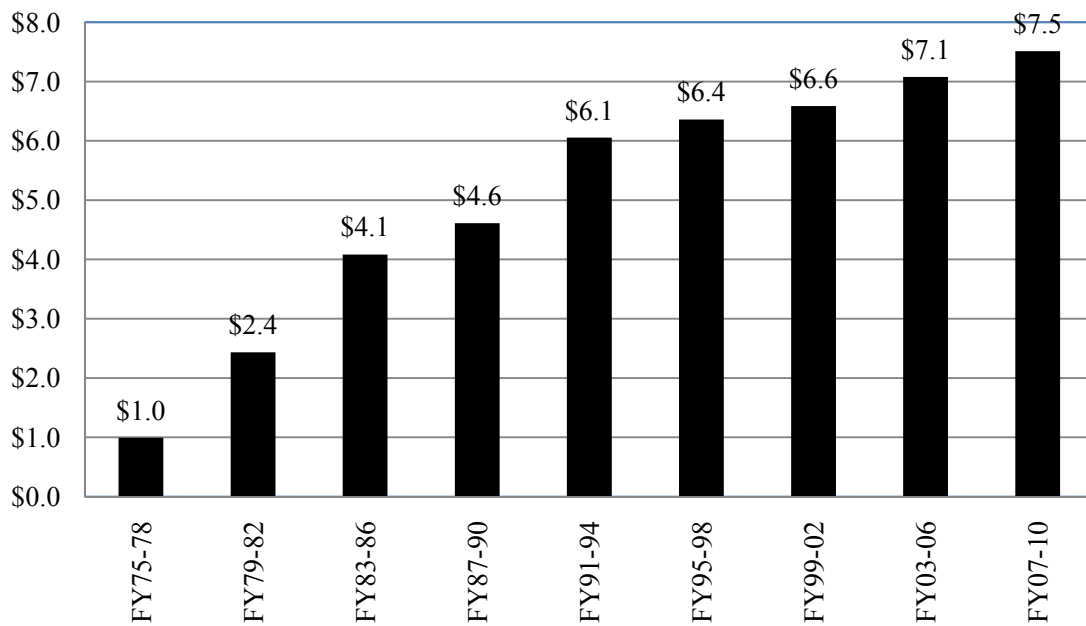
(In Millions)

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

Municipal Aid FY 1975 – FY 2010

Corzine Administration Provided Over
\$7.5 Billion in Aid

(In Billions)



Higher Education

(In Millions)

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

Higher Education

(In Millions)

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

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

public institutions and county colleges operating support.

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

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

Hospital Funding – State and Federal

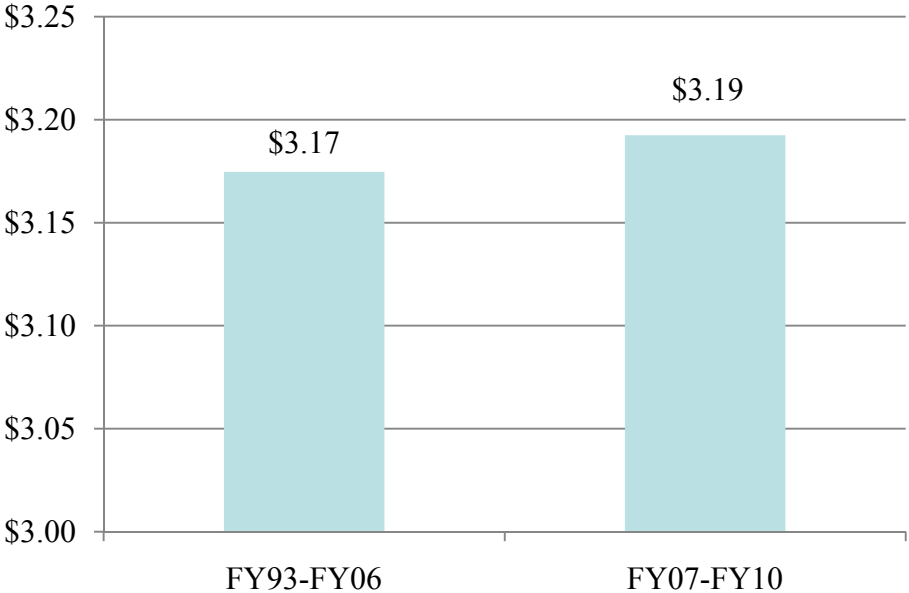
(In Millions)

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

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

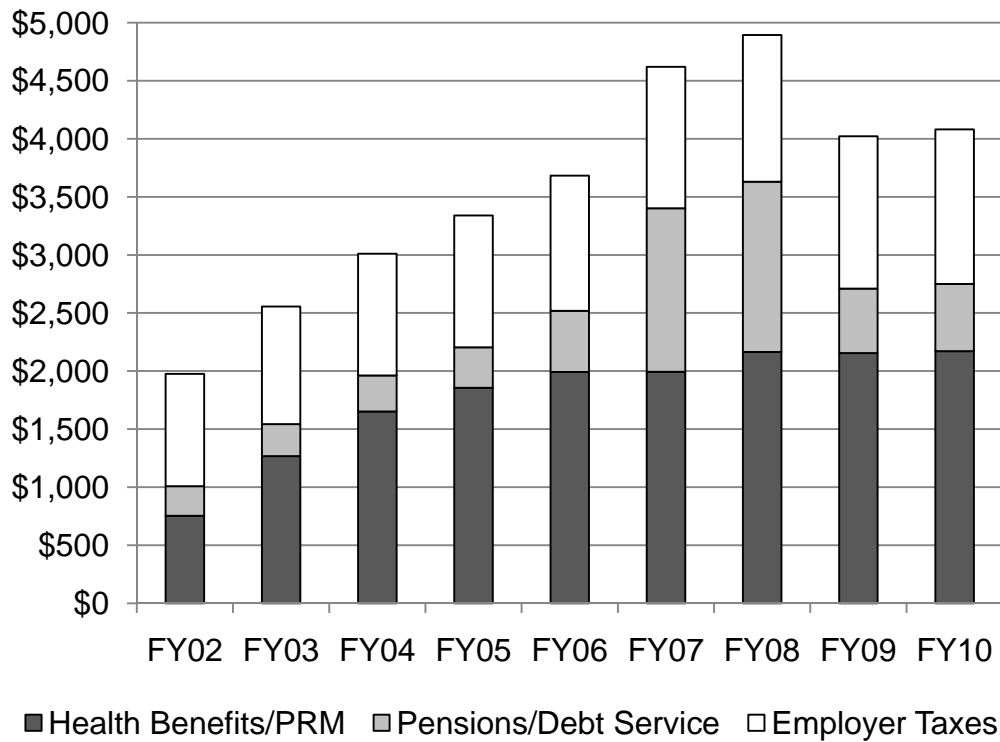
**Corzine Administration Has Paid the Approximate
Same Amount for Pensions in Four Years
As the Previous 14 Years Combined**

(In Billions)



Employee Benefit Costs

(In Millions)



FY09 reflects the revised spending for pensions.

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

(In Millions)

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

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

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

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

(In Millions)

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

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

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

Unemployment Insurance Fund Diversions vs. General Fund Contributions

Diversions

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

General Fund Contributions to UI Fund

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

\$260 million in FY08

\$120 million in FY09

Resulted in avoiding \$886 million of employer taxes

