

*Fiscal Year 2011-2012*

# *Citizens' Guide to the Budget*



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**Kim Guadagno, Lieutenant Governor**

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**October 2011**

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





## State of New Jersey

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**CHRIS CHRISTIE**  
*Governor*

**KIM GUADAGNO**  
*Lt. Governor*

**ANDREW P. SIDAMON-ERISTOFF**  
*State Treasurer*

Message from Andrew Sidamon-Eristoff, Treasurer of the State of New Jersey:

Taxpayers and citizens -- welcome to the Citizens' Guide, a document whose sole purpose is to help increase public understanding of the New Jersey budget approved in June 2011. The Guide contains the most recent and up-to-date information regarding the Fiscal 2012 Budget. It also reflects, as it has for many years, an unwavering commitment to transparency and informed debate by the dedicated staff of the Office of Management and Budget, the Department of Treasury's budgeting arm. Much hard work went into the Guide's creation, and OMB's professionals, the Governor's Office and I hope readers find it illuminating and useful. My respect and appreciation go to every Treasury employee who worked to make this year's Guide a reality.

Sincerely,

A handwritten signature in blue ink, appearing to read "Andrew Sidamon-Eristoff".

Andrew Sidamon-Eristoff



# *Fiscal Year 2011-2012*

## *Citizens' Guide to the Budget*

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## **The Fiscal Year 2011-2012 *Citizens' Guide to the Budget:* A Summary of the Appropriations Act**

Governor Chris Christie is committed to transparency, reform, and public accountability. To that end, the State publishes the *Citizens' Guide to the Budget* for the people of New Jersey. The *Citizens' Guide* provides details of the Appropriations Act, which implements the Budget and directs State spending decisions. It is designed to be the State's budgetary road map for the current fiscal year and to help the public better understand what is included in the enacted Budget.

The Fiscal 2012 Budget represents a new way of budgeting. It is the culmination of a rethinking and reprogramming of how New Jersey allocates its resources. Gone are the days when programs are continued year after year without the benefit of a review of their effectiveness. The "new normal" for New Jersey budgeting is to review every program and use the information obtained to determine spending priorities, in essence, building the budget from the bottom up instead of the top down. Priorities are set and funded in amounts that can be afforded. Programs in need of reform are changed.

Managing the budget continues throughout the year. Members of the Governor's staff, the Treasurer's Office, the Office of Management and Budget, and department managers collaborate to ensure the State fulfills key commitments while maintaining fiscal balance.

- In February 2011, Governor Chris Christie released his proposed *Budget* along with the *Budget Summary*, a document outlining the State's fiscal condition and summarizing the Governor's policy initiatives and Budget proposals.
- During the legislative session, the Legislature crafted Senate Bill 4000, the Appropriations Act, which modified the Governor's Budget. On June 29, the Legislature submitted the Appropriations Act for approval by the Governor.
- On June 30, the Governor exercised his line-item veto authority to ensure a constitutionally balanced budget with authorized spending levels that did not exceed certified revenue levels.
- The Governor signed the Appropriations Act, with his accompanying veto message, just prior to the start of the 2011-2012 fiscal year on July 1.
- The *Appropriations Handbook*, released shortly afterward, provided detailed information about the enacted Budget.
- This publication, the *Citizens' Guide to the Budget*, provides the citizens of New Jersey with a summary of the changes in the enacted Budget and also details the State's certified revenue levels. In addition, the *Citizens' Guide* includes charts and graphs that help explain the State's fiscal condition, along with specific budgetary information about the Fiscal 2012 Budget.
- All of the above documents are available electronically at:  
<http://www.state.nj.us/treasury/omb/>

In keeping with his commitment to open government, Governor Christie has continued to improve the Government Transparency Center, which is available 24 hours a day at YourMoney.NJ.Gov. The Center includes revenue and expenditure data, public payroll records, debt information, and performance measures, along with other valuable information about your State government. To access the Center, please visit: <http://www.yourmoney.nj.gov/>.



# Chapter 1: Budget Highlights





# CHAPTER 1: BUDGET HIGHLIGHTS

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## **The Fiscal 2012 Budget: Piloting a Steady Course**

The Fiscal 2012 Budget continues the Christie Administration's commitment to fiscal discipline. It builds on the foundation established during fiscal 2011, creating what Governor Christie describes as the "new normal." As with the Fiscal 2011 Budget, the Fiscal 2012 Budget reduces spending on state government operations, does not raise taxes, and increases New Jersey's competitiveness, while at the same time funding key priorities to protect the State's most vulnerable citizens. In spite of pressure to increase government spending and the loss of \$900 million in federal stimulus funds, the final \$29.7 billion budget signed by Governor Christie hews tightly to the \$29.4 billion fiscal 2011 spending level. This achievement is even more notable given a \$600 million reduction in one-time resources used to balance the budget.

## **Budget Highlights**

The Budget:

- Increases State aid to school districts by \$855 million, both addressing a court mandate and providing tax relief to all New Jersey districts
- Doubles the Homestead Benefit property tax credit
- Re-opens enrollment for the Senior Citizen's Property Tax Freeze program
- Increases funding for New Jersey hospitals
- Fully funds access for low-income and uninsured to Federally Qualified Health Care Centers
- Provides \$185 million in targeted tax cuts and incentives to expand the economy and create jobs
- Includes required pension fund payments

- Preserves critical spending for senior and disabled prescription aid
- Includes funding for the first State Police Class in two years
- Increases pay-as-you-go financing for the Transportation Trust Fund
- Expands funding for community placement of the developmentally disabled
- Provides more humane treatment of the mentally ill by expanding the number of community placements
- Increases operating support for NJ Transit, avoiding fare increases
- Reinvents Medicaid, including moving more recipients into managed care and seeking a comprehensive waiver to maximize federal funding, increase program flexibility, and better manage the health care of program participants.

# Where Does the Money Go?

## The Programs and Services Behind the Fiscal 2012 Numbers

### People Served/Items Purchased

### Helping Those in Need



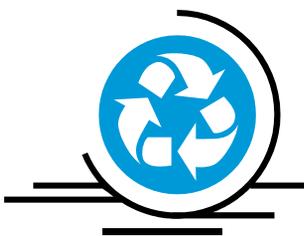
119,860,975	Subsidized School Lunches
9,262,000	Hunger Initiative -- Food Purchased (lbs)
3,700,000	Home-Delivered Meals to the Aged
2,814,353	Subsidized Drugs for Seniors and Disabled: PAAD Annual Prescriptions
919,237	Persons Receiving Health Care through Medicaid
492,800	Senior Gold Annual Prescriptions
392,828	Children and Adults Receiving Health Care via FamilyCare
306,075	Energy Assistance -- Tenants and Homeowners Served
304,339	Individuals Receiving Mental Health Services (Community Programs)
174,651	Children Receiving Services from Division of Youth and Family Services (DYFS)
107,006	Temporary Assistance to Needy Families - Recipients
80,000	Cancer Institute of New Jersey -- Patient Visits
39,714	Developmentally Disabled Served (Community Programs)
21,417	Adoption Subsidies/Foster Care: Average Daily Populations
4,300	State Rental Assistance -- Families Served

### Protecting the Public's Safety



854,700	State Police Investigations (Criminal, Accident, and General)
229,085	Fire, Housing, and Construction Code Inspections
124,000	State Police -- Instances of Aid to Motorists
22,984	Inmates Supervised (Annual Average -- Excludes Community Programs)
17,039	Parolees Supervised
1,600	Forest Fire Responses
1,336	State-owned Bridge Safety Inspections
800	Criminal Indictments Obtained -- Criminal Justice

### Preserving the Environment



18,000,000	Parks Visitors Served
25,000	Acres of Open Space Preserved: Via Green Acres
15,000	Via Farmland Acres
10,000	Air and Water Pollution Inspections
8,000	

## *People Served/Items Purchased*



413,000	Uninsured Primary Care Visits to Federally Qualified Health Centers
310,000	Women, Infants, and Children -- Healthcare Recipients
212,000	Children Screened for Lead Poisoning
105,000	AIDS Clients Tested and Counseled
85,240	Number of Licensed Long Term Care Beds/Slots
45,000	Homes Tested for Radon
21,000	Breast Cancer and Cervical Cancer Screenings
4,425	Food and Milk Samples Examined
3,300	Helicopter Response Missions for Traumatic Injuries
1,000	Potable Water Samples Examined
930	Long-Term Care Facilities Licensed

## **Transportation Services**



433,270	Average Daily Mass Transit Ridership
13,315	Miles of Roads Maintained
8,144	Emergency and After-Hour Call Responses
3,150	Traffic Signals Maintained
1,000	Highway Lanes Under Construction
600	Lane Miles Resurfaced

## **Serving Businesses**



504,281	State Professional Boards -- Total Regulated Licenses
98,500	Real Estate Brokers and Salespersons Licensed
80,000	Insurance Licenses Issued
6,900	Currently Participating Businesses -- Urban Enterprise Zones
6,000	Banking Licenses Issued
236	Recipients -- Business Employment Incentive Grants

## **Educating Our Children**



1,430,742	Total Enrollment (Public School System)
892,627	Standardized Tests Administered
813,276	Pupils Transported -- Public/Non-Public
200,891	Special Ed Enrollment
147,936	Kindergarten/Preschool Enrollment
31,713	Charter School Enrollment
25,731	County Vocational Ed Enrollment

*People Served/Items Purchased*

**Higher Education Student Assistance**



179,789	New Jersey College Loans to State Students (NJCLASS)
77,943	Tuition Aid Grants (TAG, Full and Part Time)
5,195	NJ Student Tuition Assistance Reward Scholarship (NJSTARS I & II) Grants
3,564	Coordinated Garden State Scholarship Program Grants (Total)



**Direct Tax Relief**

938,500	Homestead Benefit Program (Recipients)
249,000	Veterans Claiming a Property Tax Deduction
188,000	Senior and Disabled Property Tax Freeze (Recipients)
67,800	Seniors and Disabled Claiming a Property Tax Deduction



**Protecting our Residents**

17,536	Mental Health Advocacy -- Representation of Individuals at Civil Commitment Hearings -- New Cases
7,075	Elder Advocacy -- Nursing Home/Boarding Home/Other Facility Visits
7,000	Elder Advocacy -- On-Site Investigations Regarding Care/Abuse/Neglect or Patient Funds
1,266	Rate Counsel -- Representation of Ratepayers on Cases Involving Utilities and Cable Television



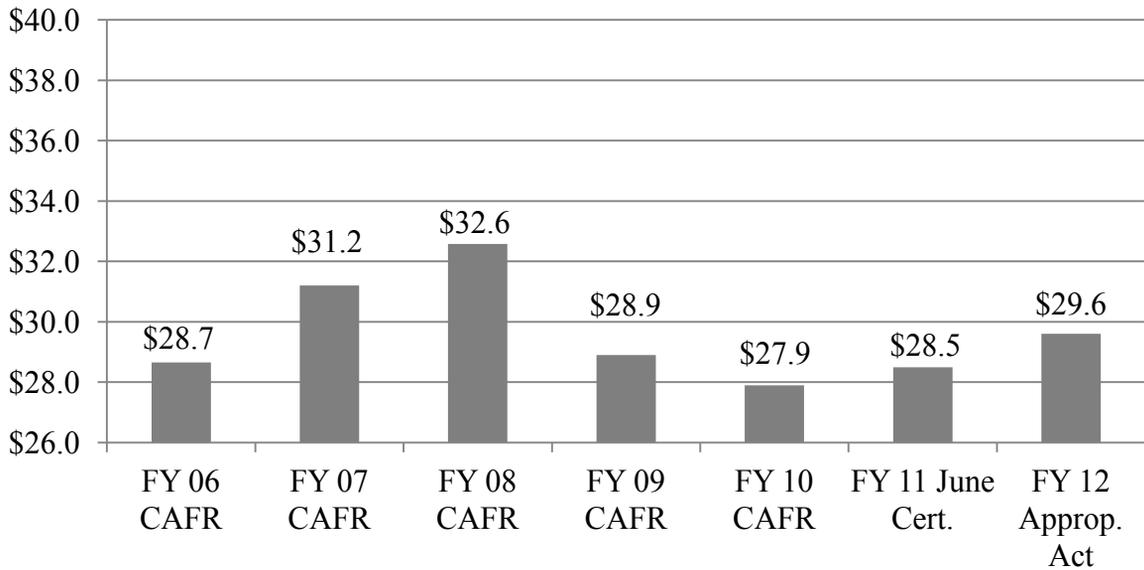
## Chapter 2: Charts and Graphs



# History of Total Revenues

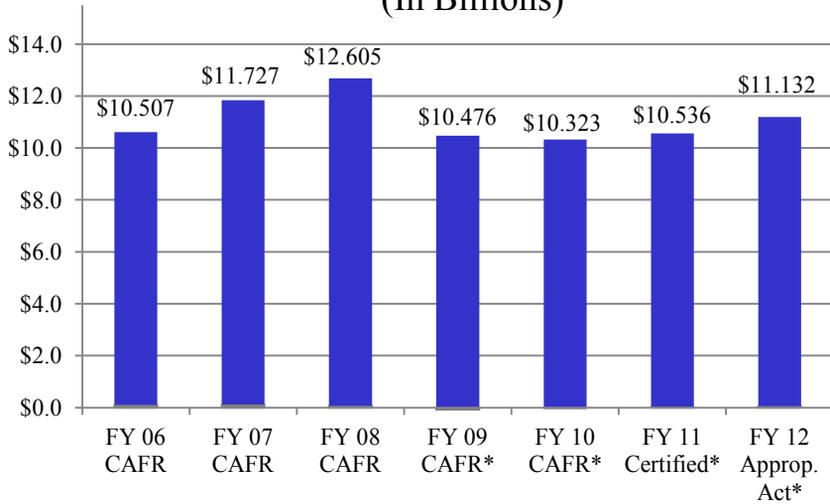
## Fiscal 2012 Continues to Stabilize

(In Billions)



CAFR – Comprehensive Annual Financial Report  
Excludes federal stimulus aid received in FY 09, FY 10, and FY 11.

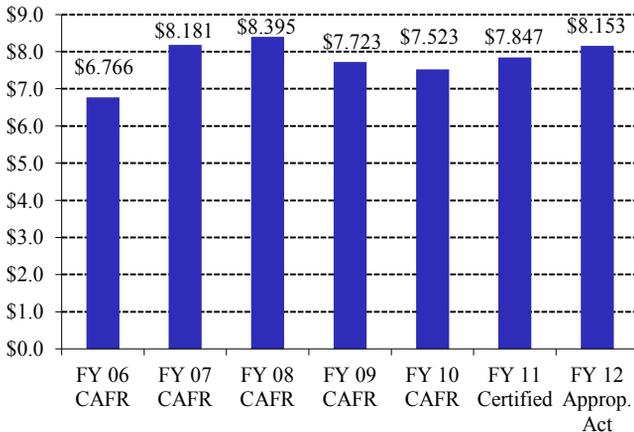
# Income Tax (In Billions)



\* These revenues include changes in tax policy:

- FY 09 - Incremental Change in EITC Expansion (\$60 million); Includes \$88.9 million received from the Amnesty program
- FY 10 - Incremental Change in EITC (\$9.9 million); EITC Federal Reimbursement (\$150 million); Millionaire's Tax enacted
- FY 11 - Millionaire's Tax expired
- FY 12 - Includes \$23.0 million in tax cuts

## Sales Tax (In Billions)

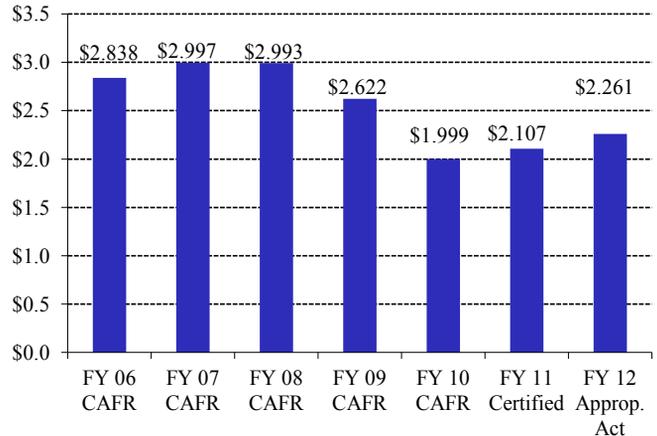


FY 07 tax increases:

- increased Sales Tax rate from 6% to 7%
- broadened Sales Tax base

FY 09 includes \$142.5 million received under the Amnesty program  
Sales Tax excludes the tax on energy

## Corporation Business Tax (In Billions)



FY 09 includes \$392.6 million received under the Amnesty program

FY 11 4% Surcharge expired

FY 12 includes \$100 million in tax cuts

Corporation Business Tax excludes the tax on energy

# FY 2011 and FY 2012 Fund Balances

(In Millions)

	FY 2011	FY 2012		
	June Cert.	Budget	May	Approp. Act
<b>Opening Surplus</b>	\$ 804	\$ 349	\$ 403	\$ 696
Revenues				
Income	10,536	10,528	11,132	11,132
Sales	7,847	8,078	8,153	8,153
Corporate	2,107	2,430	2,261	2,261
Other	8,014	8,338	8,097	8,095
<b>Total Revenues</b>	\$ 28,504	\$ 29,374	\$ 29,643	\$ 29,641
ARRA Resources*	\$ 879	\$ -	\$ -	\$ -
Lapses	737			
<b>Total Resources</b>	\$ 30,924	\$ 29,723	\$ 30,046	\$ 30,337
Appropriations				
Original	\$ 28,364	\$ 29,420	\$ 29,420	\$ 29,697
Supplemental	985			
Additional Homestead Benefits	-	-	225	-
Subtotal State Appropriations	\$ 29,349	\$ 29,420	29,645	29,697
ARRA Supported Appropriations*	879	-	-	-
<b>Total Appropriations</b>	\$ 30,228	\$ 29,420	\$ 29,645	\$ 29,697
<b>Projected Surplus</b>	\$ 696	\$ 303	\$ 401	\$ 640 **

\* Federal stimulus aid used for budget relief that otherwise would have needed a State Appropriation.

\*\* \$1.4 million is for the Gubernatorial Elections Fund.

# Tax Policy Changes to Make NJ More Competitive

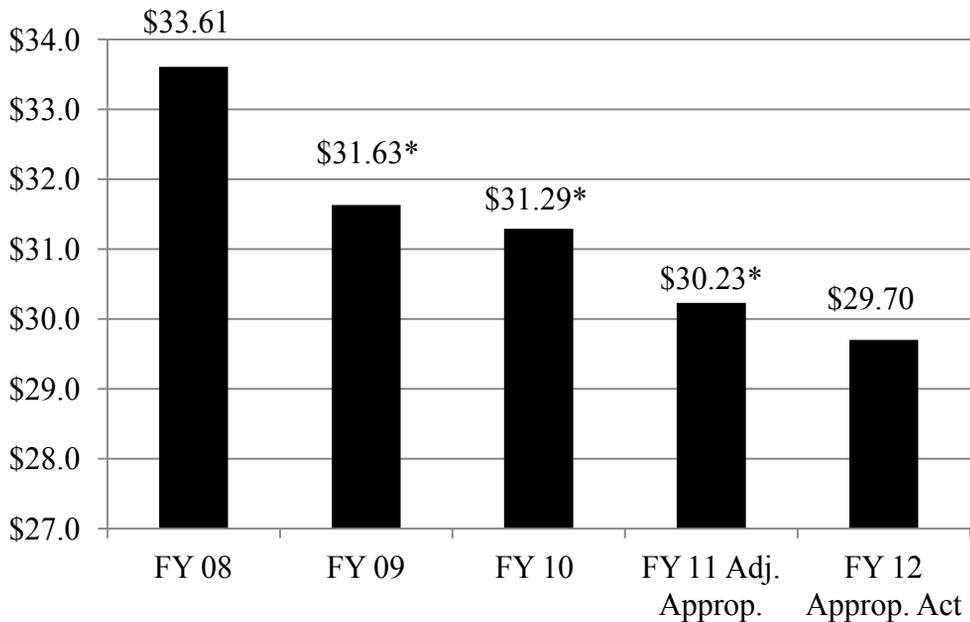
(In Millions)

	Fiscal Impact*				
	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>
<b>Gross Income Tax</b>					
50% Phase-In Business Income/Loss Netting and Loss Carry-Forward Relief	\$ 23.0	\$ 67.0	\$ 117.0	\$ 167.0	\$ 200.0
<b>Corporation Business Tax</b>					
Three-Year Phase-In Single Sales Factor	\$ 24.0	\$ 38.5	\$ 60.5	\$ 87.5	\$ 98.0
Reduce S Corporation Minimum Tax 25%	13.0	23.0	23.0	23.0	23.0
Increase R&D Credit to 100%	33.0	66.0	66.0	66.0	66.0
<b>Economic Development</b>					
Allow the Technology Business Tax Certificate Transfer Program to be allocated \$60 million instead of the FY11 amount of \$30 million	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0
<b>Transitional Energy Facility Assessment</b>					
Phase-out over three years	<u>\$ 62.0</u>	<u>\$ 123.0</u>	<u>\$ 245.0</u>	<u>\$ 245.0</u>	<u>\$ 245.0</u>
<b>Totals</b>	<u>\$ 185.0</u>	<u>\$ 347.5</u>	<u>\$ 541.5</u>	<u>\$ 618.5</u>	<u>\$ 662.0</u>

\* Estimates based on 2007 data and do not reflect projections of growth in tax bases, inflation, demographics, or dynamic scoring. Proposals become operational on January 1, 2012.

# Christie Administration Has Restrained State Spending

(In Billions)



\* Includes federal stimulus-supported expenditures that would have otherwise been State-supported expenditures.

# Reliance On Non-Recurring Resources Reduced From 13% to 4% Since FY 2010

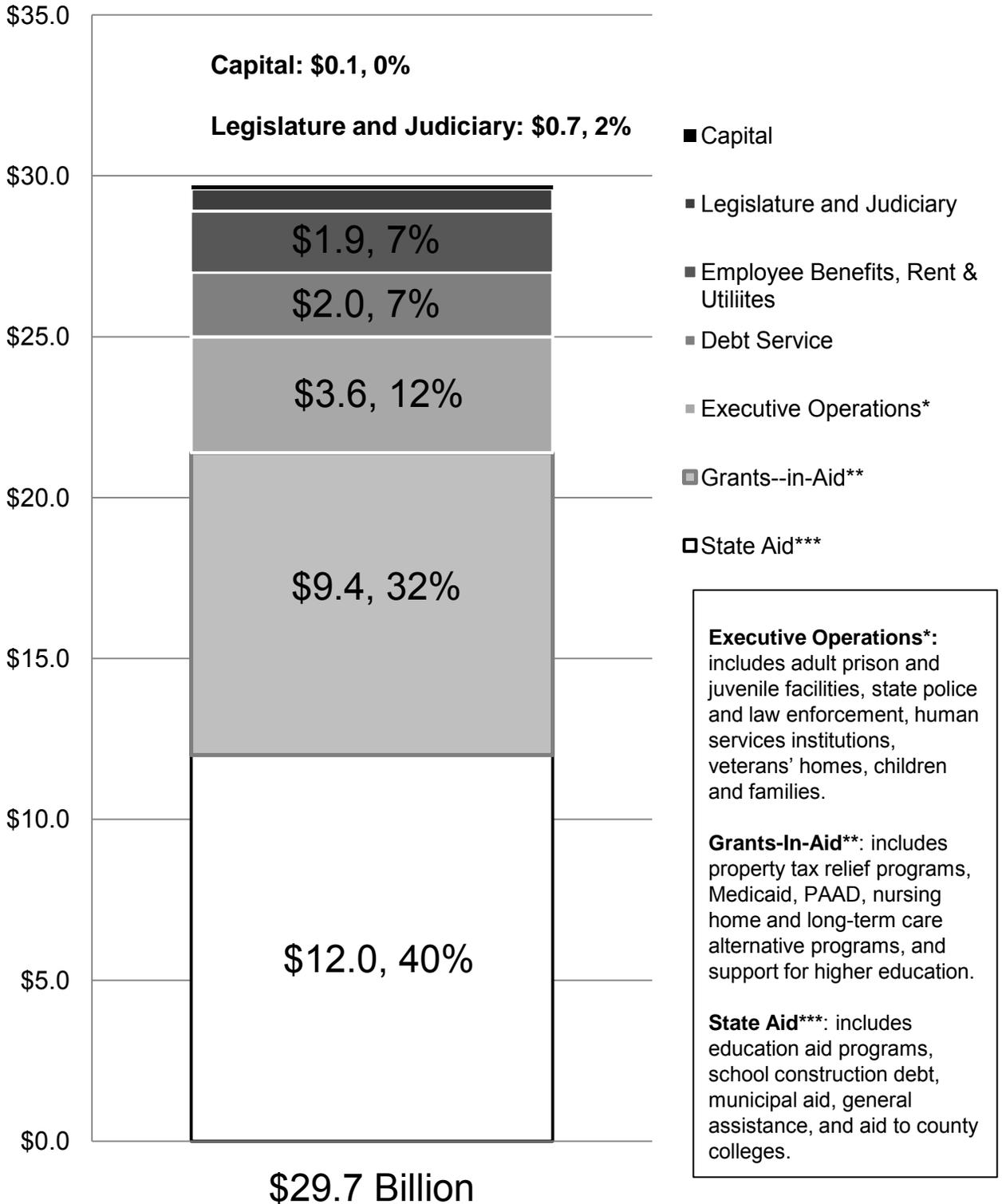
(In Thousands)

The chart below summarizes the use of non-recurring resources, including the one-time anticipation of revenues and trust fund balances, offsets to existing appropriations, federal stimulus funds, and debt restructuring. As a percent of the total State Budget, the reliance on non-recurring solutions of this type declined from 6 percent in the Fiscal 2011 Appropriations Act to 4 percent in the Fiscal 2012 Appropriations Act.

	FY 2010	FY 2011	FY 2012
	Approp. Act	Approp. Act	Approp. Act
<b>Spend Down Opening Surplus</b>	<b>\$234,000</b>	<b>\$202,345</b>	<b>\$55,866</b>
<b><u>Revenue-Related Initiatives</u></b>			
Income Tax			
\$400k - \$500k	\$83,000		
> \$500k	\$620,000		
>\$1m	\$200,000		
Property Tax Deduction	\$100,000		
Corporation Business Tax 4% Surcharge	\$80,000		
State Disability Benefit Fund	\$75,000	\$25,000	
Workers Compensation Security Fund	\$20,000		
New Home Warranty Fund	\$10,000	\$6,400	
Unemployment Insurance Auxiliary Fund	\$2,000		
Medical Malpractice Fund	\$1,800		
Unclaimed Personal Property Escheats - Reform		\$79,580	
Earned Income Tax Credit (EITC) - TANF Funding		\$39,000	
Global Warming Solutions Fund		\$30,000	
State Recycling Fund		\$7,000	\$20,000
Securities Enforcement Fund		\$7,500	\$4,400
Cable TV Universal Access Carry forward		\$5,600	
Hazardous Discharge Site Cleanup Fund		\$5,000	
Universal Services Fund		\$4,900	
Motor Vehicle Commission		\$4,300	\$50,000
Staged Implementation of Tax Reductions			\$162,500
Commercial Vehicle Enforcement Fund			\$20,000
Workplace Standards - Licenses, Permits and Fines			\$2,000
<b>Subtotal, Revenue-Related Initiatives</b>	<b>\$1,191,800</b>	<b>\$214,280</b>	<b>\$258,900</b>
<b>Debt Restructuring/Defeasance</b>	<b>\$226,000</b>	<b>\$100,000</b>	<b>\$134,000</b>
<b>Federal Stimulus - State Stabilization/Other</b>	<b>\$1,241,000</b>		
<b>Federal Stimulus - Federal Medical Assistance Percentage (FMAP)</b>	<b>\$490,000</b>	<b>\$1,033,000</b>	
<b><u>Appropriations-Related Offsets</u></b>			
Medicare Reimbursement for Dual Eligibles	\$94,000	\$107,300	\$107,300
Furloughs	\$87,000		
Surplus Lines - Health Care Subsidy Fund	\$60,000		
FY10 Cost of Living Adjustment in FY11	\$40,300		
Salary Program - Use of Carry forward	\$33,000		
Economic Development Authority - Invest NJ	\$22,000		
Newark Rent Renegotiations	\$20,000		
Group Health/Accident Insurance Assessment - Health Care Subsidy Fund	\$19,500		
General Assistance Retroactive Rebates	\$13,000		
Housing Mortgage Finance Agency - State Rental Assistance	\$12,000		\$9,000
South Jersey Transportation Authority - Highway Maintenance	\$8,000		
New Home Warranty Fund	\$7,000		
Workers Compensation Security Fund - Workers Compensation Program	\$7,000		
Shore Protection Restoration	\$6,300		
Spill Compensation Fund - Passaic River Litigation	\$6,000		
Homeland Security	\$3,000		
Medicaid - Reduced State Payment "Clawback"		\$78,000	
Affordable Housing - State Rental Assistance		\$32,500	\$32,500
Economic Development Authority - Main Street		\$22,000	
NJ Transit - Federal Preventive Maintenance		\$20,000	
Dental Fund - Use of Fund Balance		\$12,000	
Parks - No Net Loss Reforestation Act Funding		\$10,000	\$4,400
Cultural Trust		\$4,000	
Debt Service - Use of Carry forward			\$467,993
NJ Turnpike Authority - Maintenance and Transit			\$99,600
Division of Family Development - TANF Balances			\$13,000
Utilize Authorities Balances to Offset Debt Appropriations			\$22,921
Vocational Rehabilitation - Workforce Development Partnership Fund			\$9,000
Medicaid & PAAD - Third Party Liability Recovery			\$6,472
Addiction Programs - Payment Recovery			\$2,147
<b>Subtotal, Appropriation-Related Offsets</b>	<b>\$2,395,100</b>	<b>\$1,418,800</b>	<b>\$908,333</b>
<b>GRAND TOTAL</b>	<b>\$3,820,900</b>	<b>\$1,835,425</b>	<b>\$1,223,099</b>
<b>Total State Appropriation</b>	<b>\$28,990,484</b>	<b>\$28,364,422</b>	<b>\$29,696,563</b>
<b>Non-Recurring as % of Budget</b>	<b>13%</b>	<b>6%</b>	<b>4%</b>

# Building the Fiscal 2012 Budget

(In Billions)



# FY 2012 Appropriations Act

(In Thousands)

Department	FY 2011	FY 2012	Change	
	Adjusted Approp.	Approp. Act	\$	%
Chief Executive	\$ 5,718	\$ 5,681	\$ (37)	(0.6)
Agriculture	19,722	19,597	(125)	(0.6)
Banking and Insurance	61,320	62,970	1,650	2.7
Children and Families	1,065,882	1,058,446	(7,436)	(0.7)
Community Affairs	736,529	583,875	(152,654)	(20.7)
Corrections	1,114,728	1,090,404	(24,324)	(2.2)
Education	10,855,259	10,613,579	(241,680)	(2.2)
Environmental Protection	392,296	332,844	(59,452)	(15.2)
Health and Senior Services	1,323,604	1,261,073	(62,531)	(4.7)
Human Services	4,817,133	5,294,513	477,380	9.9
Labor and Workforce Development	160,434	156,730	(3,704)	(2.3)
Law and Public Safety	566,831	555,367	(11,464)	(2.0)
Military and Veterans' Affairs	95,342	93,403	(1,939)	(2.0)
State	1,160,059	1,148,838	(11,221)	(1.0)
Transportation	1,283,818	1,415,206	131,388	10.2
Treasury	1,736,626	2,066,038	329,412	19.0
Miscellaneous Commissions	1,344	976	(368)	-
<b>Subtotal Executive Branch</b>	<b>\$ 25,396,645</b>	<b>\$ 25,759,540</b>	<b>\$ 362,895</b>	<b>1.4</b>
Interdepartmental	\$ 3,211,598	\$ 3,201,947	\$ (9,651)	(0.3)
Legislature	\$ 77,309	\$ 71,541	\$ (5,768)	(7.5)
Judiciary	663,535	663,535	-	-
<b>Subtotal State Appropriations</b>	<b>\$ 29,349,087</b>	<b>\$ 29,696,563</b>	<b>\$ 347,476</b>	<b>1.2</b>
ARRA Supported Appropriations	\$ 879,249	\$ -	\$ (879,249)	(100.0)
<b>Total</b>	<b>\$ 30,228,336</b>	<b>\$ 29,696,563</b>	<b>\$ (531,773)</b>	<b>(1.8)</b>

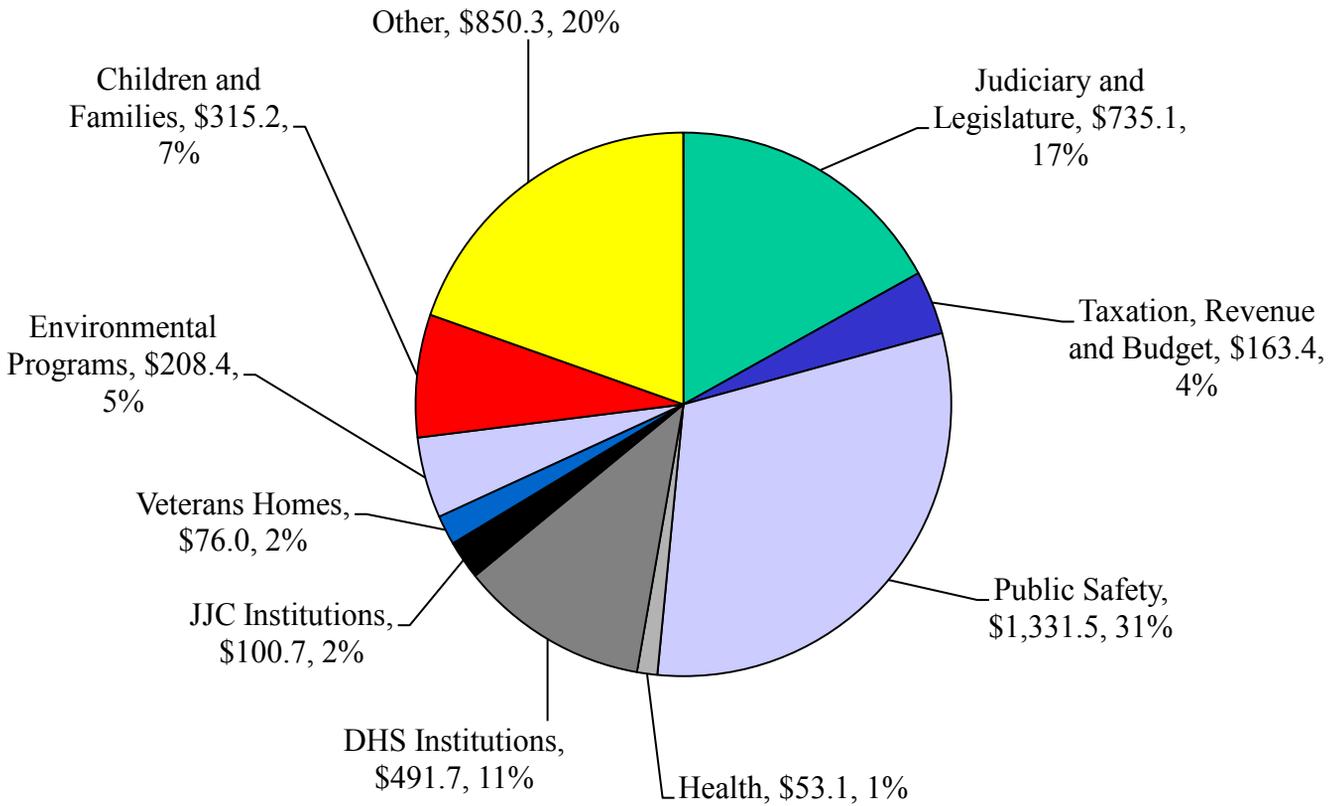
# Direct State Services By Department

(In Thousands)

Department	FY2011	FY2012	Change	
	Adjusted Approp.	Approp. Act	\$	%
Agriculture	\$ 7,156	\$ 7,156	\$ -	0.0
Banking and Insurance	61,320	62,970	1,650	2.7
Children & Families	337,699	315,151	(22,548)	(6.7)
Community Affairs	38,848	37,194	(1,654)	(4.3)
Corrections	992,488	963,606	(28,882)	(2.9)
Education	66,252	66,252	-	0.0
Environmental Protection	211,008	208,360	(2,648)	(1.3)
Health & Senior Services	54,423	53,087	(1,336)	(2.5)
Human Services	556,943	633,415	76,472	13.7
Labor and Workforce Development	99,482	89,778	(9,704)	(9.8)
Law & Public Safety	549,583	538,119	(11,464)	(2.1)
Military & Veterans' Affairs	92,268	90,329	(1,939)	(2.1)
State	30,419	29,004	(1,415)	(4.7)
Transportation	83,519	45,385	(38,134)	(45.7)
Treasury	460,763	443,858	(16,905)	(3.7)
Chief Executive	5,718	5,681	(37)	(0.6)
Miscellaneous Commissions	1,344	976	(368)	(27.4)
<b>Total Executive Branch</b>	<b>\$ 3,649,233</b>	<b>\$ 3,590,321</b>	<b>\$ (58,912)</b>	<b>(1.6)</b>
<b>Interdepartmental</b>	<b>2,090,740</b>	<b>2,168,197</b>	<b>77,457</b>	<b>3.7</b>
<b>Legislature</b>	<b>77,309</b>	<b>71,541</b>	<b>(5,768)</b>	<b>(7.5)</b>
<b>Judiciary</b>	<b>663,535</b>	<b>663,535</b>	<b>-</b>	<b>0.0</b>
<b>Total</b>	<b>\$ 6,480,817</b>	<b>\$ 6,493,594</b>	<b>\$ 12,777</b>	<b>0.2</b>

# Operating Budget

(In Millions)



Total Operating Budget is \$4.3 billion

The operating Budget excludes fringe benefits and centrally budgeted costs.

# Funding for Property Tax Relief

(In Millions)

<u>Programs</u>	<u>FY 2011 Adjusted Approp.</u>	<u>FY 2012 Approp. Act</u>	<u>Change</u>
State Aid to School Districts	\$ 7,880.1	\$ 8,735.3	\$ 855.2
Other Aid for Education	2,795.3	1,893.5	(901.8)
Municipal Aid	1,463.8	1,314.8	(149.0)
Proposed Supplemental*	-	139.0	139.0
Other Local Aid	667.9	653.9	(14.0)
Direct Property Tax Relief	<u>851.7</u>	<u>1,095.1</u>	<u>243.4</u>
<b>Total Property Tax Relief</b>	<b><u><u>\$ 13,658.8</u></u></b>	<b><u><u>\$ 13,831.6</u></u></b>	<b><u><u>\$ 172.8</u></u></b>

\*This represents proposed spending on Transitional Aid to Localities. Appropriations for this spending were pending before the Legislature at the time of publication.

# School Aid

(In Millions)

	<u>FY 2011 Adjusted Approp.</u>	<u>FY 2012 Approp. Act</u>	<u>Change</u>
<b>State Aid to School Districts</b>			
Formula & Preschool Aid	\$ 7,452.3	\$ 8,284.8	\$ 832.5
Extraordinary Special Education Aid	155.0	162.7	7.7
School Choice Aid	9.8	22.3	12.5
Charter School Aid	8.5	13.1	4.6
School Building Aid	81.3	77.2	(4.1)
Debt Service Aid	56.1	58.1	2.0
Assessment of EDA Debt Service	(21.8)	(14.7)	7.1
Other Aid	138.9	131.8	(7.1)
<b>Total State Aid to School Districts</b>	<b>\$ 7,880.1</b>	<b>\$ 8,735.3</b>	<b>\$ 855.2</b>
<b>Direct State Payments for Education</b>			
Teachers' Pension and Annuity Fund	\$ 36.1	\$ 325.4	\$ 289.3
Post Retirement Medical	823.1	762.1	(61.0)
Debt Service on Pension Obligation Bonds *	232.6	43.0	(189.6)
Teachers' Social Security	788.7	763.0	(25.7)
<b>Total Direct State Payments for Education</b>	<b>\$ 1,880.5</b>	<b>\$ 1,893.5</b>	<b>\$ 13.0</b>
<b>School Construction Debt Service **</b>	<b>\$ 914.8</b>	<b>\$ -</b>	<b>\$ (914.8)</b>
<b>Inter-year Accounting Adjustment -</b>			
<b>No Impact to School Districts</b>	<b>\$ 109.0</b>	<b>\$ (83.0)</b>	<b>\$ (192.0)</b>
<b>Total Impact to State Budget</b>	<b>\$ 10,784.4</b>	<b>\$ 10,545.8</b>	<b>\$ (238.6)</b>

\* FY 2011 Adjusted Appropriation includes \$100.4 million for FY 2012 debt service costs.

\*\* FY 2012 Appropriation fell to zero because the \$367.6 million in debt service costs were appropriated from funds in the FY 2011 budget.

# Municipal Aid

(In Millions)

	<u>FY 2011 Adjusted Approp.</u>	<u>FY 2012 Approp. Act</u>	<u>Change</u>
Consolidated Municipal Property Tax Relief Aid (CMPTRA) / Energy Tax Receipts	\$ 1,293.9	\$ 1,293.9	\$ -
Transitional Aid to Localities	159.0	10.0	(149.0)
Proposed Supplemental*	-	139.0	139.0
Open Space - Payments In Lieu of Taxes (PILOT)	6.5	6.5	-
Highlands Protection Fund Aid	<u>4.4</u>	<u>4.4</u>	<u>-</u>
<b>Total Municipal Aid</b>	<b><u>\$ 1,463.8</u></b>	<b><u>\$ 1,453.8</u></b>	<b><u>\$ (10.0)</u></b>

\*This represents proposed spending on Transitional Aid to Localities. Appropriations for this spending were pending before the Legislature at the time of publication.

# Direct Property Tax Relief

(In Millions)

	<u>FY 2011 Adjusted Approp.</u>	<u>FY 2012 Approp. Act</u>	<u>Change</u>
Homestead Benefit Program	\$ 268.2	\$ 458.0	\$ 189.8
Property Tax Deduction Act	334.4	354.8	20.4
Senior/Disabled Citizens' Property Tax Freeze	165.6	201.4	35.8
Municipal Reimbursement - Veterans' Tax Deductions	65.5	63.6	(1.9)
Municipal Reimbursement - Senior/Disabled Citizens' Tax Deductions	<u>18.0</u>	<u>17.3</u>	<u>(0.7)</u>
<b>Total Direct Property Tax Relief</b>	<b><u>\$ 851.7</u></b>	<b><u>\$ 1,095.1</u></b>	<b><u>\$ 243.4</u></b>

# Higher Education

(In Millions)

	FY 2011	FY 2012	Change	
	Adjusted Approp.	Approp. Act	\$	%
<b>Senior Public Institutions</b>				
Rutgers University	\$ 262.8	\$ 262.4	\$ (0.4)	(0.2)
UMDNJ	170.0	170.0	0.0	0.0
NJIT	37.7	37.7	0.0	0.0
Thomas Edison State College	1.8	1.8	0.0	0.0
Rowan University	46.4	49.1	2.8	6.0
New Jersey City University	26.1	26.1	0.0	0.0
Kean University	32.8	32.8	0.0	0.0
William Paterson University	32.8	32.8	0.0	0.0
Montclair State University	38.6	38.6	0.0	0.0
College of New Jersey	29.3	29.3	0.0	0.0
Ramapo College of New Jersey	16.1	16.1	0.0	0.0
Richard Stockton College of New Jersey	19.8	19.8	0.0	0.0
<b>Subtotal Senior Publics Direct Aid</b>	<b>714.2</b>	<b>716.5</b>	<b>2.4</b>	<b>0.3</b>
Senior Publics Salary Funding	0.0	0.0	0.0	
Senior Publics Net Fringe Benefits	749.7	631.0	(118.8)	(15.8)
<b>Total State Funding to Senior Publics</b>	<b>1,463.9</b>	<b>1,347.5</b>	<b>(116.4)</b>	<b>(7.9)</b>
<b>County Colleges</b>				
Operating Support <sup>(a)</sup>	134.8	134.8	0.0	0.0
Fringe Benefits	38.5	37.0	(1.5)	(3.8)
Chapter 12 Debt Service	34.2	32.2	(2.0)	(5.8)
<b>Total State Funding to County Colleges</b>	<b>207.5</b>	<b>204.0</b>	<b>(3.4)</b>	<b>(1.7)</b>
<b>Student Financial Assistance</b>				
Tuition Aid Grants	294.3	294.3	0.0	0.0
Part-Time Tuition Aid Grants for County Colleges	9.6	9.6	0.0	0.0
NJSTARS I & II	21.1	16.4	(4.7)	(22.3)
EOF Grants and Scholarships	38.9	38.7	(0.2)	(0.6)
Other Student Aid Programs	8.6	5.8	(2.8)	(33.1)
<b>Total Student Financial Assistance</b>	<b>372.5</b>	<b>364.8</b>	<b>(7.8)</b>	<b>(2.1)</b>
<b>Other Programs</b>				
Capital Grants and Facilities Support <sup>(b)</sup>	72.7	51.3	(21.4)	(29.4)
All other programs	5.0	4.1	(0.9)	(18.4)
<b>Total Other Programs</b>	<b>77.7</b>	<b>55.4</b>	<b>(22.3)</b>	<b>(28.7)</b>
<b>Grand Total Higher Education</b>	<b>\$ 2,121.6</b>	<b>\$ 1,971.7</b>	<b>(149.9)</b>	<b>(7.1)</b>

(a) Includes funding from Supplemental Workforce Fund for Basic Skills of \$14.5 million in FY 2011 and \$16.3 million in FY 2012.

(b) Includes use of off-budget fund balances totaling \$8 million in FY 2012.

# Hospital Funding

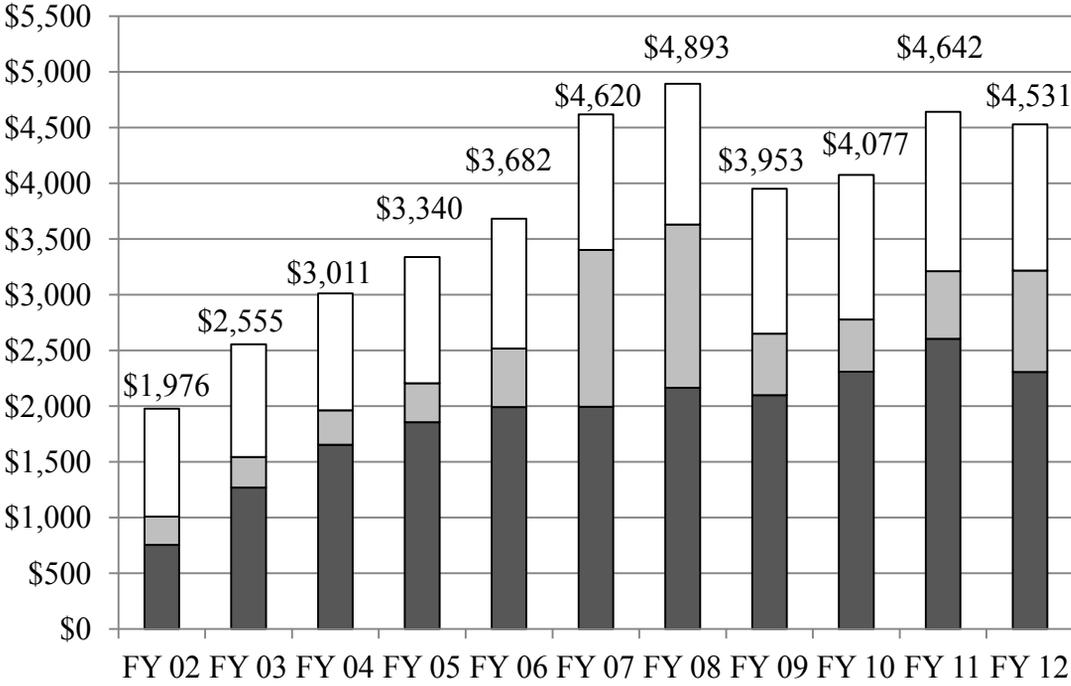
(In Millions)

	<b>FY 2011 Adjusted Approp.</b>	<b>FY 2012 Approp. Act</b>	<b>Change</b>
Charity Care	\$ 665.0	\$ 675.0	\$ 10.0
Health Care Stabilization Fund	30.0	30.0	-
Hospital Relief Offset Payments	191.3	191.3	-
Graduate Medical Education	60.0	90.0	30.0
.53% Hospital Assessment*	(38.7)	(58.7)	(20.0)
<b>TOTAL</b>	<b>\$ 907.6</b>	<b>\$ 927.6</b>	<b>\$ 20.0</b>

\*Full year impact of FY 2011 Budget decision.

# Employee Benefit Costs

(In Millions)



- Health Benefits/Post Retirement Medical
- ▒ Pensions/Debt Service on Pension Bonds
- Employer Taxes

The FY12 Appropriation includes \$484 million for the one-seventh required pension contribution and includes projected savings from recent pension benefit reforms.

# State Pension Funding Levels As of June 30, 2010

(In Millions)

<u>System</u>	<u>Valuation Assets</u>	<u>Accrued Liability</u>	<u>Unfunded Liability</u>	<u>GASB* Funded Ratio</u>
<b>State</b>				
Public Employees - State	\$ 10,252.6	\$ 17,429.2	\$ 7,176.6	58.8%
Teachers	33,265.3	49,543.3	16,278.0	67.1%
Police & Fire - State	2,190.7	3,672.4	1,481.7	59.7%
State Police	2,019.4	2,497.1	477.7	80.9%
Judicial	329.0	554.5	225.5	59.3%
Consolidated Police & Fire	10.6	11.8	1.2	89.8%
Prison Officers	11.0	5.6	(5.4)	195.5%
<b>Subtotal</b>	<b>48,078.6</b>	<b>73,713.9</b>	<b>25,635.3</b>	<b>65.2%</b>
<b>Local</b>				
Public Employees - Local	18,481.9	23,918.7	5,436.8	77.3%
Police & Fire - Local	20,367.9	25,602.0	5,234.1	79.6%
<b>Subtotal</b>	<b>38,849.8</b>	<b>49,520.7</b>	<b>10,670.9</b>	<b>78.5%</b>
<b>Total</b>	<b>\$ 86,928.4</b>	<b>\$ 123,234.6</b>	<b>\$ 36,306.2</b>	<b>70.5%</b>

The June 30, 2010 Pension Funding Levels reported above reflect the impact of recent pension reforms included in P.L.2011, c.78. Reforms such as the suspension of cost-of-living adjustments (until specified funding ratios are achieved) reduced the aggregate accrued liability and increased the corresponding aggregate funded ratio for the State and local pension plans.

The State's other post-employment benefit (OPEB) liability as of June 30, 2010 is \$59.3 billion (\$21.1 billion for State employees and \$38.2 billion for local education employees) and \$12.1 billion for local government employees.

\*As calculated pursuant to the requirements of the Governmental Accounting Standards Board (GASB) for purposes of presentation in the Comprehensive Annual Financial Report of the State. It represents the quotient obtained by dividing the actuarial value of assets of the Pension Plan by the actuarial accrued liability of the Pension Plan.

# Federal Stimulus Funding

## No Funding in Fiscal 2012

(In Thousands)

	FY2009	FY 2010	FY 2011	FY 2012
Medicaid Funding - Children & Families	\$ 18,905	\$ 24,991	\$ 21,927	\$ -
Medicaid Funding - Health	172,979	267,152	217,401	-
Medicaid Funding - Developmental Disabilities	102,167	143,195	124,421	-
Medicaid Funding - Disability Services	26,274	39,811	28,047	-
Medicaid Funding - Medicaid	313,378	510,565	411,016	-
Medicaid Funding - Mental Health	4,214	4,323	2,852	-
<b>Sub-Total</b>	<b>\$ 637,917</b>	<b>\$ 990,037</b>	<b>\$ 805,664</b>	<b>\$ -</b>
DHSS - Early Intervention	-	6,026	6,000	-
Fiscal Stabilization - Education\Higher Education	162,239	1,168,245	-	-
Title IV-E--Foster Care	4,839	6,378	4,330	-
Federal Preventive Maintenance	-	70,000	-	-
Clawback Reduction	-	116,609	63,255	-
<b>Total</b>	<b>\$ 804,995</b>	<b>\$ 2,357,295</b>	<b>\$ 879,249</b>	<b>\$ -</b>

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

The fiscal 2010 Fiscal Stabilization funding is allocated in accordance with the “American Recovery and Reinvestment Act.”

Fiscal 2011 savings from Enhanced Medicaid Funding reflects the passage of federal legislation extending the enhanced federal match for Medicaid spending through June 30, 2011; however, the matching percentage is phased down in the second half of the fiscal year.

DHSS – Early Intervention funding was received in full during fiscal 2010. However, \$6 million of the total \$12 million award will be used to offset costs in fiscal 2011.

# Comparison of Prior Year Adjusted Appropriations to Appropriations Acts

(In Millions)

Fiscal Year	Approp. Act	Prior Year Adjusted Approp.*	----- Change -----	
			\$	%
2012	\$ 29,696.6	\$ 29,349.1	\$ 347.5	1.2
<b>2011**</b>	<b>28,364.4</b>	<b>28,842.5</b>	<b>(478.1)</b>	<b>(1.7)</b>
<b>2010**</b>	<b>28,990.5</b>	<b>33,060.6</b>	<b>(4,070.1)</b>	<b>(12.3)</b>
<b>2009**</b>	<b>32,868.5</b>	<b>34,580.6</b>	<b>(1,712.1)</b>	<b>(5.0)</b>
2008	33,470.9	31,020.5	2,450.4	7.9
2007	30,818.7	28,087.7	2,731.0	9.7
<b>2006</b>	<b>27,919.9</b>	<b>28,644.8</b>	<b>(724.9)</b>	<b>(2.5)</b>
2005	28,027.3	24,569.1	3,458.2	14.1
2004	24,003.2	23,726.4	276.8	1.2
2003	23,401.7	23,218.6	183.1	0.8
2002	22,920.7	21,842.8	1,077.9	4.9
2001	21,419.7	20,163.5	1,256.2	6.2
2000	19,514.4	18,482.3	1,032.1	5.6
1999	18,123.8	17,141.3	982.5	5.7
1998	16,786.6	16,256.7	529.9	3.3
<b>1997</b>	<b>15,977.8</b>	<b>16,297.3</b>	<b>(319.5)</b>	<b>(2.0)</b>
1996	15,994.6	15,528.7	465.9	3.0
<b>1995</b>	<b>15,280.7</b>	<b>15,608.7</b>	<b>(328.0)</b>	<b>(2.1)</b>
1994	15,466.9	14,737.5	729.4	4.9
<b>1993</b>	<b>14,625.5</b>	<b>14,955.7</b>	<b>(330.2)</b>	<b>(2.2)</b>
1992	14,651.5	12,638.8	2,012.7	15.9
1991	12,423.8	12,165.9	257.9	2.1
1990	11,995.0	11,904.1	90.9	0.8
1989	11,775.1	10,569.4	1,205.7	11.4
1988	10,396.5	9,355.9	1,040.6	11.1
1987	9,279.4	8,959.2	320.2	3.6
1986	8,681.2	7,946.1	735.1	9.3
1985	7,693.3	6,865.2	828.1	12.1
1984	6,771.8	6,289.5	482.3	7.7
1983	6,181.7	5,741.5	440.2	7.7
1982	5,691.3	5,151.3	540.0	10.5
1981	5,107.1	4,739.6	367.5	7.8
1980	4,652.1	4,436.6	215.5	4.9
1979	4,394.4	4,066.5	327.9	8.1
1978	4,010.6	3,486.2	524.4	15.0
1977	2,853.3	2,674.6	178.7	6.7
<b>1976</b>	<b>2,698.1</b>	<b>2,794.4</b>	<b>(96.3)</b>	<b>(3.4)</b>
1975	2,756.1	2,406.9	349.2	14.5
1974	2,385.7	2,090.5	295.2	14.1
1973	2,047.7	1,822.4	225.3	12.4
1972	1,779.3	1,616.6	162.7	10.1
1971	1,557.5	1,370.0	187.5	13.7
1970	1,334.4	1,136.8	197.6	17.4
1969	1,088.5	1,021.0	67.5	6.6
1968	992.7	888.2	104.5	11.8
1967	876.6	654.9	221.7	33.9
1966	639.4	592.9	46.5	7.8
1965	584.1	554.9	29.2	5.3
1964	543.8	505.9	37.9	7.5
1963	499.4	469.3	30.1	6.4
1962	467.2	437.2	30.0	6.9
1961	431.8	412.3	19.5	4.7
1960	405.1	395.9	9.2	2.3
1959	388.6	340.7	47.9	14.1
1958	342.5	324.2	18.3	5.6
1957	320.8	299.8	21.0	7.0
1956	284.4	247.7	36.7	14.8
1955	234.8	185.2	49.6	26.8
1954	219.7	211.9	7.8	3.7
1953	210.7	179.2	31.5	17.6
1952	176.8	168.6	8.2	4.9
<b>1951</b>	<b>164.1</b>	<b>164.5</b>	<b>(0.4)</b>	<b>(0.2)</b>

\* Original Appropriations Act plus Supplementals

\*\* Excludes federal stimulus aid

# Comparison of Appropriations Acts

(In Millions)

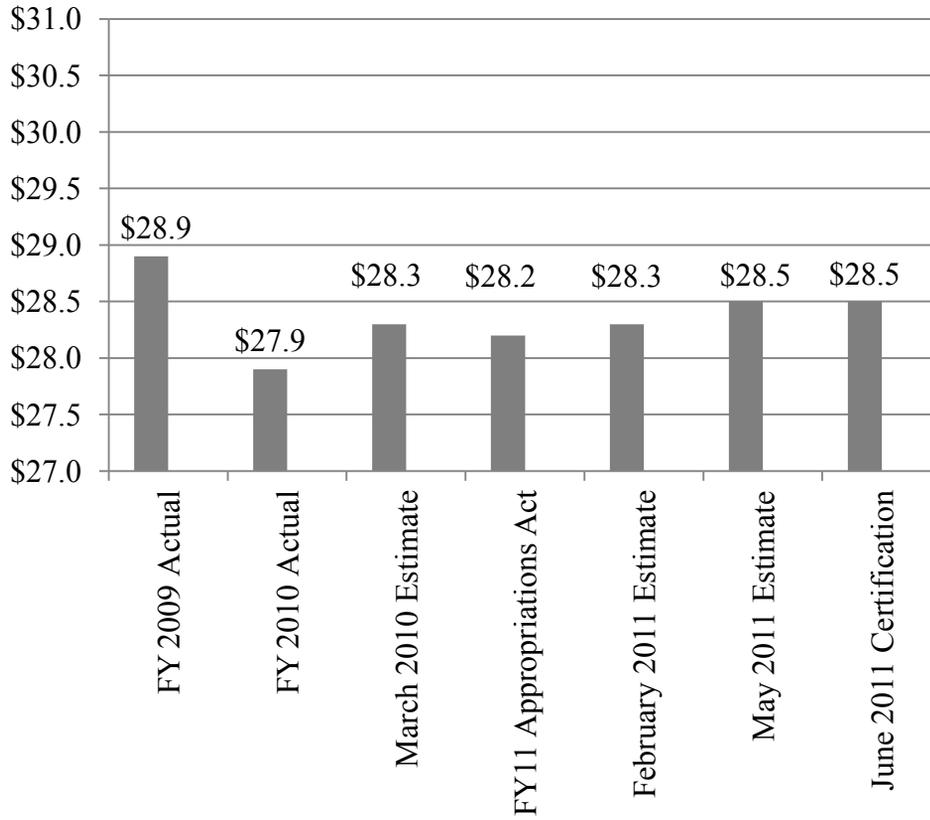
<u>Fiscal Year</u>	<u>Approp. Act</u>	<u>Change</u>	
		<u>\$</u>	<u>%</u>
2012	\$ 29,696.6	\$ 1,332.2	4.7
<b>2011*</b>	<b>28,364.4</b>	<b>(626.1)</b>	<b>(2.2)</b>
<b>2010*</b>	<b>28,990.5</b>	<b>(3,878.0)</b>	<b>(11.8)</b>
<b>2009*</b>	<b>32,868.5</b>	<b>(602.4)</b>	<b>(1.8)</b>
2008	33,470.9	2,652.2	8.6
2007	30,818.7	2,898.8	10.4
<b>2006</b>	<b>27,919.9</b>	<b>(107.4)</b>	<b>(0.4)</b>
2005	28,027.3	4,024.1	16.8
2004	24,003.2	601.5	2.6
2003	23,401.7	481.0	2.1
2002	22,920.7	1,501.0	7.0
2001	21,419.7	1,905.3	9.8
2000	19,514.4	1,390.6	7.7
1999	18,123.8	1,337.2	8.0
1998	16,786.6	808.8	5.1
<b>1997</b>	<b>15,977.8</b>	<b>(16.8)</b>	<b>(0.1)</b>
1996	15,994.6	713.9	4.7
<b>1995</b>	<b>15,280.7</b>	<b>(186.2)</b>	<b>(1.2)</b>
1994	15,466.9	841.4	5.8
<b>1993</b>	<b>14,625.5</b>	<b>(26.0)</b>	<b>(0.2)</b>
1992	14,651.5	2,227.7	17.9
1991	12,423.8	428.8	3.6
1990	11,995.0	219.9	1.9
1989	11,775.1	1,378.6	13.3
1988	10,396.5	1,117.1	12.0
1987	9,279.4	598.2	6.9
1986	8,681.2	987.9	12.8
1985	7,693.3	921.5	13.6
1984	6,771.8	590.1	9.5
1983	6,181.7	490.4	8.6
1982	5,691.3	584.2	11.4
1981	5,107.1	455.0	9.8
1980	4,652.1	257.7	5.9
1979	4,394.4	383.8	9.6
1978	4,010.6	1,157.3	40.6
1977	2,853.3	155.2	5.8
<b>1976</b>	<b>2,698.1</b>	<b>(58.0)</b>	<b>(2.1)</b>
1975	2,756.1	370.4	15.5
1974	2,385.7	338.0	16.5
1973	2,047.7	268.4	15.1
1972	1,779.3	221.8	14.2
1971	1,557.5	223.1	16.7
1970	1,334.4	245.9	22.6
1969	1,088.5	95.8	9.7
1968	992.7	116.1	13.2
1967	876.6	237.2	37.1
1966	639.4	55.3	9.5
1965	584.1	40.3	7.4
1964	543.8	44.4	8.9
1963	499.4	32.2	6.9
1962	467.2	35.4	8.2
1961	431.8	26.7	6.6
1960	405.1	16.5	4.2
1959	388.6	46.1	13.5
1958	342.5	21.7	6.8
1957	320.8	36.4	12.8
1956	284.4	49.6	21.1
1955	234.8	15.1	6.9
1954	219.7	9.0	4.3
1953	210.7	33.9	19.2
1952	176.8	12.7	7.7
1951	164.1		

\* Excludes federal stimulus aid

## *Fiscal Year 2011 Update*

# History of FY 2011 Revenues\*

(In Billions)



\*Excludes federal stimulus aid received in FY 2009, FY 2010, and FY 2011.

# FY 2011 Revenues\*

(In Millions)

	<u>FY 2010 CAFR</u>	<u>FY 2011 Approp. Act</u>	<u>FY 2011 Budget</u>	<u>FY 2011 June Cert.</u>	<u>Cert. vs. Approp. Act Change</u>		<u>Cert. vs. Budget Change</u>	
					<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Income	\$ 10,323	\$ 9,855	\$ 10,076	\$ 10,536	\$ 681	6.9	\$ 460	4.6
Sales	7,523	7,829	7,775	7,847	18	0.2	72	0.9
Corporate	1,999	2,145	2,320	2,107	(38)	(1.8)	(213)	(9.2)
Other**	<u>8,035</u>	<u>8,333</u>	<u>8,091</u>	<u>8,014</u>	<u>(319)</u>	<u>(3.8)</u>	<u>(77)</u>	<u>(1.0)</u>
<b>Total</b>	<b><u>\$ 27,880</u></b>	<b><u>\$ 28,162</u></b>	<b><u>\$ 28,262</u></b>	<b><u>\$ 28,504</u></b>	<b><u>\$ 342</u></b>	1.2	<b><u>\$ 242</u></b>	0.9

\* Excludes federal stimulus aid

\*\* All Sales Tax and Corporation Taxes on Energy are included in Other  
CAFR – Comprehensive Annual Financial Report

# The FY 2011 Budget

(In Millions)

	-----FY 2011-----			June vs. Budget Change
	FY 2011 Approp. Act	FY 2012 Budget*	FY 2012 June Cert.*	
<b>Opening Surplus</b>	\$ 505	\$ 804	\$ 804	\$ -
Revenues				
Income	9,855	10,076	10,536	460
Sales	7,829	7,775	7,847	72
Corporate	2,145	2,320	2,107	(213)
Other	8,333	8,091	8,014	(77)
<b>Total Revenues</b>	\$ 28,162	\$ 28,262	\$ 28,504	\$ 242
ARRA Resources**	\$ 1,033	\$ 876	\$ 879	\$ 3
Lapses		605	737	132
<b>Total Resources</b>	\$ 29,700	\$ 30,547	\$ 30,924	\$ 377
Appropriations				
Original including ARRA Funding	\$ 29,397	\$ 29,240	\$ 29,243	\$ 3
Supplemental		452	517	65
Pension Contribution		506	-	
School Construction/Pension Debt Service			468	468
<b>Total Appropriations</b>	\$ 29,397	\$ 30,198	\$ 30,228	\$ 30
<b>Target Fund Balance</b>	\$ 303	\$ 349	\$ 696	\$ 347

\*Represents FY 2011 update at the time of the FY 2012 Budget and FY 2012 Appropriations Act, respectively.

\*\* Resources and Appropriations used for budget relief that otherwise would have needed a State Appropriation.

# FY 2011 Summary of Additional Needs and Surplus Balances

(In Thousands)

## Additional Needs

Medicare Reimbursement	\$	107,300
Enhanced Federal Funding Shortfall		95,648
Charity Care - SPA Amendment for Provider Tax		46,268
Health/Human Services Shortfall		44,292
General Assistance Federal Waiver Effective April 15, 2011		39,535
Snow Removal		36,000
Higher Education Jobs MOE		28,856
Tort Claims Liability		19,430
Special Compensation Fund		17,500
Workers' Compensation		13,600
Developmental Disabilities Federal ICF Revenue Shortfall		12,109
Federally Qualified Health Centers Waiver - Federal Medicaid Match		11,795
State Police Helicopter Sale		6,423
Other		37,916
	<u>\$</u>	<u>516,672</u>
Legislature Funding FY 2012 Debt in FY 2011		467,993
Total Additional Needs	<u>\$</u>	<u>984,665</u>

## Surplus Balances

Additional Savings from General Obligation Bond Restructuring	\$	98,045
Prior Year/Normal Balances		66,716
PAAD Projection		54,973
Teachers' Social Security Tax Projection		53,700
Accounting for College FICA on Net Basis		52,227
Teachers' Post Retirement Medical Projection		51,619
State and College Health Benefits Projection		44,959
Homestead Benefit Program Projection		35,000
Corrections' Projected Surplus		30,900
Children and Families Federal Title IV-E Balances		24,574
Family Development General Assistance Caseload Projection		17,874
Employee Benefits - FICA Projection		17,500
Higher Education Capital Improvement Program (revenue offset)		17,027
School Construction and Renovation Fund		16,583
Employer Unemployment Insurance Projection		15,344
Family Development Child Care Caseload Projection		10,152
Victims of Crime Compensation Office Claims		10,000
Alternate Benefits Program		9,160
NJ Affordable Housing Trust Fund		9,000
Mental Health State Aid Caseload Projection		7,663
Children and Families Salary Projection		7,594
General Obligation Bonds - Cash Defeasance		6,096
Early Intervention Program Caseload Projection		6,000
Other		74,555
Total Surplus Balances	<u>\$</u>	<u>737,261</u>

## Chapter 3: Economic Overview & Revenue Forecast





## CHAPTER 3: ECONOMIC OVERVIEW AND REVENUE FORECAST

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### *New Jersey Economic Overview*

New Jersey, along with the rest of the nation, has continued to cope with subpar economic conditions. Nonetheless, it is likely that the economic expansion will be sustained, though at a relatively hesitant pace, according to projections made by the Office of Chief Economist and other areas in the Department of the Treasury.

- Payroll employment in New Jersey is projected to increase by 0.2% in calendar 2011, which will be the first year to see job gains since 2007. Calendar 2012 is expected to see a more substantial job increase of 1.6%. However, this will still leave the number of jobs remaining below its previous peak in January 2008.
- Personal income of New Jersey residents rose at a sharp 7.2% annual rate in the first quarter of 2011. However, this surge was largely due to the temporary reduction in federal payroll taxes. Wages and salaries paid by New Jersey employers rose at a much more subdued annual rate of 2.7% in the first quarter of 2011, to a level only 1% higher than in the first quarter of 2010. For 2011 as a whole, New Jersey personal income is expected to increase 3.7% to a new record high of \$460 billion, and to grow another 4.3% in 2012.
- New Jersey's unemployment rate was 9.4% in August 2011, little changed over the prior year. While employment has been gradually moving up, the unemployment rate has stayed high as previously discouraged workers have started seeking jobs and thus get counted as formally unemployed. The state's unemployment rate is expected to gradually decline, from an average of 9.3% in 2011 to 8.8% in 2012.
- New car sales have strengthened in 2011, averaging nearly 10% higher in the first seven months of the year than in the same period of 2010, despite shortages of Japanese models. Auto sales are expected to continue to move up over the balance of 2011 and into 2012.
- Homebuilding remains extremely depressed. Permits will likely be under 15,000 units for a third straight year in 2011. New Jersey has the highest rate of foreclosure in the Northeast, which depresses prices, sales, and construction. Conditions have appeared to stabilize in parts of the state, and the projection is for very modest gains in 2012, but the level of activity will remain very low by any historic standard.
- There is a significant risk that the state and the nation may fall into a renewed recession. Global financial markets have been under considerable pressure as a result of the European debt crisis, and ongoing disputes about U.S. economic policy have added to the uncertainty in the markets. A sudden restriction in the flow of credit to households, businesses, and governments would imperil economic growth. Furthermore, the prolonged period of subpar economic conditions has created stress on household and business confidence. Thus, the future direction of the economy nationally and in the state hinges on the stabilization of financial markets as well as improved confidence in the outlook.

## ***Fiscal 2012 Revenue Projections***

Total revenues for fiscal 2012 are expected to be \$29.6 billion, which is \$1.1 billion, or approximately 4%, above the revised fiscal 2011 anticipated levels. New Jersey is projecting moderate changes in base revenues in fiscal 2012. Economic indicators suggest a slow-paced economic recovery will continue in 2011 and accelerate slightly in 2012.

## **FY 2012 Revenues**

(In Millions)

	<b>FY 2011</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2012 Approp. Act vs. FY 2011 Certified</b>	
	<b>Approp. Act</b>	<b>Certified</b>	<b>Approp. Act</b>	<b>\$</b>	<b>%</b>
Income	\$ 9,855	\$ 10,536	\$ 11,132	\$ 596	5.7 %
Sales	7,829	7,847	8,153	306	3.9
Corporate	2,145	2,107	2,261	154	7.3
Other**	<u>8,333</u>	<u>8,014</u>	<u>8,095</u>	<u>81</u>	1.0
<b>Total</b>	<b><u>\$ 28,162</u></b>	<b><u>\$ 28,504</u></b>	<b><u>\$ 29,641</u></b>	<b><u>\$ 1,137</u></b>	4.0 %

\* FY2012 Revenue Estimate includes \$185 million of tax cuts

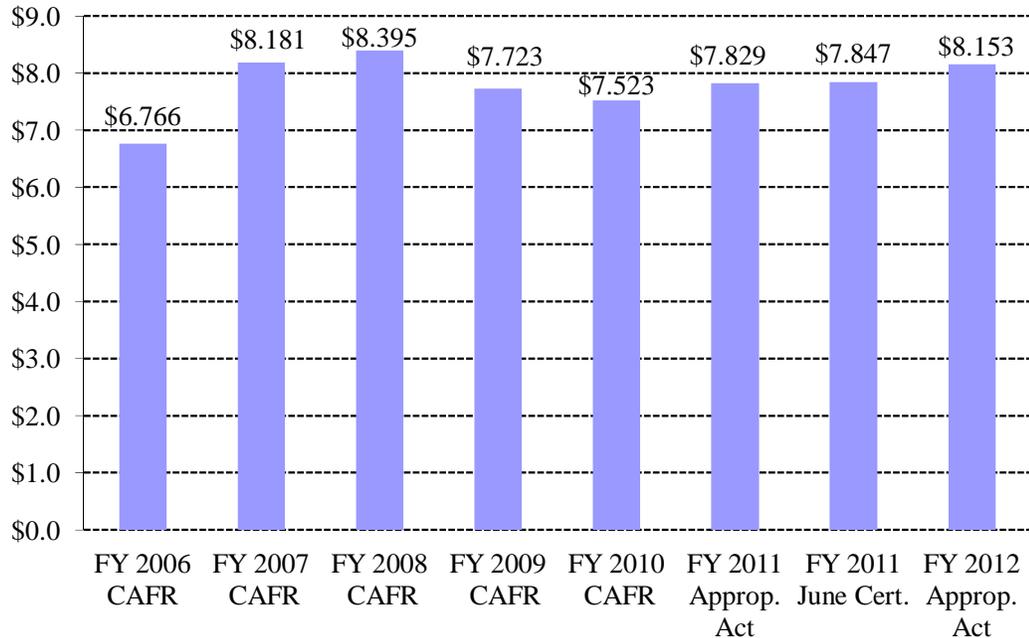
\*\* All Sales Tax and Corporation Business Tax on Energy are included in Other

## **Sales Tax**

The forecast of \$8.2 billion in Sales Tax revenue for fiscal 2012 is an increase of \$306 million over the revised fiscal 2011 level. Economic indicators suggest Sales Tax collections should rise as the recovery continues to proceed, though at a slow pace. Forecasts have proven difficult since the nation entered recession in December 2007. The basic underlying growth rate of 3.9% reflects the anticipated improvements in the economy and consumer spending in fiscal 2011.

# Sales Tax

(In Billions)



FY 2007 tax increases:

- increased Sales Tax rate from 6% to 7%
- broadened Sales Tax base

FY 2009 includes \$142.5 million received under the Amnesty program

FY 2012 includes \$2.5 million in tax cuts

Sales Tax excludes the tax on energy

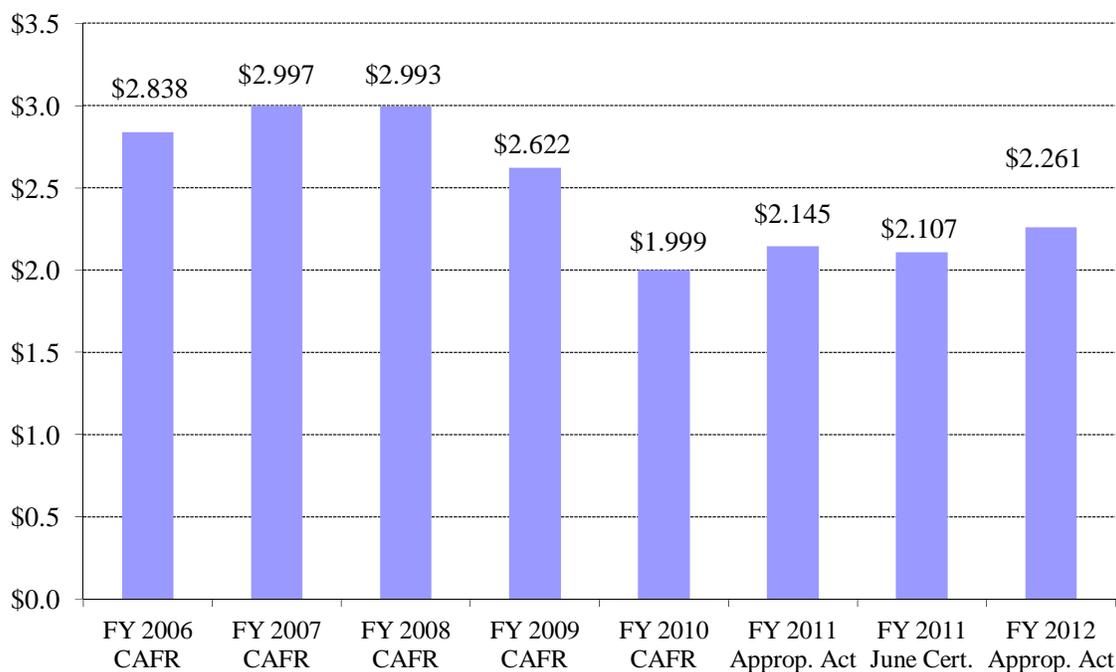
CAFR – Comprehensive Annual Financial Report

## Corporation Business Tax

The fiscal 2012 Corporation Business Tax (CBT) revenue forecast of \$2.3 billion represents an increase of \$154 million (7.3%), compared to the revised fiscal 2011 level. New Jersey companies are expected to pay more taxes as the recovery gradually allows them to generate more revenues and profits. The forecast assumes growth in payments for calendar 2011 as pre-tax corporate profitability is projected to improve from the depressed recessionary period and refunds are expected to fall from unusually high levels paid out in fiscal 2009 and 2010.

# Corporation Business Tax

(In Billions)



FY 2009 includes \$392.6 million received under the Amnesty program

FY 2011 4% Surcharge expired

FY 2012 includes \$100.2 million in tax cuts

Corporation Business Tax excludes the tax on energy

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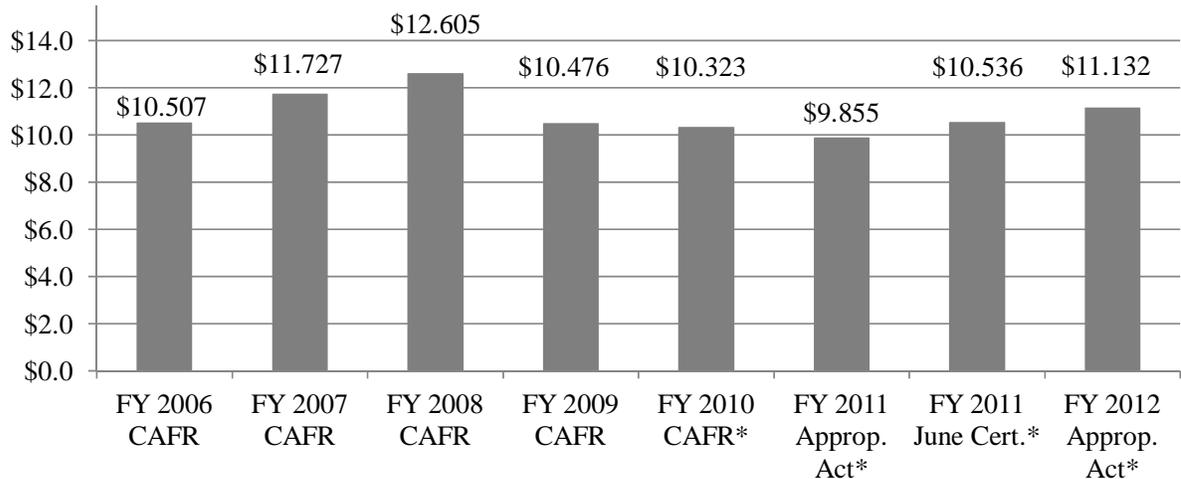
## Gross Income Tax

The fiscal 2012 forecast of \$11.1 billion is an increase of \$596 million over the revised fiscal 2011 level. New Jersey's economy is expected to continue to recover at a moderate pace.

The basic underlying growth rate of 5.7% over the revised fiscal 2011 level reflects the positive income growth trends in the state and the probability of improvements in the financial market conditions. Total income, which is the tax base, increased by 2.5% in tax year 2010, following two straight years of decline in tax years 2008 (-3.0%) and 2009 (-9.5%). The income tax estimate assumes continued but moderate improvement in total income during the forecast period. Households reporting more than \$100,000 in total income account for over 85% of the income tax revenue. The pace of growth in income for these households fell sharply by nearly 12% in tax year 2009. Income for these households is projected to grow by 5.7% in 2010 and increase to a 7.1% growth in tax year 2011. These trends are significantly below the double-digit average annual growth rate of close to 13% experienced in the 2004-2007 expansionary period, following the last economic recession.

# Income Tax Revenue Below Actual FY 2007 Collections

(In Billions)



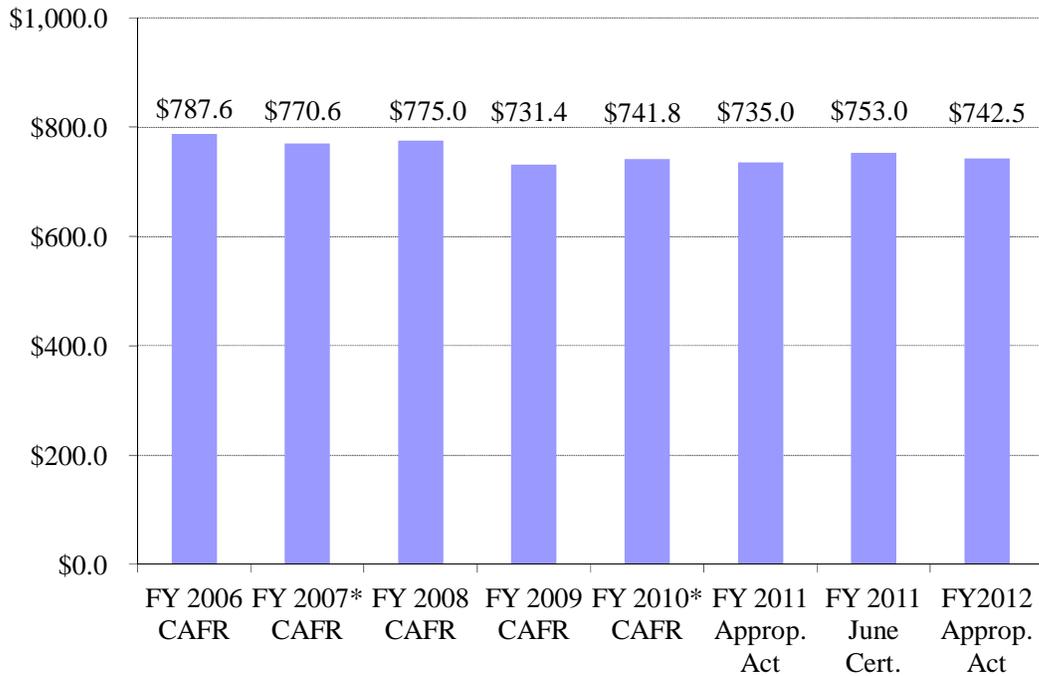
\* These revenues include changes in tax policy.  
 FY 2009 - Incremental Change in EITC Expansion (\$60 million)  
 FY 2009 - Includes \$88.9 million received from the Amnesty program.  
 FY 2010 - Incremental Change in EITC (\$9.9 million)  
 FY 2010 - EITC Federal Reimbursement (\$150 million)  
 FY 2011 - EITC Federal Reimbursement (\$39 million)  
 FY 2011 - Millionaire's Tax Expired 12/31/09  
 FY 2012 - Tax Cut (\$23 million)  
 CAFR - Comprehensive Annual Financial Report

## Cigarette Tax

For fiscal 2012, the gross cigarette tax collections are estimated to be \$742.5 million. This estimate assumes consumption will decline from the fiscal 2011 level. From the fiscal 2012 gross collections, \$396.5 million is dedicated to the Health Care Subsidy Fund to assist hospitals with Charity Care and other Uncompensated Care Disproportionate Share Payments (DSH). Also, \$140.5 million has been pledged to bondholders with the issuance of the Cigarette Tax Revenue Bonds, Series 2004. The remaining funds of \$205.5 million are available to support the General Fund.

# Cigarette Tax Gross Collections

(In Millions)



**\*Tax Rate Change**

FY 2007 tax rate change from \$2.40 per pack to \$2.575 per pack

FY 2010 tax rate change from \$2.575 per pack to \$2.70 per pack

FY 2009 includes \$3.8 million received under the Amnesty program

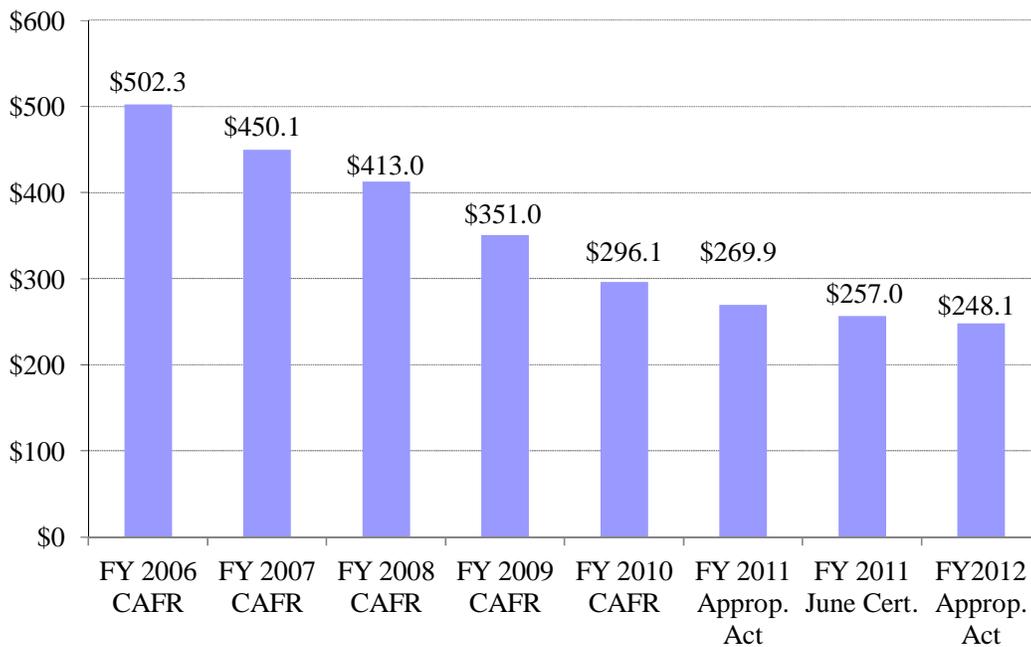
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## Casino Revenue

For fiscal 2012, the forecast is an \$8.9 million, or a 3.5% decline in casino tax collections from the certified fiscal year 2011 estimate. The weak economy and expanding competition from other forms of gambling originating both offshore and from slot machine parlors built in other states are hurting Atlantic City casinos. Total casino tax collections are projected to be \$248.1 million, down from late year estimates of \$257.0 million in fiscal 2011.

## Casino Revenue

(In Millions)



CAFR – Comprehensive Annual Financial Report



## Chapter 4: Budget Details



**STATE OF NEW JERSEY**  
EXECUTIVE DEPARTMENT

June 24, 2011

REVENUE CERTIFICATION

In accordance with the provisions of Article VIII, Section II, Paragraph 2 of the State Constitution, I hereby certify that the resources listed below are available to support appropriations for the fiscal year ending June 30, 2012.

GENERAL FUND

Undesignated Fund Balance, July 1, 2011	\$	692,950,000
All Revenues		17,561,202,000
Total Resources, General Fund	\$	18,254,152,000

PROPERTY TAX RELIEF FUND

Undesignated Fund Balance, July 1, 2011	\$	-
All Revenues		11,777,500,000
Total Resources, Property Tax Relief Fund	\$	11,777,500,000

GUBERNATORIAL ELECTIONS FUND

Undesignated Fund Balance, July 1, 2011	\$	700,000
All Revenues		700,000
Total Resources, Gubernatorial Elections Fund	\$	1,400,000

CASINO REVENUE FUND

Undesignated Fund Balance, July 1, 2011	\$	-
All Revenues		248,149,000
Total Resources, Casino Revenue Fund	\$	248,149,000

CASINO CONTROL FUND

Undesignated Fund Balance, July 1, 2011	\$	2,716,000
All Revenues		53,146,000
Total Resources, Casino Control Fund	\$	55,862,000

SURPLUS REVENUE FUND

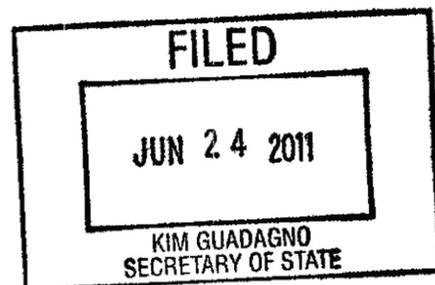
Undesignated Fund Balance, July 1, 2011	\$	-
Total Resources, Surplus Revenue Fund	\$	-

GRAND TOTAL, ALL STATE FUNDS

\$ 30,337,063,000

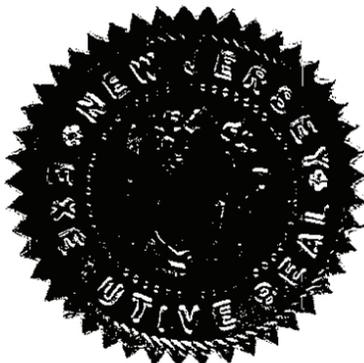
FEDERAL FUNDS

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

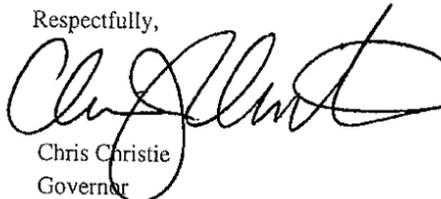


**STATE OF NEW JERSEY**  
**EXECUTIVE DEPARTMENT**  
**STATE REVENUES**  
**FISCAL YEARS 2012 ESTIMATES**  
**(thousands of dollars)**

	FY12 AA
<b>Major Taxes</b>	
Sales	8,153,000
Sales Tax Dedication	(628,000)
Sales - Energy	368,400
Corporation Business	2,261,000
Corporation Business - Energy	79,700
Motor Fuels	535,000
Motor Vehicle Fees	492,731
Transfer Inheritance	666,900
Insurance Premium	499,197
Cigarette	205,500
Petroleum Products Gross Receipts	222,800
Public Utility Excise (Reform)	13,500
Corporation Banks and Financial Institutions	201,900
Alcoholic Beverage Excise	93,357
Realty Transfer	191,050
Tobacco Products Wholesale Sales	20,427
<b>Total Major Taxes</b>	<b>13,376,462</b>
 <b>Miscellaneous Taxes, Fees, Revenues</b>	
Assessment on Real Property Greater Than \$1 Million	64,250
Medicaid Uncompensated Care	441,524
Good Driver	71,800
Hotel/Motel Occupancy Tax	75,000
Public Utility GRFT	105,000
TEFA	178,700
Fringe Benefit Recoveries	485,796
Other Miscellaneous Revenue	1,122,489
<b>Total Miscellaneous Taxes, Fees, Revenues</b>	<b>2,544,559</b>
 <b>Interfund Transfers</b>	
State Lottery Fund	1,030,000
Tobacco Settlement/Securitization	54,564
Other Funds	555,617
<b>Total Interfund Transfers</b>	<b>1,640,181</b>
<b>Total State Revenues General Fund</b>	<b>17,561,202</b>
 <b>Property Tax Relief Fund</b>	
Gross Income Tax	11,132,000
Sales Tax Dedication	645,500
<b>Total Property Tax Relief Fund</b>	<b>11,777,500</b>
<b>Casino Control Fund</b>	53,146
<b>Casino Revenue Fund</b>	248,149
<b>Gubernatorial Elections Fund</b>	700
<b>TOTAL STATE REVENUES</b>	<b>\$29,640,697</b>



Respectfully,

  
Chris Christie  
Governor

Attest:

  
Jeffrey S. Chiesa  
Chief Counsel to the Governor

**SUMMARY OF FISCAL YEAR 2011-12 APPROPRIATIONS**

(thousands of dollars)

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

	<b>2011 Adjusted Approp.</b>	<b>2012 Approp. Act</b>	<b>----- Change ----- \$</b>	<b>%</b>
<b>GENERAL FUND AND PROPERTY TAX RELIEF FUND</b>				
<b>State Aid and Grants</b>	<b>\$ 21,284,052</b>	<b>\$ 21,375,602</b>	<b>\$ 91,550</b>	<b>0.4</b>
<b>State Operations</b>				
Executive Branch	\$ 3,583,147	\$ 3,533,496	\$ (49,651)	(1.4)
Legislature	77,309	71,541	(5,768)	(7.5)
Judiciary	663,535	663,535	0	0.0
Interdepartmental	2,090,740	2,168,197	77,457	3.7
<b>Total State Operations</b>	<b>\$ 6,414,731</b>	<b>\$ 6,436,769</b>	<b>\$ 22,038</b>	<b>0.3</b>
<b>Capital Construction</b>	<b>\$ 1,121,895</b>	<b>\$ 1,303,247</b>	<b>\$ 181,352</b>	<b>16.2</b>
<b>Debt Service</b>	<b>204,718</b>	<b>276,934</b>	<b>72,216</b>	<b>35.3</b>
<b>TOTAL GENERAL FUND AND PROPERTY TAX RELIEF FUND</b>	<b>\$ 29,025,396</b>	<b>\$ 29,392,552</b>	<b>\$ 367,156</b>	<b>1.3</b>
<b>CASINO CONTROL FUND</b>	<b>\$ 66,686</b>	<b>\$ 55,862</b>	<b>\$ (10,824)</b>	<b>(16.2)</b>
<b>CASINO REVENUE FUND</b>	<b>257,005</b>	<b>248,149</b>	<b>(8,856)</b>	<b>(3.4)</b>
<b>GUBERNATORIAL ELECTIONS FUND</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>GRAND TOTAL STATE APPROPRIATIONS</b>	<b>\$ 29,349,087</b>	<b>\$ 29,696,563</b>	<b>\$ 347,476</b>	<b>1.2</b>
<b>FEDERAL STIMULUS AID</b>	<b>\$ 879,249</b>	<b>\$ -</b>	<b>\$ (879,249)</b>	<b>(100.0)</b>

**APPROPRIATIONS**  
**MAJOR INCREASES AND DECREASES**  
**Fiscal 2012 Budget to Appropriation**  
**(\$ In Millions)**

This table summarizes the major increases and decreases in the Fiscal 2012 Appropriations Act since the Governor's recommended Fiscal 2012 Budget and is organized by category.

Categories of recommended appropriations are defined as follows:

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

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

**State Aid** consists of payments to or on behalf of counties, municipalities, and school districts to assist them in carrying out their local responsibilities. This category of expenditure includes school aid and municipal aid. It also includes funding for county colleges, local public assistance, and county psychiatric hospital costs.

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

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

		<u>House/Sponsor</u>	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
<b>State Operations</b>					
Defined Benefit Pensions - Shift from FY11	(S)	STEPHEN M. SWEENEY	\$ 159.199		
	(A)	LOUIS D. GREENWALD			
<b>Subtotal - State Operations Increases</b>			<u><u>\$ 159.199</u></u>		
Public Employees' Post Retirement Medical	(A)	SHEILA Y. OLIVER		\$ (50.000)	
	(S)	PAUL A. SARLO			
State Employees' Prescription Drug Program	(A)	LOUIS D. GREENWALD		(9.258)	
	(S)	PAUL A. SARLO			
Corporation Business Tax Dedication -Revised Revenue Trend				(4.510)	
Children and Families Additional Federal Resources				(4.000)	
Senate and Assembly				(3.766)	
Correctional Medical Contract				(3.500)	
Existing and Anticipated Leases	(A)	SHEILA Y. OLIVER		(2.100)	
Information Security	(A)	LOUIS D. GREENWALD		(2.000)	
IT Modernization	(A)	LOUIS D. GREENWALD		(2.000)	

	<u>House/Sponsor</u>	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Network Infrastructure	(A) LOUIS D. GREENWALD (S) PAUL A. SARLO		(1.500)	
Office of Economic Growth and Green Energy	(A) LOUIS D. GREENWALD		(1.266)	
Fuel and Utilities	(A) LOUIS D. GREENWALD		(1.260)	
Environmental Protection - Shift to Non-State Funds	(A) LOUIS D. GREENWALD		(0.767)	
Senator Wynona Lipman Chair in Women's Political Leadership at the Eagleton Institute			(0.100)	
Henry J. Raimondo New Jersey Legislative Fellows Program			(0.069)	
Governor's Council on Mental Health Stigma			(0.050)	
<b><i>Subtotal - State Operations Decreases</i></b>			<u><u>\$ (86.146)</u></u>	
<b><i>Net Change (State Operations)</i></b>				<u><u>\$ 73.053</u></u>
<b>Grants-In-Aid</b>				
Senior and Disabled Citizens' Property Tax Freeze - Restore Full Benefit Level and Allow New Participants	(A) JOHN J. BURZICHELLI (S) LINDA R. GREENSTEIN	\$ 61.000		
Defined Benefit Pensions - Shift from FY11	(S) STEPHEN M. SWEENEY (A) LOUIS D. GREENWALD	12.416		
Vocational Rehabilitation Services	(S) STEPHEN M. SWEENEY (A) JOHN J. BURZICHELLI	6.000		
Federally Qualified Health Centers	(S) LORETTA WEINBERG (A) VALERIE VAINIERI HUTTLE	4.600		
NJ FamilyCare - Restore Childless Adults	(S) JOSEPH F. VITALE (A) GORDON M. JOHNSON	4.000		
Rowan University - Restoration of Base Funding	(S) FRED H. MADDEN, JR. (A) LOUIS D. GREENWALD	2.772		
Medical Day Care Services (Eliminate Co-Pay)	(A) CLEOPATRA G. TUCHER (S) LORETTA WEINBERG	1.900		
<b><i>Subtotal - Grants-In-Aid Increases</i></b>		<u><u>\$ 92.688</u></u>		
Tuition Aid Grants			\$ (25.158)	
Enhanced Medicaid Fraud Recoveries	(A) LOUIS D. GREENWALD		(18.000)	
NJ Transit Operating Subsidy			(10.000)	
Early Intervention Program (EIP) Caseload			(7.900)	

	<u>House/Sponsor</u>	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
AIDS Drug Distribution Program Trend			(7.000)	
Legal Services of NJ - Legal Assistance in Civil Matters			(5.000)	
Children and Families Trend			(4.500)	
Corporation Business Tax Dedication -Revised Revenue Trend			(3.196)	
Part-Time Tuition Aid Grants for County Colleges			(2.068)	
Lead Hazard Control Assistance Fund			(2.000)	
State Employees' Prescription Drug Program	(A) LOUIS D. GREENWALD (S) PAUL A. SARLO		(1.724)	
Medical Assistance Eligibility Determination Services	(A) LOUIS D. GREENWALD		(1.616)	
Alternate Benefit Program Employer Contributions Trend			(1.362)	
Wynona M. Lipman Child Advocacy Center, Essex County			(0.537)	
Clinical Legal Programs for the Poor - Camden and Newark Law School			(0.400)	
Clinical Legal Programs for the Poor - Seton Hall University			(0.200)	
<b>Subtotal - Grants-In-Aid Decreases</b>			<u><u>\$ (90.661)</u></u>	
<b>Net Change (Grants-In-Aid)</b>				<u><u>\$ 2.027</u></u>
<b>State Aid</b>				
Additional Education Formula Aid	(A) WAYNE P. DEANGELO (A) SHEILA Y. OLIVER	\$ 614.070		
Defined Benefit Pensions - Shift from FY11	(S) STEPHEN M. SWEENEY (A) LOUIS D. GREENWALD	334.378		
Restore General Assistance Cash Grant	(S) BRIAN P. STACK (A) SHEILA Y. OLIVER	11.994		
<b>Subtotal - State Aid Increases</b>		<u><u>\$ 960.442</u></u>		
School Construction and Renovation Fund - Shift to FY11	(A) LOUIS D. GREENWALD		\$ (367.558)	
Transitional Aid to Localities			(139.000)	
Debt Service - Pension Bonds - Shift to FY11	(A) LOUIS D. GREENWALD		(100.435)	
Additional School Aid Payment Changes	(A) WAYNE P. DEANGELO (A) SHEILA Y. OLIVER		(61.400)	
School Construction and Renovation Fund	(A) LOUIS D. GREENWALD (S) PAUL A. SARLO		(30.000)	

	<u>House/Sponsor</u>	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Defined Benefit Pensions Reform Savings			(21.891)	
Presidential Primary	(A) LOUIS D. GREENWALD		(12.000)	
Solid Waste Management - County Environmental Investment Aid			(8.850)	
General Assistance Caseload Adjustment	(A) LOUIS D. GREENWALD		(5.000)	
Offset County College Aid by Supplemental Workforce Fund for Basic Skills	(A) LOUIS D. GREENWALD		(1.800)	
<b><i>Subtotal - State Aid Decreases</i></b>			<u><u>\$ (747.934)</u></u>	
<b><i>Net Change (State Aid)</i></b>				<u><u>\$ 212.508</u></u>
<b>Capital Construction</b>				
Corporation Business Tax Dedication -Revised Revenue Trend			\$ (11.088)	
<b><i>Subtotal - Capital Construction Decreases</i></b>			<u><u>\$ (11.088)</u></u>	
<b><i>Net Change (Capital Construction)</i></b>				<u><u>\$ (11.088)</u></u>
<b>GRAND TOTAL</b>		<u><u>\$ 1,212.329</u></u>	<u><u>\$ (935.829)</u></u>	<u><u>\$ 276.500</u></u>

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
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IPB Fund	Legislature	Amount
**	2011 Adjusted Appropriations	77,309
<b>Department</b>		
DSS	Senate and Assembly	(3,766)
DSS	Funding for Apportionment Commission - Supplemental Not Continued	(1,100)
DSS	Office of Legislative Services - Master Lease Payment- Supplemental Not Continued	(733)
DSS	Senator Wynona Lipman Chair in Women's Political Leadership at the Eagleton Institute	(100)
DSS	Henry J. Raimondo New Jersey Legislative Fellows Program	(69)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(5,768)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>71,541</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

<b>IPB Fund</b>	<b>Chief Executive</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	5,718
<b>Department</b>		
DSS	Eliminate Funding for Coalition of Northeastern Governors	(37)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(37)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>5,681</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

IPB Fund	<b>Agriculture</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	19,722
<b>Department</b>		
GIA	State Food Purchase Program Trend	(100)
SA	Payment in Lieu of Taxes (PILOT) Trend	(25)
	<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>	<u>(125)</u>
	<b>FISCAL 2012 APPROPRIATION</b>	<u>19,597</u>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

IPB Fund	<b>Banking and Insurance</b>	Amount
**	2011 Adjusted Appropriations	61,320
<b>Department</b>		
DSS	County Prosecutor Insurance Fraud Program	1,650
	<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>	<b>1,650</b>
	<b>FISCAL 2012 APPROPRIATION</b>	<b>62,970</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

IPB Fund	<b>Children and Families</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	1,067,944
<b>Department</b>		
**P**	Replace Enhanced Federal Medicaid Funding	26,688
GIA	Contracted Systems Administrator	179
**P**	Children and Families Trend	(15,254)
DSS	Children and Families Additional Federal Resources	(11,013)
DSS	Reduction in Funded Vacancies	(3,800)
**P**	Annualization of FY11 Savings Initiatives	(2,589)
DSS	Elimination of Sick Leave Injury	(1,566)
DSS	Staff Attrition Savings	(824)
**P**	Closing Ewing and Vineland Residential Treatment Centers	(557)
GIA	Wynona M. Lipman Child Advocacy Center, Essex County	(537)
DSS	Property Lease Savings	(193)
GIA	Composite Bond Debt Service	(32)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(9,498)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>1,058,446</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

<b>IPB Fund</b>	<b>Community Affairs</b>	<b>Amount</b>
<b>**</b>	<b>2011 Adjusted Appropriations</b>	736,529
<b>Department</b>		
<b>**P**</b>	<b>Transitional Aid to Localities</b>	(149,000)
<b>GIA</b>	<b>Lead Hazard Control Assistance Fund</b>	(2,000)
<b>DSS</b>	<b>Council on Affordable Housing (COAH)</b>	(1,240)
<b>**P**</b>	<b>Annualization of FY11 Savings Initiatives</b>	(414)
	<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>	<b>(152,654)</b>
	<b>FISCAL 2012 APPROPRIATION</b>	<b>583,875</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

IPB Fund	<b>Corrections</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	1,114,728
<b>Department</b>		
SA	State Aid Increase for Essex County - County Jail Substance Abuse Programs	3,000
SA	State Aid Increase for Union County Inmate Rehabilitation Services	2,500
DSS	Elimination of Sick Leave Injury	(8,881)
DSS	Correctional Medical Contract	(8,781)
DSS	Eliminate Funded Vacancies	(7,042)
**P**	Annualization of FY11 Savings Initiatives	(3,119)
GIA	County Jail	(942)
<b>Parole Board</b>		
DSS	Attrition Savings Offset by Cost of a New Class	(964)
DSS	Contract for Electronic Monitoring Services	(95)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(24,324)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>1,090,404</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

IPB Fund	<b>Education</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	10,690,619
<b>Department</b>		
PTRF	School Formula Aid	833,382
PTRF	School Choice Expansion	11,531
SA	Extraordinary Special Education	7,749
PTRF	Charter School Aid	4,600
SA	Unknown District of Residence	1,811
**P**	School Facilities Programs	(542,198)
**P**	School Aid Payment Changes	(192,000)
GIA	Eliminate Funding for New Jersey After 3	(3,000)
PTRF	Nonpublic Transportation Aid	(463)
SA	Bridge Loan Interest and Approved Borrowing Cost	(240)
<b>Teachers Pensions/Social Sec.</b>		
PTRF	Teachers' Post-Retirement Medical	36,021
**P**	Employee Health Care Reforms - Teachers	(97,043)
SA	Debt Service - Pension Bonds	(89,141)
PTRF	Local School Districts' Teacher Social Security Tax	(25,700)
**P**	Teachers' Pension and Annuity Fund	(22,349)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(77,040)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>10,613,579</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

IPB Fund	<b>Environmental Protection</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	392,274
<b>Department</b>		
**P**	Parks and Forestry Management - Replace Reforestation Act Funding	6,190
**P**	Annualization of FY11 Savings Initiatives	(1,870)
DSS	Forestry Management - Shift to Non-State Funds	(1,300)
DSS	Office of Economic Growth and Green Energy	(1,266)
DSS	Office of Science Support - Shift to Non-State Funds	(1,263)
DSS	Environmental Protection - Shift to Non-State Funds	(767)
DSS	Nuclear Emergency Response - Supplemental Not Continued	(685)
DSS	Solid and Hazardous Waste Activities - Shift to Non-State Funds	(600)
**P**	CBT Dedication	(566)
DSS	Hunting and Fishing Licenses for National Guard and Disabled Veterans - Supplemental Not Continued	(400)
DSS	1981 Water Supply Bond Fund Administrative Account - Shift to Non-State Funds	(334)
<b>Environmental Protection</b>		
**P**	CBT Dedication - Capital	(813)
<b>Environmental Protection</b>		
DS	General Obligation Debt Service	(56,219)
<b>Highlands Water Protection and Planning Council</b>		
SA	Highlands Council - Restoration of Fiscal 2011 Non-recurring Savings	463
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(59,430)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>332,844</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

IPB Fund	<b>Health &amp; Senior Services</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	1,278,598
<b>Department</b>		
**P**	Replace Enhanced Federal Medicaid Funding	253,647
**P**	FamilyCare Children Trend	11,899
**P**	Federally Qualified Health Centers (FQHC) Payments	4,322
GIA	Replace Prior Year Charity Care Recovery	197
GIA	Comprehensive Medicaid Waiver	(75,000)
**P**	PAAD/Senior Gold Trend	(61,275)
**P**	Maximize Federal Revenue in Charity Care	(38,709)
**P**	Nursing Home Rate Reduction	(29,652)
**P**	Medicaid Long Term Care/Global Budget/Medical Day Care Trend	(27,625)
GIA	Pharmaceutical Assistance to the Aged and Disabled (PAAD) Efficiencies	(20,100)
GIA	Health Care Subsidy Fund Shifted to Graduate Medical Education in Department of Human Services	(15,000)
**P**	AIDS Drug Distribution Program Trend	(10,711)
GIA	Nursing Home Bed Hold Reimbursement	(7,500)
**P**	Annualization of FY11 Savings Initiative	(1,336)
GIA	Eliminate Postpartum Education Campaign	(450)
GIA	Hospital Asset Transformation Program	(177)
**P**	Early Intervention Program (EIP) Caseload Trend	(55)
	<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>	<b>(17,525)</b>
	<b>FISCAL 2012 APPROPRIATION</b>	<b>1,261,073</b>

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

<p><b>SUMMARY OF CHANGES</b></p> <p><b>Major Agencies</b></p> <p><b>(in thousands)</b></p>
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<b>IPB Fund</b>	<b>Human Services</b>	<b>Amount</b>
<b>**</b>	<b>2011 Adjusted Appropriations</b>	4,847,281
<b>Family Development</b>		
<b>GIA</b>	<b>Workforce Development Partnership Fund</b>	14,000
<b>SA</b>	<b>Food Stamp Administration Funding - Projected Increase</b>	7,000
<b>**P**</b>	<b>Federal Temporary Assistance for Needy Families (TANF) Grant</b>	(46,097)
<b>**P**</b>	<b>Annualization of FY11 Savings Initiatives</b>	(27,028)
<b>**P**</b>	<b>Restructure the General Assistance Program</b>	(19,572)
<b>GIA</b>	<b>Child Care Caseload Trend</b>	(15,750)
<b>SA</b>	<b>General Assistance Caseload Trend/Adjustment</b>	(6,407)
<b>**P**</b>	<b>Supplemental Security Income Trend</b>	(2,949)
<b>GIA</b>	<b>Substance Abuse Caseload Trend</b>	(2,500)
<b>GIA</b>	<b>Contract Rent Reduction</b>	(328)
<b>Central Office</b>		
<b>DSS</b>	<b>Biennial Software License Costs</b>	692
<b>DSS</b>	<b>Overtime - Human Services Police</b>	59
<b>**P**</b>	<b>Operational Shortfall - Supplemental Not Continued</b>	(22,049)
<b>Developmental Disabilities</b>		
<b>**P**</b>	<b>Replace Enhanced Federal Medicaid Funding</b>	124,421
<b>DSS</b>	<b>Replace Reduced Federal Resources</b>	96,319
<b>**P**</b>	<b>Fiscal Year 2012 Community Placements</b>	12,326
<b>**P**</b>	<b>Vineland Developmental Center Closure - Bridge Funding</b>	6,582
<b>**P**</b>	<b>Operational Shortfall - Supplemental Not Continued</b>	(18,449)
<b>GIA</b>	<b>Federal Match on Out-of-State Community Placements</b>	(2,310)
<b>DSS</b>	<b>Elimination of Sick Leave Injury</b>	(1,764)
<b>**P**</b>	<b>Overtime Savings</b>	(1,588)
<b>**P**</b>	<b>Annualization of FY11 Savings Initiatives</b>	(1,515)
<b>DSS</b>	<b>Equipment</b>	(1,090)
<b>DSS</b>	<b>Transfer Foster Grandparents Program Funds to the Department of State</b>	(115)
<b>GIA</b>	<b>Human Services Composite Bond Debt Service</b>	(74)
<b>Commission for the Blind and Visually Impaired</b>		
<b>DSS</b>	<b>Improved Management of Instructor Caseload</b>	(1,530)
<b>Disability Services</b>		
<b>GIA</b>	<b>Replace Federal Enhanced Medicaid Funding</b>	28,482
<b>GIA</b>	<b>Caseload Growth</b>	10,020

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

<p><b>SUMMARY OF CHANGES</b></p> <p><b>Major Agencies</b></p> <p><b>(in thousands)</b></p>
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IPB Fund	<b>Human Services</b>	<b>Amount</b>
DSS	Operational Shortfall - Supplemental Not Continued	(70)
<b>Mental Health Services</b>		
**P**	Mental Health Community Placements	10,000
DSS	Replace Enhanced Federal Medicaid Funding	2,852
GIA	Phase-In of Involuntary Outpatient Commitment Legislation	2,000
DSS	Overtime	580
GIA	Alcohol Education, Rehabilitation and Enforcement Fund - One Time Resources	575
SA	Mental Health State Aid Trend	(13,149)
DSS	Close a State Psychiatric Hospital	(9,000)
GIA	New Federal Match on Community Mental Health Services	(4,281)
GIA	Addiction Services Community Provider Contract Settlement	(2,147)
DSS	Elimination of Sick Leave Injury	(1,764)
**P**	Community Mental Health and Addiction Services Contract Reductions	(1,125)
**P**	Annualization of FY11 Savings Initiatives	(1,087)
DSS	Contracted Interpreters at Ancora Psychiatric Hospital	(300)
GIA	Human Services Composite Bond Debt Service	(55)
DSS	Governor's Council on Mental Health Stigma	(50)
<b>Medicaid</b>		
**P**	Replace Enhanced Federal Medicaid Funding	571,894
**P**	Medicaid/NJ FamilyCare/General Assistance Health Care	94,187
GIA	Graduate Medical Education	15,000
**P**	Medicaid Management Information System and IT Upgrades	4,412
GIA	Comprehensive Medicaid Waiver	(225,000)
GIA	Delay in General Assistance Federal Matching Funds - Supplemental Not Continued	(50,690)
**P**	Transition Services and Clients to Managed Care	(41,400)
GIA	Eliminate Medicaid Coverage for Medicare Part D Co-pays and Non-formulary Medication	(13,000)
**P**	Fraud and Settlement Recoveries	(12,036)
GIA	Enroll Selected Medicaid Recipients in Medicare Special Needs Plans	(5,900)
GIA	Eliminate Annual Hospital Inflation Factor	(2,000)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>447,232</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>5,294,513</b>

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

<p><b>SUMMARY OF CHANGES</b></p> <p><b>Major Agencies</b></p> <p>(in thousands)</p>
---

IPB Fund	<b>Labor and Workforce Development</b>	Amount
**	2011 Adjusted Appropriations	142,934
<b>Department</b>		
DSS	Family Leave Insurance	8,037
GIA	Vocational Rehabilitation Services	6,000
DSS	Annualization of FY11 Savings Initiative	(29)
<b>Civil Service Commission</b>		
DSS	Annualization of FY11 Savings Initiative	(212)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>13,796</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>156,730</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

IPB Fund	<b>Law &amp; Public Safety</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	560,408
<b>Department</b>		
CCF	Division of Gaming Enforcement Impact of P.L. 2011, c. 19	4,515
DSS	Division of State Police - One Time Purchase of Digital In-Vehicle Recording	(2,896)
**P**	Division of State Police - Salaries	(2,600)
**P**	Annualization of FY11 Savings Initiatives	(1,196)
DSS	Legalized Games of Chance	(190)
<b>Juvenile Justice Commission</b>		
DSS	Elimination of Sick Leave Injury	(1,296)
DSS	Annualization of FY11 Savings Initiatives	(828)
DSS	Attrition Savings	(400)
DSS	Residual Grant Funds	(150)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(5,041)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>555,367</b>

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

<p><b>SUMMARY OF CHANGES</b></p> <p><b>Major Agencies</b></p> <p><b>(in thousands)</b></p>
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<b>IPB Fund</b>	<b>Military &amp; Veterans Affairs</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	94,725
<b>Department</b>		
DSS	Shift Military Leave Benefits from Interdepartmental	150
DSS	Excess Patient Recovery Revenue-Supplemental Not Continued	(1,472)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(1,322)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>93,403</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

IPB Fund	State	Amount
**	2011 Adjusted Appropriations	1,160,059
<b>Comm Higher Ed - Educational Opportunity</b>		
GIA	Martin Luther King Physician-Dentist Scholarships	(150)
GIA	Ferguson Law Scholarships	(65)
<b>Commission on Higher Education</b>		
GIA	Minority Faculty Advancement	(100)
<b>Higher Ed Student Assistance Auth.</b>		
**P**	NJSTARS I and II - Trend	(4,722)
GIA	Continue Policy of No New Recipients in Coordinated Garden State Scholarship Programs	(2,037)
GIA	Continue Policy of No New Recipients in Social Services Student Loan Redemption Program	(700)
DSS	Shift to Non-State Funding	(682)
GIA	Continue Policy of No New Recipients in Teaching Fellows Program	(70)
GIA	Continue Phase-Out of Veterinary Medicine Education Program	(32)
<b>Rowan University</b>		
GIA	Rowan University - Restoration of Base Funding	2,772
<b>Rutgers, The State University</b>		
GIA	Clinical Legal Programs for the Poor - Camden and Newark Law School	(400)
<b>Department</b>		
DSS	Transfer Foster Grandparents Program Funds to the Department of State	115
GIA	State Council on the Arts	(4,302)
DSS	Privatization of Veterans Memorial Arts Center	(750)
DSS	Division of Elections	(98)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(11,221)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>1,148,838</b>

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

<p><b>SUMMARY OF CHANGES</b></p> <p><b>Major Agencies</b></p> <p><b>(in thousands)</b></p>
--

IPB Fund	<b>Transportation</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	1,285,818
<b>NJ Transit</b>		
**P**	NJ Transit Operating Subsidy	33,200
CRFS	Transportation Assistance for Senior Citizens and Disabled Residents - Casino Revenue Fund Dedication	(3,978)
<b>Department</b>		
DSS	Snow Removal - Supplemental Not Continued	(38,000)
**P**	Annualization of FY11 Savings Initiatives	(2,134)
<b>Transportation - Proper</b>		
**P**	New Jersey Transportation Capital Plan	140,300
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>129,388</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>1,415,206</b>

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

<p><b>SUMMARY OF CHANGES</b></p> <p><b>Major Agencies</b></p> <p><b>(in thousands)</b></p>
--

IPB Fund	<b>Treasury</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	1,778,075
<b>Board of Public Utilities</b>		
DSS	Restoration of FY11 Nonrecurring Savings	3,000
DSS	Annualization of FY11 Savings Initiatives	(151)
<b>Department</b>		
DSS	Taxation Data Warehouse	1,889
DSS	Arbitration and Litigation - Supplemental Not Continued	(2,500)
DSS	New Jersey Network	(1,969)
**P**	Annualization of FY11 Savings Initiatives	(982)
DSS	Temporary Disability Processing Costs	(399)
<b>Treasury - Casino Control Fund</b>		
CCF	Reduce Casino Control Commission for Impacts of P.L. 2011, c.19	(14,638)
CCF	Casino Control Commission - Annualization of FY11 Savings Initiatives	(701)
<b>State Legal Services</b>		
GIA	Legal Services of NJ - Legal Assistance in Civil Matters	(5,000)
<b>Treasury-Direct Property Relief</b>		
**P**	Homestead Benefit Program - Increase Benefits to Double the FY11 Level	189,800
PTRG	Senior and Disabled Citizens' Property Tax Freeze - Restore Full Benefit Level and Allow New Participants	61,000
PTRG	Senior and Disabled Citizens' Property Tax Freeze Trend	(25,200)
**P**	Senior and Veterans' Property Tax Deductions Trend	(2,591)
<b>Treasury-Municipal &amp; County Aid</b>		
**P**	South Jersey Port Corporation Debt Service Reserve Fund	11,900
PTRF	Municipal Retired Employees' Health Benefits (PRM)	4,951
SA	Debt Service - Pension Bonds	1,114
**P**	Solid Waste Management - County Environmental Investment Aid	(16,200)
SA	Public Library Project Fund Debt Service	(15)
<b>Office of Information Technology</b>		
DSS	Software Contracts	1,718
DSS	Annualization of FY11 Savings Initiatives	(510)
DSS	Garden State Network - Leased Data Line Savings	(250)
<b>Economic Development Authority</b>		
GIA	Brownfield Site Reimbursement Fund	10,000

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

<p><b>SUMMARY OF CHANGES</b></p> <p><b>Major Agencies</b></p> <p><b>(in thousands)</b></p>
--

IPB Fund	<b>Treasury</b>	<b>Amount</b>
GIA	Fort Monmouth Economic Revitalization Authority	113
<b>Treasury</b>		
**P**	General Obligation Debt Service	108,435
<b>Higher Ed - County Colleges</b>		
SA	County College Retired Employees' Health Benefits (PRM)	460
SA	Debt Service - Pension Bonds	11
**P**	Debt Service for County College Chapter 12 Program	(2,020)
**P**	Employee Health Care Reforms - County College Employees	(1,906)
SA	Offset County College Aid by Supplemental Workforce Fund for Basic Skills	(1,800)
SA	Employer Taxes for Members of the Teachers' Pension and Annuity Fund	(60)
**P**	Defined Contribution Pensions and Insurance	(21)
<b>Higher Ed - Indepen. Colleges &amp; Oth</b>		
GIA	Clinical Legal Programs for the Poor - Seton Hall University	(200)
<b>Miscellaneous Higher Ed.</b>		
GIA	Higher Education Facilities Trust Fund	(20,972)
**P**	Higher Education Capital Improvement Program	(7,996)
GIA	Dormitory Safety Trust Fund	(293)
GIA	Equipment Leasing Fund	(54)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>287,963</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>2,066,038</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
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IPB Fund	<b>Miscellaneous Commissions</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	1,344
	Interstate Environmental Comm	
DSS	Interstate Environmental Commission	(368)
	<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>	<b>(368)</b>
	<b>FISCAL 2012 APPROPRIATION</b>	<b>976</b>

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

<b>SUMMARY OF CHANGES</b> <b>Major Agencies</b> (in thousands)
--

IPB Fund	<b>Inter-departmental</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	3,343,305
<b>Employee Benefits</b>		
**P**	State and Higher Education Employees' Health Benefits Programs	53,006
**P**	Retired Employee Health Benefits (PRM)	23,212
**P**	Debt Service - Pension Bonds	8,881
**P**	Pensions - State and Higher Education Employees	1,005
**P**	Employee Health Care Reforms - State and Higher Education Employees	(224,051)
GIA	Senior Public Colleges Social Security Tax - Technical Adjustment	(52,360)
DSS	Public Employees' Post Retirement Medical	(50,000)
**P**	Employer Taxes (FICA, UI, and TDI)	(37,484)
DSS	State Employees' Prescription Drug Program	(10,982)
DSS	Central Attrition - Fringe Savings	(2,060)
GIA	Alternate Benefit Program Employer Contributions Trend	(1,362)
DSS	Elimination of Sick Leave Injury Program - Fringe Savings	(1,219)
DSS	Fringe Savings from Program Shifts to Non-State Funds	(1,185)
<b>Inter-departmental</b>		
**P**	Building Authority	41,865
<b>Other Inter-departmental Accounts</b>		
GIA	New Jersey Performing Arts Center Debt Service	6,192
GIA	Liberty Science Center Debt Service	581
**P**	Sports and Exposition Authority	(17,909)
**P**	Business Employment Incentive Program (BEIP) Debt Service	(176)
DSS	Shift Military Leave Benefits from Interdepartmental	(150)
GIA	Municipal Rehabilitation and Economic Recovery Debt Service	(3)
<b>Rentals and Utilities</b>		
DSS	Workers' Compensation - Increased Costs from Elimination of the Sick Leave Injury Program	10,690
DSS	Workers Compensation - Growth in Medical Costs	3,200
DSS	New Health Lab - Increased Utility Costs	2,488
DSS	Tort Claims Liability - Supplemental Not Continued	(12,500)
DSS	Streamline Fleet Management Operations	(2,000)
DSS	Post Warranty Product Maintenance	(1,425)
DSS	Fuel and Utilities	(1,260)
**P**	Rent Costs for Current and New Leases	(1,085)
DSS	Print Shops - Consolidation Across Departments	(500)

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

<p><b>SUMMARY OF CHANGES</b></p> <p><b>Major Agencies</b></p> <p><b>(in thousands)</b></p>
--

<b>IPB Fund</b>	<b>Inter-departmental</b>	<b>Amount</b>
DSS	Insurance Reductions for Property and Casualty Policies	(169)
<b>Salary &amp; Other Benefits (Adjustmts)</b>		
**P**	State Employees' Increments and Annualized January 2011 Cost of Living Adjustments	129,662
DSS	Restoration of Carry Forward Balances	29,440
DSS	Judicial Branch Efficiencies	(25,000)
DSS	Central Attrition Savings	(8,700)
<b>TOTAL FISCAL 2012 REDUCTIONS/INCREASES</b>		<b>(141,358)</b>
<b>FISCAL 2012 APPROPRIATION</b>		<b>3,201,947</b>

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

<p><b>SUMMARY OF CHANGES</b>  <b>Major Agencies</b>  (in thousands)</p>
---

<b>IPB Fund</b>	<b>Judiciary</b>	<b>Amount</b>
**	2011 Adjusted Appropriations	663,535
	<b>FISCAL 2012 APPROPRIATION</b>	<hr/> 663,535 <hr/>
	<b>GRAND TOTAL -- FISCAL 2012 APPROPRIATION (Excludes Federal Funds)</b>	<hr/> 29,696,563 <hr/>

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

## Allocation of Fiscal 2012 Appropriations by Core Mission Areas

	State (\$000s)		Non-State (\$000s)		Total (\$000s)	
<b>Agriculture</b>						
Regulatory and Surveillance	\$3,535	18.0%	\$3,909	0.9%	\$7,444	1.7%
Feeding NJ's Schoolchildren and the State's Food Insecure	\$12,985	66.3%	\$407,420	97.6%	\$420,405	96.2%
Promotion of NJ Agricultural and Aquacultural Product	\$491	2.5%	\$1,600	0.4%	\$2,091	0.5%
Preservation and Conservation of Natural Resources	\$2,586	13.2%	\$4,675	1.1%	\$7,261	1.7%
<b>Total Agriculture</b>	<b>\$19,597</b>		<b>\$417,604</b>		<b>\$437,201</b>	
<b>Banking and Insurance</b>						
Monitoring Financial Condition of Regulated Companies	\$16,004	25.4%	\$0	0.0%	\$16,004	22.2%
Promoting Growth and Stability of Regulated Industries	\$10,993	17.5%	\$0	0.0%	\$10,993	15.2%
Consumer Protection	\$35,973	57.1%	\$9,236	100.0%	\$45,209	62.6%
<b>Total Banking and Insurance</b>	<b>\$62,970</b>		<b>\$9,236</b>		<b>\$72,206</b>	
<b>Children and Families</b>						
Ensure the Safety, Permanency and Well-Being of Children in NJ Experiencing Child Abuse or Neglect	\$716,658	67.7%	\$286,951	57.8%	\$1,003,609	64.5%
Serve Children and Adolescents with Emotional and Behavioral Health Care Challenges	\$268,794	25.4%	\$139,294	28.1%	\$408,088	26.2%
Support Child Abuse Prevention and Intervention Programs Through a Network of Public/Private Partnerships and Programs	\$62,028	5.9%	\$15,288	3.1%	\$77,316	5.0%
Provide Educational Services to Students with Disabilities and Special Needs	\$10,966	1.0%	\$55,016	11.1%	\$65,982	4.2%
<b>Total Children and Families</b>	<b>\$1,058,446</b>		<b>\$496,549</b>		<b>\$1,554,995</b>	
<b>Community Affairs</b>						
Building Safety	\$37,047	6.3%	\$0	0.0%	\$37,047	3.6%
Housing Assistance	\$7,143	1.2%	\$253,360	56.2%	\$260,503	25.2%
Community Development & Support Services	\$8,228	1.4%	\$197,255	43.8%	\$205,483	19.9%
Local Government Operations	\$531,457	91.0%	\$0	0.0%	\$531,457	51.4%
<b>Total Community Affairs</b>	<b>\$583,875</b>		<b>\$450,615</b>		<b>\$1,034,490</b>	
<b>Corrections</b>						
Protecting the Public	\$268,934	27.2%	\$1,000	3.0%	\$269,934	26.4%
Enhancing Safety within Institutions	\$240,095	24.3%	\$22,543	67.2%	\$262,638	25.7%
Managing NJ's Inmates	\$213,674	21.6%	\$0	0.0%	\$213,674	20.9%
Expanding Inmate Health, Rehabilitation and Re-entry Services	\$247,803	25.1%	\$1,286	3.8%	\$249,089	24.4%
Making Academic & Educational Gains	\$18,347	1.9%	\$8,722	26.0%	\$27,069	2.6%
<b>Total Corrections</b>	<b>\$988,853</b>		<b>\$33,551</b>		<b>\$1,022,404</b>	
<b>Education</b>						
Student Learning and Achievement	\$29,058	0.3%	\$26,474	3.1%	\$55,532	0.5%
Educator Effectiveness	\$690	0.0%	\$1,769	0.2%	\$2,459	0.0%
Choice, Innovation, and Community Engagement	\$35,749	0.3%	\$3,992	0.5%	\$39,741	0.3%
District and School Performance and Efficiency	\$5,490	0.1%	\$18,982	2.3%	\$24,472	0.2%
Responsiveness and Service	\$26,010	0.2%	\$0	0.0%	\$26,010	0.2%
School Finance	\$10,516,582	99.1%	\$789,424	93.9%	\$11,306,006	98.7%
<b>Total Education</b>	<b>\$10,613,579</b>		<b>\$840,641</b>		<b>\$11,454,220</b>	

	State (\$000s)		Non-State (\$000s)		Total (\$000s)	
<b>Environmental Protection</b>						
Protecting the Land, Air and Waters of New Jersey	\$217,748	68.3%			\$217,748	68.3%
Managing our Natural and Historic Resources	\$100,920	31.7%			\$100,920	31.7%
Supporting Economic Growth	\$155	0.0%			\$155	0.0%
<b>Total Environmental Protection</b>	<b>\$318,823</b>				<b>\$318,823</b>	
<b>Health &amp; Senior Services</b>						
Promoting Senior Independence and Choice	\$994,568	78.9%	\$1,431,033	62.7%	\$2,425,601	68.5%
Optimizing Health Quality, Licensing and Oversight	\$108,935	8.6%	\$408,399	17.9%	\$517,334	14.6%
Delivery of Public Health Services	\$157,570	12.5%	\$442,052	19.4%	\$599,622	16.9%
<b>Total Health &amp; Senior Services</b>	<b>\$1,261,073</b>		<b>\$2,281,484</b>		<b>\$3,542,557</b>	
<b>Human Services</b>						
Olmstead and Services that Promote Community Integration	\$1,049,127	19.8%	\$512,767	8.8%	\$1,561,894	14.0%
Services that Promote Economic Independence	\$109,498	2.1%	\$274,267	4.7%	\$383,765	3.4%
Services that Ensure the Safety Net	\$1,110,194	21.0%	\$953,589	16.3%	\$2,063,783	18.5%
Services that Promote the Availability of Health Care	\$3,025,694	57.1%	\$4,111,329	70.3%	\$7,137,023	64.0%
<b>Total Human Services</b>	<b>\$5,294,513</b>		<b>\$5,851,952</b>		<b>\$11,146,465</b>	
<b>Civil Service Commission</b>						
State & Local Operations	\$8,385	50.8%			\$8,385	50.8%
Selection Services	\$5,301	32.1%			\$5,301	32.1%
Merit Systems Practices & Labor Relations	\$2,814	17.1%			\$2,814	17.1%
<b>Total Civil Service Commission</b>	<b>\$16,500</b>				<b>\$16,500</b>	
<b>Labor and Workforce Development</b>						
Workforce Development	\$79,458	58.1%	\$252,260	37.0%	\$331,718	40.5%
Income Security	\$37,191	27.2%	\$252,986	37.1%	\$290,177	35.5%
Workers' Compensation	\$15,045	11.0%	\$171,509	25.2%	\$186,554	22.8%
Labor Standards and Safety Enforcement	\$5,128	3.7%	\$4,960	0.7%	\$10,088	1.2%
<b>Total Labor and Workforce Development</b>	<b>\$136,822</b>		<b>\$681,715</b>		<b>\$818,537</b>	
<b>Law &amp; Public Safety</b>						
Public Safety	\$318,001	74.2%	\$49,516	30.9%	\$367,517	62.4%
Emergency Management	\$21,971	5.1%	\$45,737	28.5%	\$67,708	11.5%
Services to the State	\$41,107	9.6%	\$0	0.0%	\$41,107	7.0%
Services to the Public	\$47,674	11.1%	\$65,044	40.6%	\$112,718	19.1%
<b>Total Law &amp; Public Safety</b>	<b>\$428,753</b>		<b>\$160,297</b>		<b>\$589,050</b>	
<b>Office of Homeland Security and Preparedness</b>						
Counter-Terrorism Operations	\$1,573	43.0%			\$1,573	43.0%
State Preparedness	\$2,085	57.0%			\$2,085	57.0%
<b>Total Office of Homeland Security and Preparedness</b>	<b>\$3,658</b>				<b>\$3,658</b>	

	State (\$000s)		Non-State (\$000s)		Total (\$000s)	
<b>Military &amp; Veterans Affairs</b>						
National Guard Support Services	\$5,463	5.8%	\$73,112	77.6%	\$78,575	41.9%
Veterans' Outreach and Assistance	\$10,158	10.9%	\$8,152	8.7%	\$18,310	9.8%
Domiciliary and Treatment Services	\$77,769	83.3%	\$12,348	13.1%	\$90,117	48.0%
State Approving Agency Services	\$13	0.0%	\$612	0.6%	\$625	0.3%
<b>Total Military &amp; Veterans Affairs</b>	<b>\$93,403</b>		<b>\$94,224</b>		<b>\$187,627</b>	
<b>State</b>						
Economic Vitality	\$13,922	27.1%	\$0	0.0%	\$13,922	21.6%
Cultural and Historical Programs	\$25,661	49.9%	\$1,000	7.7%	\$26,661	41.3%
Civic Engagement Responsibilities	\$11,884	23.1%	\$12,035	92.3%	\$23,919	37.1%
<b>Total State</b>	<b>\$51,467</b>		<b>\$13,035</b>		<b>\$64,502</b>	
<b>Transportation</b>						
State of Good Repair and Safety	\$482,692	44.7%	\$760,411	41.1%	\$1,243,103	42.4%
Local Aid	\$207,060	19.2%	\$391,335	21.2%	\$598,395	20.4%
Program Delivery	\$141,346	13.1%	\$236,486	12.8%	\$377,832	12.9%
Transportation Services	\$249,587	23.1%	\$461,288	24.9%	\$710,875	24.3%
<b>Total Transportation</b>	<b>\$1,080,685</b>		<b>\$1,849,520</b>		<b>\$2,930,205</b>	
<b>Motor Vehicle Commission</b>						
Improve Consumer Safety, Identification & Document Security			\$209,116	65.9%	\$209,116	65.9%
Improve Motor Vehicle Impact on Air Quality			\$74,126	23.4%	\$74,126	23.4%
Revenue Generation			\$34,118	10.8%	\$34,118	10.8%
<b>Total Motor Vehicle Commission</b>			<b>\$317,360</b>		<b>\$317,360</b>	
<b>Board of Public Utilities</b>						
Assure Safe Utility Service Delivery	\$5,397	5.7%	\$300	5.5%	\$5,697	5.6%
Assure Reliable Utility Service Delivery	\$5,397	5.7%	\$300	5.5%	\$5,697	5.6%
Promote Affordable Utility Service	\$77,411	81.2%	\$0	0.0%	\$77,411	76.8%
Provide Effective Customer Service	\$7,156	7.5%	\$0	0.0%	\$7,156	7.1%
Promote Clean Energy Sources	\$0	0.0%	\$4,892	89.1%	\$4,892	4.9%
<b>Total Board of Public Utilities</b>	<b>\$95,361</b>		<b>\$5,492</b>		<b>\$100,853</b>	
<b>Economic Development Authority*</b>						
Advancing Job Creation and Retention Incentives to Grow Businesses in New Jersey	\$175,000	94.5%			\$175,000	94.5%
Providing Financing to Small and Mid-Sized Businesses and Not-for-Profits	\$0	0.0%			\$0	0.0%
Supporting Redevelopment Projects that Revitalize Communities and Stimulate the Economy	\$10,263	5.5%			\$10,263	5.5%
Providing Entrepreneurial Development through Training and Mentoring Programs	\$0	0.0%			\$0	0.0%
<b>Total Economic Development Authority*</b>	<b>\$185,263</b>				<b>\$185,263</b>	

	State (\$000s)		Non-State (\$000s)		Total (\$000s)	
<b>Treasury</b>						
Revenue Generation (including Cost Management)	\$113,509	52.7%	\$11,155	12.2%	\$124,664	40.6%
Asset Management	\$33,829	15.7%	\$21,273	23.3%	\$55,102	18.0%
Services to the Public or other Local Government Entities	\$33,807	15.7%	\$31,003	33.9%	\$64,810	21.1%
Statewide Support Service	\$34,296	15.9%	\$27,989	30.6%	\$62,285	20.3%
<b>Total Treasury</b>	<b>\$215,441</b>		<b>\$91,420</b>		<b>\$306,861</b>	
<b>Office of Information Technology</b>						
IT Governance, Planning and Control	\$1,456	2.8%			\$1,456	2.8%
Maintaining a Secure Shared IT Infrastructure	\$18,059	35.2%			\$18,059	35.2%
Supporting Agency and Enterprise Applications and IT Systems	\$18,472	36.0%			\$18,472	36.0%
Supporting State and Local Emergency Telecommunications Services	\$13,272	25.9%			\$13,272	25.9%
<b>Total Office of Information Technology</b>	<b>\$51,259</b>				<b>\$51,259</b>	
<b>Public Defender</b>						
Providing Appropriate Effective Legal Representation	\$117,898	99.6%	\$223	100.0%	\$118,121	99.6%
Providing Mediation Services	\$525	0.4%	\$0	0.0%	\$525	0.4%
<b>Total Public Defender</b>	<b>\$118,423</b>		<b>\$223</b>		<b>\$118,646</b>	

\*Amounts include only State appropriation. EDA resources support other Core Missions.

# Appendix



STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

June 30, 2011

SENATE BILL NO. 4000

To the Senate:

Pursuant to Article V, Section 1, Paragraph 15 of the New Jersey State Constitution, I am appending to Senate Bill No. 4000, at the time of my signing it, my statement of items, or parts thereof, to which I object so that each item, or part thereof, so objected to shall not take effect.

I commend the Legislature for its hard work in passing a General Appropriations Law for Fiscal 2012 that in substantial part reflects the budget recommendations I submitted on February 22, 2011 in accordance with the provisions of C.52:27B-20.

Regrettably, however, the Legislature has attempted to arrest our progress toward reform and has imprudently and inexplicably included hundreds of millions of dollars in new spending that is unsupported by revenue on hand or anticipated. Accordingly, keeping faith with my commitment to New Jerseyans and my constitutional obligation to ensure that the State enters the next fiscal year with a balanced budget, I am compelled to make numerous modifications as reflected herein.

**Keeping Our Commitment to Rebuilding New Jersey**

The General Appropriations Law for Fiscal 2012, as modified, that I have signed today keeps our promise to the people of New Jersey to adopt a constitutionally-balanced state budget and maintains fiscal discipline that I have committed to the people of New Jersey in these difficult economic times. For a second consecutive year, New Jersey will have a budget that reduces direct state government spending; does not raise taxes on New Jersey families; increases New Jersey's competitiveness; makes difficult decisions necessitated by new economic realities; and continues to fund the key priorities to protect

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

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vulnerable New Jerseyans and secure our state's future growth and prosperity.

The budget as adjusted spends \$29.697 billion, \$900 million less than the budget approved by the Legislature, while providing funding for essential services, programs and priorities, including:

- Increasing state aid to school districts by \$850 million over last year. This commitment to education includes my initial budget proposal for a \$250 million increase for all school districts, meeting the Supreme Court's mandate by providing an additional \$450 million to the Abbott districts and an additional \$150 million for non-Abbott districts above my original budget proposal;
- Doubling the Homestead Benefit and increasing benefits under the Senior and Disabled Property Tax Freeze program;
- Increasing funding for New Jersey hospitals by \$20 million;
- Providing full funding for healthcare to low income and the uninsured through Federally Qualified Health Centers;
- Providing \$180 million in targeted tax cuts and incentives to grow the economy and create jobs;
- Fulfilling New Jersey's commitment to make the state's pension fund payment; and
- Preserving critical spending for senior and disabled prescription aid.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

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Line Item Vetoes to Keep Our Commitment and Achieve a  
Constitutionally-Balanced Budget

Last year, we made a commitment to put our state and its finances on a better, more sustainable path. Together, through the General Appropriations Law for Fiscal 2011 as well as the adoption of landmark bipartisan legislation to reform interest arbitration, impose a two percent cap on local property tax increases, and reform our public employee pension and health benefits systems, we have made real progress that will lead to long-term economic growth and lasting fiscal health. Unfortunately, as approved by the Legislature, Senate Bill No. 4000 imperils that progress by reversing critically-needed reform and including reckless new spending that is unsupported by revenue on hand or anticipated.

Senate Bill No. 4000 imperils the forward progress of reform in many ways, including by restricting the ability of responsible state agencies to exercise appropriate oversight of local government finances; imposing unnecessary and burdensome restrictions on the normal operation of executive agencies; directing the specific, rigid expenditure of State aid for school districts without regard to the need to give school districts flexibility to make decisions in accordance with local priorities for improving student performance; undermining the principle of open and competitive procurement with respect to the allocation of public funds for the support of the arts and culture; restricting the State's flexibility to modernize the way in which it delivers Medicaid services; reversing recent progress toward a fair and equitable distribution of available State support for charity care; undermining the market-based principle of cost-sharing as a strategy for maximizing the

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

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effectiveness of public expenditures; imperiling the State's ability to comply with the legal and moral imperative to move vulnerable special-needs populations out of state institutions and into the least restrictive community-based settings possible; and imposing new and unnecessary obstacles upon the efficient acquisition and deployment of critical new technologies in support of state agency operations and programs.

On Friday, June 24<sup>th</sup>, I fulfilled my constitutional obligation to certify fiscal year 2012 revenues as provided under Article VIII, Section II, Paragraph 2 of the New Jersey State Constitution. Ignoring my certification, Senate Bill No. 4000 and separate legislation now before me include approximately \$800 million in spending that is unsupported by revenue on hand or anticipated. In addition to relying on optimistic revenue projections and ignoring the full fiscal consequences of spending included in Senate Bill No. 4000, the Legislature has in separate legislation, now before me, relied on monies for the support of \$412 million in education aid outside Senate Bill No. 4000, the one general appropriation law covering state fiscal year 2012, in violation of Article VIII, Section II, Paragraph 2 of the New Jersey State Constitution.

As Governor, I will not approve a budget that breaks faith with New Jerseyans and our commitment to reform. Moreover, pursuant to Article VIII, Section II, Paragraph 2 of the New Jersey State Constitution, I cannot approve a budget that is not balanced or for which all monies for the support of the state government and for all other state purposes as far as can be ascertained or reasonably foreseen are not provided for in one general appropriation law covering one and the same fiscal year.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

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I am, accordingly, appending to Senate Bill No. 4000, at the time of my signing it, my statement of items, or parts thereof, to which I object so that each item, or part thereof, so objected to shall not take effect. In addition, in light of the Legislature's deliberate failure to provide funding for all spending in Senate Bill No. 4000, I am also compelled to use the power vested in me by the New Jersey State Constitution to veto line-item spending for the purpose of building fund balances that will be available for appropriation pursuant to law to meet the state's spending needs at a future time.

[seal]

Respectfully,  
/s/ Chris Christie  
Governor

Attest:

/s/ Jeffrey Chiesa  
Chief Counsel to the Governor

# State of New Jersey

## Executive Department

### 01 LEGISLATURE

#### 70 Government Direction, Management, and Control

#### 71 Legislative Activities

#### 0001 Senate

#### DIRECT STATE SERVICES

"01-0001 Senate \$11,639,000."  
This item is reduced to \$8,965,000.

"Total Direct State Services Appropriation, Senate \$11,639,000."  
This item is reduced to \$8,965,000.

#### Direct State Services:

21 "Salaries and Wages (\$4,529,000) ."  
This item is reduced to \$1,855,000.

#### 0002 General Assembly

#### DIRECT STATE SERVICES

"02-0002 General Assembly \$18,137,000."  
This item is reduced to \$17,045,000.

"Total Direct State Services Appropriation, General Assembly \$18,137,000."  
This item is reduced to \$17,045,000.

#### Direct State Services:

21 "Salaries and Wages (\$4,622,000) ."  
This item is reduced to \$3,530,000.

#### 0003 Office Of Legislative Services

#### DIRECT STATE SERVICES

"03-0003 Legislative Support Services \$30,257,000."  
This item is reduced to \$30,088,000.

"Total Direct State Services Appropriation, Office Of Legislative Services \$30,257,000."  
This item is reduced to \$30,088,000.

#### Direct State Services:

22 " 03 Senator Wynona Lipman Chair in Women's Political Leadership  
at the Eagleton Institute (\$100,000) ."  
This item is deleted in its entirety.

22 " 03 Henry J. Raimondo New Jersey Legislative Fellows Program (\$69,000) ."  
This item is deleted in its entirety.

"Legislature, Total State Appropriation \$75,476,000."  
This item is reduced to \$71,541,000.

### 16 DEPARTMENT OF CHILDREN AND FAMILIES

#### 50 Economic Planning, Development, and Security

#### 55 Social Services Programs

#### DIRECT STATE SERVICES

"01-1610 Child Protective and Permanency Services \$446,147,000."  
This item is reduced to \$442,147,000.

"(From General Fund \$244,246,000) ."  
This item is reduced to \$240,246,000.

"Total Appropriation, State, Federal and All Other Funds \$565,235,000."  
This item is reduced to \$561,235,000.

"(From General Fund \$319,151,000) ."  
This item is reduced to \$315,151,000.

# State of New Jersey

## Executive Department

Less:  
 "Total Deductions \$246,084,000."  
 "Total Direct State Services Appropriation, Social Services Programs \$319,151,000."  
 This item is reduced to \$315,151,000.

**Direct State Services:**

30 "Salaries and Wages (\$478,260,000) ."  
 This item is reduced to \$474,260,000.

### GRANTS-IN-AID

"01-1610 Child Protective and Permanency Services \$488,334,000."  
 This item is reduced to \$487,508,000.  
 "(From General Fund \$419,897,000) ."  
 This item is reduced to \$419,071,000.  
 "02-1620 Child Behavioral Health Services \$408,193,000."  
 This item is reduced to \$403,693,000.  
 "(From General Fund \$269,908,000) ."  
 This item is reduced to \$265,408,000.  
 "Total Appropriation, State, Federal and All Other Funds \$999,086,000."  
 This item is reduced to \$993,760,000.  
 "(From General Fund \$748,621,000) ."  
 This item is reduced to \$743,295,000.

Less:  
 "Total Deductions \$250,465,000."  
 "Total Grants-In-Aid Appropriation, Social Services Programs \$748,621,000."  
 This item is reduced to \$743,295,000.

**Grants-In-Aid:**

31 " 01 Court Appointed Special Advocates (\$1,150,000) ."  
 This item is reduced to \$861,000.  
 32 " 01 Wynona M. Lipman Child Advocacy Center, Essex County (\$537,000) ."  
 This item is deleted in its entirety.  
 32 " 02 Treatment Homes and Emergency Behavioral Health Services (\$234,085,000) ."  
 This item is reduced to \$229,585,000.

"Department Of Children and Families, Total State Appropriation \$1,067,772,000."  
 This item is reduced to \$1,058,446,000.

## 22 DEPARTMENT OF COMMUNITY AFFAIRS

### 40 Community Development and Environmental Management

#### 41 Community Development Management

### DIRECT STATE SERVICES

**Direct State Services:**

36 "The amount hereinabove appropriated for the Council on Affordable Housing and Affordable Housing accounts shall be payable from the receipts of the portion of the realty transfer fee directed to be credited to the New Jersey Affordable Housing Trust Fund pursuant to section 4 of P.L.1968, c.49 (C.46:15-8) and from the receipts of the portion of the realty transfer fee directed to be credited to the New Jersey Affordable Housing Trust Fund pursuant to section 4 of P.L.1975, c.176 (C.46:15-10.1). Any receipts in excess of the amount anticipated, and any unexpended balance at the end of the preceding fiscal year are appropriated ((for affordable housing expenses)), subject to the approval of the Director of the Division of Budget and Accounting."

The language within double parentheses is deleted.

### GRANTS-IN-AID

**Grants-In-Aid:**

39 "The unexpended balance at the end of the preceding fiscal year in the Shelter Assistance account is appropriated for the expenses of the Shelter Assistance program."

The quoted language is deleted in its entirety.

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### STATE AID

#### *State Aid:*

- 39 "Notwithstanding the provisions of any law or regulation to the contrary, ((of)) the amount hereinabove appropriated for the Affordable Housing program((, an amount not to exceed \$7,000,000,)) may be used to provide technical assistance grants to non-profit housing organizations and authorities for creating and supporting affordable housing and community development opportunities."

The language within double parentheses is deleted.

### *50 Economic Planning, Development, and Security*

#### *55 Social Services Programs*

### GRANTS-IN-AID

"05-8050 Community Resources This item is reduced to \$990,000.	\$2,990,000."
"15-8051 Women's Programs This item is reduced to \$2,080,000.	\$2,566,000."
"Total Grants-In-Aid Appropriation, Social Services Programs This item is reduced to \$3,070,000.	<hr/> \$5,556,000."

#### *Grants-In-Aid:*

- 41 " 05 Lead Hazard Control Assistance Fund (\$2,000,000) ."  
This item is deleted in its entirety.
- 41 " 15 Grants to Hispanic Women's Resource Centers (\$486,000) ."  
This item is deleted in its entirety.

### *70 Government Direction, Management, and Control*

#### *75 State Subsidies and Financial Aid*

### STATE AID

"04-8030 Local Government Services This item is reduced to \$527,461,000. "(From General Fund This item is reduced to \$15,600,000. "(From Property Tax Relief Fund This item is reduced to \$511,861,000.	\$716,461,000." \$154,600,000) ." \$561,861,000) ."
"Total State Aid Appropriation, State Subsidies and Financial Aid This item is reduced to \$527,461,000. "(From General Fund This item is reduced to \$15,600,000. "(From Property Tax Relief Fund This item is reduced to \$511,861,000.	<hr/> \$716,461,000." \$154,600,000) ." \$561,861,000) ."

#### *State Aid:*

- 42 " 04 Transitional Aid to Localities (\$149,000,000) ."  
This item is reduced to \$10,000,000.
- 42 " 04 Municipal Public Safety Aid (PTRF) (\$50,000,000) ."  
This item is deleted in its entirety.
- 43 "Of the amounts hereinabove appropriated for Transitional Aid to Localities an amount not to exceed \$2,400,000 shall be paid to the New Jersey Meadowlands Commission and credited to the Intermunicipal account, as defined pursuant to section 59.1 of P.L.1968, c.404 (C.13:17-61). The amount so credited shall reduce by one-third the required meadowlands adjustment payments to the account."

The quoted language is deleted in its entirety.

- 44 "Notwithstanding the provisions of any law or regulation to the contrary, the release of the final 5% or \$500, whichever is greater, of the total annual amount due for the current fiscal year from Consolidated Municipal Property Tax Relief Aid to municipalities is subject to the following condition: the municipality shall submit to the Director of the Division of Local Government Services a report describing the municipality's compliance with the "Best Practices Inventory" established by the Director of the Division of Local Government Services and shall receive at least a minimum score on such inventory as determined by the Director of the Division of Local Government Services; provided, however, that the Director may take into account the particular circumstances of

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a municipality in computing such score. In preparing the Best Practices Inventory, the Director shall identify best municipal practices in the areas of general administration, fiscal management, and operational activities, as well as the particular circumstances of a municipality, in determining the minimum score acceptable for the release of the final 5% or \$500, whichever is greater, of the total annual amount due for the current fiscal year, but in no event shall amounts be withheld with respect to municipal practices occurring prior to the issuance of the Best Practices Inventory unless related to a municipal practice identified in the Best Practices Inventory established in 2010. ((However, for the purposes of calculating whether a municipality has achieved the minimum score, any question which did not appear on the State Fiscal Year 2011 survey shall not be counted toward the total number of questions, nor the total number of answers.))"

The language within double parentheses is deleted.

- 45 "The amount hereinabove appropriated for Public Safety Municipal Aid shall be allocated and distributed on or before September 1, 2011 among municipalities that do not receive State police protection for inhabitants of rural sections pursuant to R.S.53:2-1, according to the following calculations that shall be made by the Commissioner of Community Affairs. An eligible municipality shall receive \$18 per capita if it qualifies under each of the four following criteria and \$10.50 per capita if it qualifies under any three of the following criteria: (a) a violent crime rate per 1,000 population for 2009 equal to or greater than 110% of the average of violent crime rates per 1,000 population for all municipalities for 2009 according to the Uniform Crime Report published by the Division of State Police; (b) a nonviolent crime rate per 1,000 population for 2009 equal to or greater than 110% of the average of nonviolent crime rates per 1,000 population for all municipalities for 2009 according to the Uniform Crime Report published by the Division of State Police; (c) an equalized municipal purposes tax rate for 2010, calculated as the amount to be raised by taxes for the municipal budget as reported in column 12Ciia and plus the amount to be raised by taxation for the municipal open space budget as reported in column 12Ciib, divided by the net valuation for county tax apportionment as reported in column 11 of 2010 county abstracts of ratables equal to or greater than 110% of the average of the equalized municipal purposes tax rates in all municipalities for 2010; and (d) an average residential property value for 2010 equal to or below 90% of the average of residential property values for all municipalities for 2010. An eligible municipality's population shall be determined using data from the 2010 federal decennial census. If the amount of aid so calculated for each eligible municipality totals to an amount greater than \$50,000,000 each eligible municipality's amount shall be reduced proportionally such that the total amount distributed equals \$50,000,000. Any distribution of Public Safety Municipal Aid received by an eligible municipality pursuant to this provision shall not affect the eligible municipality's qualification, calculation and receipt of any other aid, including but not limited to Transitional Aid to Localities. Municipalities shall appropriate Public Safety Municipal Aid for public safety, homeland security, and other purposes which promote safe and secure conditions within the municipality."

The quoted language is deleted in its entirety.

"Department Of Community Affairs, Total State Appropriation  
This item is reduced to \$583,875,000.

\$775,361,000."

## 26 DEPARTMENT OF CORRECTIONS

### 10 Public Safety and Criminal Justice

#### 16 Detention and Rehabilitation

#### DIRECT STATE SERVICES

"08-7025 Institutional Care and Treatment  
This item is reduced to \$237,172,000. \$240,672,000."

"Total Direct State Services Appropriation, Detention and Rehabilitation  
This item is reduced to \$820,497,000. \$823,997,000."

#### *Direct State Services:*

- 47 "Services Other Than Personal (\$148,980,000) ."  
This item is reduced to \$145,480,000.

- 48 "From the amount hereinabove appropriated to the Department of Corrections, the Commissioner of Corrections shall prepare a report on the adequacy of drug treatment programs provided by the Department of Corrections. The report shall include the number of inmates enrolled in drug treatment programs by institution, the number of inmates with substance abuse issues that are unable to obtain drug treatment programs by institution, and the Department of Corrections' plan to provide adequate drug treatment programs to inmates with substance abuse issues. The report shall be submitted to the chairs of the Senate Budget and Appropriations Committee and the Assembly Budget Committee no later than September 1, 2011."

The quoted language is deleted in its entirety.

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- 48 "From the amount hereinabove appropriated to the Department of Corrections, the Commissioner of Corrections shall prepare a report on the adequacy of general educational development programs, provided by the Department of Corrections. The report shall include the number of inmates enrolled in general educational development programs by institution, the number of inmates that have completed general educational development programs in 2010 and 2011, and the number of inmates that have reached a ninth grade proficiency level. The report shall be submitted to the chairs of the Senate Budget and Appropriations Committee and the Assembly Budget Committee no later than September 1, 2011."

The quoted language is deleted in its entirety.

### 7025 System-wide Program Support

#### STATE AID

"13-7025 Institutional Program Support This item is reduced to \$20,500,000.	\$23,500,000."
"Total State Aid Appropriation, System-wide Program Support This item is reduced to \$20,500,000.	<u>\$23,500,000."</u>

#### State Aid:

49 " 13 Union County Inmate Rehabilitation Services This item is reduced to \$2,500,000.	(\$5,500,000) ."
"Department Of Corrections, Total State Appropriation This item is reduced to \$1,090,404,000.	<u>\$1,096,904,000."</u>

## 34 DEPARTMENT OF EDUCATION

### 30 Educational, Cultural, and Intellectual Development

#### 31 Direct Educational Services and Assistance

#### STATE AID

"01-5120 General Formula Aid This item is reduced to \$7,541,901,000. "(From Property Tax Relief Fund This item is reduced to \$7,225,969,000.	\$8,034,746,000."  \$7,718,814,000) ."
"02-5120 Nonpublic School Aid This item is reduced to \$79,503,000.	\$85,983,000."
"Total State Aid Appropriation, Direct Educational Services and Assistance This item is reduced to \$8,502,686,000. "(From General Fund This item is reduced to \$483,871,000. "(From Property Tax Relief Fund This item is reduced to \$8,018,815,000.	<u>\$9,002,011,000."</u>  \$490,351,000) ." \$8,511,660,000) ."

#### Less:

52 "Growth Savings - Payment Changes This item is reduced to \$83,000,000.	\$132,256,000 ."
"Total Deductions This item is reduced to \$97,682,000.	<u>\$146,938,000."</u>
"Total State Aid Appropriation, Direct Educational Services and Assistance This item is reduced to \$8,405,004,000. "(From General Fund This item is reduced to \$483,871,000. "(From Property Tax Relief Fund This item is reduced to \$7,921,133,000.	<u>\$8,855,073,000."</u>  \$490,351,000) ." \$8,364,722,000) ."

#### State Aid:

53 " 01 Additional Formula Aid(( - Below Adequacy Districts)) (PTRF) The language within double parentheses is deleted, and this item is reduced to \$167,189,000.	(\$574,279,000) ."
53 " 01 Additional Formula Aid - Above Adequacy Districts (PTRF) This item is deleted in its entirety.	(\$85,755,000) ."

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53 " 02 Nonpublic Technology Initiative (\$6,480,000) ."
This item is deleted in its entirety.
Less:
"Deductions \$146,938,000."
This item is reduced to \$97,682,000.

54 "Nonpublic Technology Initiative aid shall be paid to school districts and allocated for nonpublic school pupils at the rate of \$40 per pupil in a manner that is consistent with the provisions of the federal and State constitutions."
The quoted language is deleted in its entirety.

55 "The Commissioner of the Department of Education shall certify by January 1, 2012 to the Director of the Division of Budget and Accounting whether there are amounts anticipated to be unexpended at the end of the fiscal year from General Formula Aid accounts. Subject to the approval of the Director, from these amounts the Commissioner shall award competitive grants in a total amount not to exceed \$9,000,000 to school districts for the purchase of wireless tablet computer hardware and software to support special education programs."
The quoted language is deleted in its entirety.

56 "From the amounts hereinabove appropriated for State Aid, the Department of Education shall provide a school district, other than an SDA district, that is spending below adequacy in the 2011-2012 school year, an amount of aid that, when summed with the amount of aid, other than transportation aid, included in the district's aid notification provided pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5), equals the lesser of the amount necessary to increase the district's spending level to adequacy, or the State aid amount to which the district is entitled pursuant to the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.). The department shall allocate such aid so as to restore reductions made in 2010-2011 in the reverse of the hierarchy used for the 2010-2011 reductions."
The quoted language is deleted in its entirety.

56 "From the amounts hereinabove appropriated for State Aid, the Department of Education shall allocate \$85,755,000 to school districts, other than an SDA districts, that are spending above adequacy in the 2011-2012 school year. The department shall allocate the additional aid to each district based on the difference in the total equalization aid, adjustment aid, security categorical aid, and special education categorical aid included in the district's aid notification provided pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5) and the amount to which the district is entitled pursuant to the provisions of P.L.2007, c.260 (C.18A:7F-43 et al.), as a share of the total difference among all districts that are spending above adequacy in the 2011-2012 school year. The department shall include any adjustment aid provided to the school district in the 2010-2011 school year when determining a district's spending relative to adequacy. The department shall allocate such aid so as to restore reductions made in 2010-2011 in the reverse of the hierarchy used for the 2010-2011 reductions."
The quoted language is deleted in its entirety.

56 "A school district that receives total State aid in an amount greater than that included in its aid notification provided pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5) may submit a revised 2011-2012 school year budget to the Department of Education that increases general fund expenditures. If a district elects to increase its general fund expenditures, priority shall be given to expenditures that restore classroom and student support personnel and services eliminated during the 2010-2011 school year, including but not limited to, expenditures to rehire personnel, reduce class sizes, and eliminate new school participation fees. A district shall not increase its administrative expenditures above the amount included in the original budget approved by the Department of Education."
The quoted language is deleted in its entirety.

30 Educational, Cultural, and Intellectual Development
34 Educational Support Services

GRANTS-IN-AID

"40-5064 Student Services \$3,000,000."
This item is deleted in its entirety.
"Total Grants-In-Aid Appropriation, Educational Support Services \$4,635,000."
This item is reduced to \$1,635,000.

Grants-In-Aid:

59 " 40 New Jersey After 3 (\$3,000,000) ."
This item is deleted in its entirety.

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- 59 "The sums provided hereinabove for New Jersey After 3 shall be conditioned upon the State Treasurer and the grant recipient entering into a grant agreement; shall be available for grants awarded by New Jersey After 3, Inc.; and shall be available for funding programs, activities, functions, and facilities consistent with recommendations and proposals of the New Jersey After 3 Advisory Committee."

The quoted language is deleted in its entirety.

### STATE AID

"39-5095 Teachers' Pension and Annuity Assistance This item is reduced to \$1,893,404,000. "(From Property Tax Relief Fund This item is reduced to \$1,893,404,000.	\$1,915,295,000."  \$1,915,295,000 )."
"Total State Aid Appropriation, Educational Support Services This item is reduced to \$2,135,798,000. "(From Property Tax Relief Fund This item is reduced to \$2,135,798,000.	<hr/> \$2,157,689,000."  \$2,157,689,000 )."

#### *State Aid:*

- 60 " 39 Teachers' Pension and Annuity Fund (PTRF) (\$311,606,000) ."  
This item is reduced to \$289,715,000.

- 62 "Of the amount hereinabove appropriated from the General Fund for Direct State Services for the Department of Education there is allocated \$270,000 for the expenses of the Amistad Commission."

The quoted language is deleted in its entirety.

- 62 "In the event that sufficient funds are not appropriated to fully fund any State Aid item, the Commissioner of Education shall apportion such appropriation among the districts in proportion to the State Aid each district would have been apportioned had the full amount of State aid been appropriated, except that no SDA district shall receive an amount of State Aid less than that required for compliance with Abbott v. Burke, No. M-1293-09, (N.J. May 24, 2011) (referred to as Abbott XXI), and no other district shall receive an amount less than that included in its aid notification provided pursuant to section 5 of P.L.1996, c.138 (C.18A:7F-5). ((Provided however, that under no circumstances shall surplus funds of a school district be a factor in the commissioner's allocation of such apportionments.))"

The language within double parentheses is deleted.

- 63 "Notwithstanding the provisions of any law or regulation to the contrary, a district's 2011-2012 allocation of: Equalization Aid, Educational Adequacy Aid, Security Aid, Adjustment Aid, Special Education Categorical Aid, and Transportation Aid shall equal the district's 2010-2011 allocation increased in total by an amount ((equal to 1% of the district's total general fund appropriations in the district's adopted 2009-2010 budget. The increased amount will be ))allocated in such a manner as to restore reductions made in 2010-2011 in the reverse of the hierarchy used for 2010-2011 reductions."

The language within double parentheses is deleted.

"Department Of Education, Total State Appropriation This item is reduced to \$10,613,579,000.	<hr/> \$11,088,539,000."
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## 42 DEPARTMENT OF ENVIRONMENTAL PROTECTION

### *40 Community Development and Environmental Management*

#### *42 Natural Resource Management*

### CAPITAL CONSTRUCTION

"29-4875 Environmental Management - CBT Dedication This item is reduced to \$15,293,000.	\$15,907,000."
"Total Capital Construction Appropriation, Natural Resource Management This item is reduced to \$46,793,000.	<hr/> \$47,407,000."

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### Capital Construction:

68 " 29 Recreational Land Development and Conservation - Constitutional Dedication (\$15,907,000) ."  
This item is reduced to \$15,293,000.

### 40 Community Development and Environmental Management

#### 43 Science and Technical Programs

##### DIRECT STATE SERVICES

"29-4850 Environmental Management - CBT Dedication \$15,907,000."  
This item is reduced to \$15,293,000.

"Total Direct State Services Appropriation, Science and Technical Programs \$37,322,000."  
This item is reduced to \$36,708,000.

### Direct State Services:

69 " 29 Water Resources Monitoring and Planning - Constitutional Dedication (\$15,907,000) ."  
This item is reduced to \$15,293,000.

### 40 Community Development and Environmental Management

#### 44 Site Remediation and Waste Management

##### DIRECT STATE SERVICES

"29-4815 Environmental Management - CBT Dedication \$9,544,000."  
This item is reduced to \$9,176,000.

"Total Direct State Services Appropriation, Site Remediation and Waste Management \$46,118,000."  
This item is reduced to \$45,750,000.

### Direct State Services:

71 " 29 Cleanup Projects Administration Costs - Constitutional Dedication (\$9,544,000) ."  
This item is reduced to \$9,176,000.

##### CAPITAL CONSTRUCTION

"29-4815 Environmental Management - CBT Dedication \$46,661,000."  
This item is reduced to \$44,860,000.

"Total Capital Construction Appropriation, Site Remediation and Waste Management \$46,661,000."  
This item is reduced to \$44,860,000.

### Capital Construction:

73 " 29 Hazardous Substance Discharge Remediation - Constitutional Dedication (\$20,149,000) ."  
This item is reduced to \$19,371,000.

73 " 29 Private Underground Storage Tank Remediation - Constitutional Dedication (\$14,582,000) ."  
This item is reduced to \$14,019,000.

73 " 29 Hazardous Substance Discharge Remediation Loans and Grants - Constitutional Dedication (\$11,930,000) ."  
This item is reduced to \$11,470,000.

### 40 Community Development and Environmental Management

#### 45 Environmental Regulation

##### GRANTS-IN-AID

"29-4892 Environmental Management - CBT Dedication \$18,029,000."  
This item is reduced to \$17,332,000.

"Total Grants-In-Aid Appropriation, Environmental Regulation \$18,029,000."  
This item is reduced to \$17,332,000.

### Grants-In-Aid:

75 " 29 Diesel Risk Mitigation Fund - Constitutional Dedication (\$18,029,000) ."  
This item is reduced to \$17,332,000.

"Department Of Environmental Protection, Total State Appropriation \$330,119,000."  
This item is reduced to \$326,025,000.

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46 DEPARTMENT OF HEALTH AND SENIOR SERVICES

20 Physical and Mental Health

21 Health Services

GRANTS-IN-AID

"02-4220 Family Health Services		\$145,207,000."
This item is reduced to \$123,357,000.		
"(From General Fund	\$144,678,000 )."	
This item is reduced to \$122,828,000.		
"12-4245 AIDS Services		\$35,160,000."
This item is reduced to \$28,160,000.		
"		
Total Grants-In-Aid Appropriation, Health Services		\$223,289,000."
This item is reduced to \$194,439,000.		
"(From General Fund	\$222,760,000 )."	
This item is reduced to \$193,910,000.		

**Grants-In-Aid:**

82	" 02 Early Childhood Intervention Program	(\$100,493,000) ."
	This item is reduced to \$92,593,000.	
82	" 02 Family Planning Services	(\$7,500,000) ."
	This item is deleted in its entirety.	
82	" 02 Postpartum Education Campaign	(\$450,000) ."
	This item is deleted in its entirety.	
82	" 02 Trauma Centers	(\$6,000,000) ."
	This item is deleted in its entirety.	
83	" 12 AIDS Drug Distribution Program	(\$13,509,000) ."
	This item is reduced to \$6,509,000.	

85 "Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for the AIDS Drug Distribution Program is conditioned upon the following: individuals whose income does not exceed 500% of the federal poverty level shall be eligible for coverage for all AIDS-related drugs and ((all)) other drugs."

The language within double parentheses is deleted.

85 "Of the amount hereinabove appropriated for Family Planning Services, \$1,000,000 shall be transferred to the Department of Human Services to provide a match for family planning services under the Medicaid program; provided however, none of the transferred monies shall be expended on abortion procedures. The Department of Human Services shall apply to the federal government for any necessary waiver or State plan amendment to provide family planning services under Medicaid."

The quoted language is deleted in its entirety.

85 "Notwithstanding the provisions of any law or regulation to the contrary, the \$6,000,000 hereinabove appropriated to the Health Care Facilities Improvement Fund to provide resources for New Jersey Level One Trauma Centers, designated as such by the Department of Health and Senior Services and the American College of Surgeons as of June 1, 2011, shall be allocated equally among New Jersey Level One Trauma Centers to support the maintenance of clinical services required for designation as a Level One Trauma Center by the American College of Surgeons."

The quoted language is deleted in its entirety.

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20 Physical and Mental Health
22 Health Planning and Evaluation

GRANTS-IN-AID

Grants-In-Aid:

88 "Notwithstanding the provision of any law or regulation to the contrary, the amount hereinabove appropriated is subject to the following condition: charity care claims for fiscal year 2012 shall be documented. Provided further, on or before April 1, 2012 the Commissioner of Health and Senior Services shall provide a report to the chairs of the Senate Budget and Appropriations Committee and the Assembly Budget Committee on the charity care payment distribution payment methodology. The report shall include the differences, if any, between the charity care payment distributions as would be made pursuant to the payment distribution methodology proposed in the Governor's Budget Message for fiscal year 2013 and the charity care payment distributions as would be made pursuant to the payment distribution methodology established pursuant to section 3 of P.L.2004, c.113 (C.26:2H-18.59i)."

The quoted language is deleted in its entirety.

20 Physical and Mental Health
26 Senior Services

GRANTS-IN-AID

Table with 2 columns: Description and Amount. Rows include '22-4275 Medical Services for the Aged' (\$938,435,000), 'Subtotal Grants-in-Aid, Senior Services' (\$1,079,245,000), and 'Total Grants-In-Aid Appropriation, Senior Services' (\$1,004,245,000).

Grants-In-Aid:

90 " 22 Payments for Medical Assistance Recipients - Nursing Homes (\$676,257,000) ."
This item is reduced to \$646,605,000.

101 "Upon a determination by the Commissioner of Health and Senior Services, made in consultation with the State Treasurer, that additional State funding is necessary to reimburse federally qualified health centers for services to uninsured clients, the Director of the Division of Budget and Accounting shall authorize the appropriation of such sums as the commissioner determines are necessary for grants to federally qualified health centers."

The quoted language is deleted in its entirety.

Table with 2 columns: Description and Amount. Row: 'Department Of Health and Senior Services, Total State Appropriation' (\$1,319,575,000).

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54 DEPARTMENT OF HUMAN SERVICES

20 Physical and Mental Health

23 Mental Health Services

DIRECT STATE SERVICES

"10-7710 Patient Care and Health Services	\$297,152,000."
This item is reduced to \$288,152,000.	
 "Total Direct State Services Appropriation, Mental Health Services	<u>\$372,521,000."</u>
This item is reduced to \$363,521,000.	

*Direct State Services:*

102	"Salaries and Wages	(\$326,525,000) ."
	This item is reduced to \$317,525,000.	

7700 Division Of Mental Health and Addiction Services

DIRECT STATE SERVICES

"99-7700 Administration and Support Services	\$12,304,000."
This item is reduced to \$12,254,000.	
 "Total Direct State Services Appropriation, Division Of Mental Health and Addiction Services	<u>\$13,210,000."</u>
This item is reduced to \$13,160,000.	

*Direct State Services:*

102	" 99 Governor's Council on Mental Health Stigma	(\$50,000) ."
	This item is deleted in its entirety.	

GRANTS-IN-AID

"08-7700 Community Services	\$350,139,000."
This item is reduced to \$342,139,000.	
 "Total Grants-In-Aid Appropriation, Division Of Mental Health and Addiction Services	<u>\$388,900,000."</u>
This item is reduced to \$380,900,000.	

*Grants-In-Aid:*

103	" 08 Community Care	(\$266,563,000) ."
	This item is reduced to \$258,563,000.	

20 Physical and Mental Health

24 Special Health Services

7540 Division Of Medical Assistance and Health Services

GRANTS-IN-AID

"22-7540 General Medical Services	\$3,040,056,000."
This item is reduced to \$3,016,056,000.	
 "Subtotal General Operations	<u>\$3,040,056,000."</u>
This item is reduced to \$3,016,056,000.	
Less:	
"Total Deductions	\$243,000,000."
 "Total Grants-In-Aid Appropriation, Division Of Medical Assistance and Health Services	<u>\$2,797,056,000."</u>
This item is reduced to \$2,773,056,000.	

*Grants-In-Aid:*

109	" 22 Payments for Medical Assistance Recipients - Prescription Drugs	(\$540,786,000) ."
	This item is reduced to \$527,786,000.	
109	" 22 Payments for Medical Assistance Recipients - Home Health Care	(\$22,674,000) ."
	This item is reduced to \$11,674,000.	

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- 112 "Notwithstanding the provisions of any law or regulation to the contrary, effective January 1, 2009, payments for the Payments of Medical Assistance Recipients - Outpatient Hospital account for outpatient hospital reimbursement for all psychiatric services provided as an outpatient hospital service to all eligible individuals regardless of age, shall be paid at the lower of charges or the prospective hourly rates as defined in N.J.A.C.10:52. Cost related to such services shall be excluded from outpatient hospital cost settlements. Hospitals may provide continued services to all eligible individuals in partial hospitalization programs in need of additional care beyond the 24 month limit and shall bill for these extended services at the community partial care rate(( of \$77 per day))."

The language within double parentheses is deleted.

- 117 "Notwithstanding the provisions of any other law or regulation to the contrary, and subject to any federal approval that may be necessary, the amounts hereinabove appropriated in the Managed Care Initiative account are subject to the following condition: Effective July 1, 2011, assuming receipt of any applicable federal approval, the following services, which were previously covered by Medicaid fee-for-service, shall be covered and provided instead through a managed care delivery system for all clients served by and/or enrolled in that system: 1) home health agency services ((for individuals who are dually eligible for Medicaid and Medicare)); 2) medical day care, including both adult day health services and pediatric medical day care; 3) prescription drugs ((for individuals who are dually eligible for Medicaid and Medicare)); and 4) rehabilitation services, including occupational, physical, and speech therapies. ((Provided however)) the above condition shall be effective ((September 1, 2011)) for personal care assistant services."

The language within double parentheses is deleted.

- 119 "Of the amount hereinabove appropriated for Payments for Medical Assistance Recipients - Prescription Drugs, such sums as are necessary are available for payment of Medicare Part D copayments and for certain pharmaceuticals not included in Medicare Part D prescription plan formularies for those individuals who are dually eligible for Medicaid and Medicare. These funds shall only be available to cover copayments and non-formulary drugs to pharmacies participating in the federal Medicare Part D program. Payments for pharmaceuticals not included in the Part D formularies may be subject to prior authorization. The Department of Human Services may require proof of appeal or may appeal the Medicare Part D formulary decision on behalf of a dual-eligible client."

The quoted language is deleted in its entirety.

- 119 "Notwithstanding the provision of any law or regulation to the contrary, on or before April 1, 2012 the Commissioner of Human Services shall provide a report to the chairs of the Senate Budget and Appropriations Committee and the Assembly Budget Committee on hospital relief subsidy fund payment distribution methodology. The report shall include, but not be limited to, the number of cases, by hospital, that qualify for hospital relief subsidy fund payments pursuant to the fiscal year 2012 annual appropriations act compared to the fiscal year 2011 annual appropriations act, P.L.2010, c.35, and a detailed comparison of the differences, if any, between the hospital relief subsidy fund payment distribution methodology proposed in the Governor's Budget Message for fiscal year 2013 and the payment distribution methodology established pursuant to N.J.A.C.10:52-13.1 et seq., in effect on June 30, 2011.

Notwithstanding the provision of any law or regulation to the contrary, on or before April 1, 2012 the Commissioner of Human Services shall provide a report to the chairs of the Senate Budget and Appropriations Committee and the Assembly Budget Committee on graduate medical education funding distribution methodology.

The report shall include, but not be limited to, a detailed description of the differences, if any, between the graduate medical education funding distribution methodology proposed in the Governor's Budget Message for fiscal year 2013 and the distribution methodology established pursuant to section 3 of P.L.2004, c.113 3 (C.26:2H-18.59i)."

The quoted language is deleted in its entirety.

### **30 Educational, Cultural, and Intellectual Development**

#### **32 Operation and Support of Educational Institutions**

##### **DIRECT STATE SERVICES**

###### **Direct State Services:**

- 122 "The amounts hereinabove appropriated are conditioned upon the following: the Vineland Developmental Center shall remain in full operation and funds appropriated elsewhere in contemplation of the closure shall be transferred to support the operations of the center and furthermore such additional sums as are necessary for the operation of the center are appropriated subject to the approval of the Director of the Division of Budget and Accounting."

The quoted language is deleted in its entirety.

# State of New Jersey

## Executive Department

### 30 Educational, Cultural, and Intellectual Development 33 Supplemental Education and Training Programs 7560 Commission For The Blind and Visually Impaired

#### DIRECT STATE SERVICES

"11-7560 Services for the Blind and Visually Impaired \$10,247,000."  
This item is reduced to \$8,747,000.

"Total Direct State Services Appropriation, Commission For The Blind and Visually Impaired \$12,544,000."  
This item is reduced to \$11,044,000.

#### *Direct State Services:*

127 "Salaries and Wages (\$10,619,000) ."  
This item is reduced to \$9,119,000.

### 50 Economic Planning, Development, and Security 53 Economic Assistance and Security 7550 Division Of Family Development

#### GRANTS-IN-AID

"15-7550 Income Maintenance Management \$464,285,000."  
This item is reduced to \$458,285,000.  
"(From General Fund \$174,544,000) ."  
This item is reduced to \$168,544,000.

"Total Appropriation, State, Federal and All Other Funds \$464,285,000."  
This item is reduced to \$458,285,000.  
"(From General Fund \$174,544,000) ."  
This item is reduced to \$168,544,000.

Less:  
"Total Deductions \$289,741,000 ."

"Total Grants-In-Aid Appropriation, Division Of Family Development \$174,544,000."  
This item is reduced to \$168,544,000.

#### *Grants-In-Aid:*

129 " 15 Work First New Jersey - Child Care (\$311,163,000) ."  
This item is reduced to \$305,163,000.

130 "Notwithstanding the provisions of any law or regulation to the contrary, no funds hereinabove appropriated for before-school, after-school, and summer "wrap around" child care shall be expended except in accordance with the following condition: Effective September 1, 2010, families with incomes between 101% and 250% of the federal poverty level who reside in districts who received Preschool Expansion Aid or Education Opportunity Aid in the 2007-2008 school year shall be subject to a copayment for "wrap around" child care, based upon a schedule approved by the Department of Human Services and published in the New Jersey Register, and effective September 1, 2010, families who reside in districts who received Preschool Expansion Aid or Education Opportunity Aid in the 2007-2008 school year must meet the eligibility requirements under the New Jersey Cares for Kids child care program (N.J.A.C.10:15-5.1 et seq.) in order to receive free or subsidized "wrap around" child care((, except that families enrolled for "wrap around" child care will be exempt from the work requirement and the revised income eligibility criteria))."

The language within double parentheses is deleted.

130 "The Commissioner of Human Services shall certify on May 1, 2012 to the Director of the Division of Budget and Accounting whether there are amounts anticipated to be unexpended at the end of this fiscal year from the Work First New Jersey Child Care appropriation. Subject to the approval of the director, such anticipated unexpended amounts may be allocated by the commissioner to Head Start programs for wrap around services to high-need children in non-Abbott school districts."

The quoted language is deleted in its entirety.

# State of New Jersey

## Executive Department

### STATE AID

"15-7550 Income Maintenance Management		\$878,563,000."
This item is reduced to \$858,991,000.		
"(From General Fund	\$413,946,000 )."	
This item is reduced to \$394,374,000.		
"		
Total Appropriation, State, Federal and All Other Funds		\$878,563,000."
This item is reduced to \$858,991,000.		
"(From General Fund	\$413,946,000 )."	
This item is reduced to \$394,374,000.		
Less:		
"Total Deductions		\$464,617,000."
"		
Total State Aid Appropriation, Division Of Family Development		\$413,946,000."
This item is reduced to \$394,374,000.		
<i>State Aid:</i>		
131     " 15   Payments for the Cost of General Assistance	(\$118,433,000) ."	
This item is reduced to \$98,861,000.		
"		
Department Of Human Services, Total State Appropriation		\$5,362,635,000."
This item is reduced to \$5,294,513,000.		

## 66 DEPARTMENT OF LAW AND PUBLIC SAFETY

### *80 Special Government Services*

### *82 Protection of Citizens' Rights*

### DIRECT STATE SERVICES

#### *Direct State Services:*

- 153     "The amount hereinabove appropriated for the Securities Enforcement Fund account is payable from receipts from fees and penalties deposited in the Securities Enforcement Fund pursuant to section 15 of P.L.1985, c.405 (C.49:3-66.1). Receipts in excess of the amount anticipated and the unexpended balances at the end of the preceding fiscal year ((,)) are appropriated to the Securities Enforcement Fund program account ((to offset the cost of operating this program)), subject to the approval of the Director of the Division of Budget and Accounting."

The language within double parentheses is deleted.

## 74 DEPARTMENT OF STATE

### *30 Educational, Cultural, and Intellectual Development*

### *36 Higher Educational Services*

### GRANTS-IN-AID

"81-2401 Educational Opportunity Fund Programs		\$44,194,000."
This item is reduced to \$38,694,000.		
"		
Total Grants-In-Aid Appropriation, Higher Educational Services		\$45,994,000."
This item is reduced to \$40,494,000.		

#### *Grants-In-Aid:*

- 160     " 81   Opportunity Program Grants (\$31,019,000) ." |  || This item is reduced to \$25,519,000. |  |  |

State of New Jersey

Executive Department

2405 Higher Education Student Assistance Authority

GRANTS-IN-AID

"45-2405 Student Assistance Programs	\$375,730,000."
This item is reduced to \$326,077,000.	
"Total Grants-In-Aid Appropriation, Higher Education Student Assistance Authority	<u>\$375,730,000."</u>
This item is reduced to \$326,077,000.	

Grants-In-Aid:

161	" 45 Tuition Aid Grants	(\$340,756,000) ."
	This item is reduced to \$294,298,000.	
161	" 45 Part-Time Tuition Aid Grants for County Colleges	(\$11,679,000) ."
	This item is reduced to \$9,611,000.	
161	" 45 New Jersey Student Tuition Assistance Reward Scholarship (NJSTARS I & II)	(\$17,544,000) ."
	This item is reduced to \$16,417,000.	
162	"Notwithstanding the provisions of P. L. 2005, c.359 (C.18A:71B-86.1 et seq.), as amended by P.L. 2008, c.124, or any law or regulation to the contrary, the funds hereinabove appropriated for the New Jersey Student Tuition Assistance Reward Scholarships to fund the NJ STARS II scholarship program are subject to the following conditions: (1) the amount of the award to qualifying NJ STARS I graduates who have not previously received a NJ STARS II award and attend any New Jersey four-year college or university shall be paid for completely by the State appropriation, thereby suspending the obligation of the public institutions of higher education to fund their share of the cost of the scholarships as set forth in P.L. 2005, c.359, as amended by P.L. 2008, c.124, for this fiscal year; and (2) students who received NJ STARS II funds during the 2010-2011 academic year, students who were considered "non-funded" due to other Federal and/or State grants and scholarships received during the 2010-2011 academic year, and students who were on an approved leave of absence during the 2010-2011 academic year, shall receive awards during the 2011-2012 academic year as specified in section 4 of P.L. 2005, c.359 (C.18A:71B-86.4), as amended by P.L.2008, c.124."	

The quoted language is deleted in its entirety.

2410 Rutgers, The State University

GRANTS-IN-AID

"82-2410 Institutional Support	\$1,968,176,000."
This item is reduced to \$1,967,776,000.	
"Subtotal General Operations	<u>\$1,968,176,000."</u>
This item is reduced to \$1,967,776,000.	
Less:	
"Total Income Deductions	\$1,727,158,000."
"Total Grants-In-Aid Appropriation, Rutgers, The State University	<u>\$241,018,000."</u>
This item is reduced to \$240,618,000.	

Grants-In-Aid:

163	" 82 Clinical Legal Programs for the Poor - Camden Law School	(\$200,000) ."
	This item is deleted in its entirety.	
163	" 82 Clinical Legal Programs for the Poor - Newark Law School	(\$200,000) ."
	This item is deleted in its entirety.	
163	For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at Rutgers, The State University shall be ((6,678)).	

The number in double parentheses is reduced to 6,361.

2415 Agricultural Experiment Station

GRANTS-IN-AID

Grants-In-Aid:

164	For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at the Agricultural Experiment Station shall be ((424)).	
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The number in double parentheses is reduced to 398.

State of New Jersey

Executive Department

2420 University Of Medicine and Dentistry Of New Jersey

GRANTS-IN-AID

Grants-In-Aid:

165 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at the University of Medicine and Dentistry of New Jersey shall be ((6,972)).

The number in double parentheses is reduced to 6,582.

2430 New Jersey Institute Of Technology

GRANTS-IN-AID

Grants-In-Aid:

166 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at the New Jersey Institute of Technology shall be ((1,246)).

The number in double parentheses is reduced to 1,187.

2440 Thomas A. Edison State College

GRANTS-IN-AID

"82-2440 Institutional Support	\$58,321,000."
This item is reduced to \$56,221,000.	
"Subtotal General Operations	\$58,321,000."
This item is reduced to \$56,221,000.	
Less:	
"Total Income Deductions	\$54,400,000."
"Total Grants-In-Aid Appropriation, Thomas A. Edison State College	\$3,921,000."
This item is reduced to \$1,821,000.	

Grants-In-Aid:

166 " 82 Direct Facility Support (\$2,100,000) ." This item is deleted in its entirety.

166 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at Thomas A. Edison State College shall be ((239)).

The number in double parentheses is reduced to 228.

2445 Rowan University

GRANTS-IN-AID

Grants-In-Aid:

167 "For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at Rowan University shall be ((1,188))."

The number within double parenthesis is reduced to 1,087.

2450 New Jersey City University

GRANTS-IN-AID

Grants-In-Aid:

167 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at New Jersey City University shall be ((1,185)).

The number in double parentheses is reduced to 1,129.

# State of New Jersey

Executive Department

## 2455 Kean University

### GRANTS-IN-AID

**Grants-In-Aid:**

- 168 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at Kean University shall be ((1,128)).

The number in double parentheses is reduced to 1,074.

## 2460 William Paterson University Of New Jersey

### GRANTS-IN-AID

**Grants-In-Aid:**

- 168 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at William Paterson University of New Jersey shall be ((1,166)).

The number in double parentheses is reduced to 1,111.

## 2465 Montclair State University

### GRANTS-IN-AID

**Grants-In-Aid:**

- 169 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at Montclair State University shall be ((1,382)).

The number in double parentheses is reduced to 1,316.

## 2470 The College Of New Jersey

### GRANTS-IN-AID

**Grants-In-Aid:**

- 169 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at The College of New Jersey shall be ((902)).

The number in double parentheses is reduced to 859.

## 2475 Ramapo College Of New Jersey

### GRANTS-IN-AID

**Grants-In-Aid:**

- 170 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at Ramapo College of New Jersey shall be ((601)).

The number in double parentheses is reduced to 573.

## 2480 The Richard Stockton College Of New Jersey

### GRANTS-IN-AID

**Grants-In-Aid:**

- 170 For the purpose of implementing the appropriations act for the current fiscal year, the number of State-funded positions at The Richard Stockton College of New Jersey shall be ((802)).

The number in double parentheses is reduced to 764.

# State of New Jersey

## Executive Department

### 2541 Division Of State Library

#### STATE AID

"51-2541 Library Services \$11,475,000."  
This item is reduced to \$7,975,000.

"Total State Aid Appropriation, Division Of State Library \$11,475,000."  
This item is reduced to \$7,975,000.

#### *State Aid:*

172 " 51 Per Capita Library Aid (\$7,176,000) ."  
This item is reduced to \$3,676,000.

### 30 Educational, Cultural, and Intellectual Development

#### 37 Cultural and Intellectual Development Services

#### GRANTS-IN-AID

#### *Grants-In-Aid:*

173 "Notwithstanding the provisions of any law or regulation to the contrary, of the amount appropriated for Cultural Projects, 25% shall be awarded to cultural groups or artists based in the eight southernmost counties (Cape May, Salem, Cumberland, Gloucester, Camden, Ocean, Atlantic, and Burlington), provided however, that the calculation of such 25% allocation shall not include the first \$1,000,000 of any grants that may be awarded to the New Jersey Performing Arts Center or the Rutgers Camden Performing Arts Center(( and should the Newark Museum Association be awarded a grant based on a competitive process with their peers, the first \$2,187,000, shall be disregarded))."

The language within double parentheses is deleted.

173 "Of the amount hereinabove appropriated for Cultural Projects, \$1,740,000 is allocated to the Battleship New Jersey, \$375,000 is allocated to the Old Barracks, and \$2,187,000 is allocated to the Newark Museum."

The quoted language is deleted in its entirety.

### 70 Government Direction, Management, and Control

#### 74 General Government Services

#### GRANTS-IN-AID

"01-2505 Office of the Secretary of State \$5,315,000."  
This item is reduced to \$3,025,000.

"Total Grants-In-Aid Appropriation, General Government Services \$5,315,000."  
This item is reduced to \$3,025,000.

#### *Grants-In-Aid:*

174 " 01 Center for Hispanic Policy, Research and Development (\$3,465,000) ."  
This item is reduced to \$1,175,000.

"Department Of State, Total State Appropriation \$1,212,281,000."  
This item is reduced to \$1,148,838,000.

State of New Jersey

Executive Department

78 DEPARTMENT OF TRANSPORTATION

60 Transportation Programs
61 State and Local Highway Facilities

DIRECT STATE SERVICES

Direct State Services:

177 "In addition to the amount hereinabove appropriated for Maintenance and Operations, such additional sums as may be required are appropriated for winter operations, including snow removal costs, ((not to exceed \$10,000,000,)) subject to the approval of the Director of the Division of Budget and Accounting."

The language within double parentheses is deleted.

CAPITAL CONSTRUCTION

Capital Construction:

178 "Notwithstanding the provisions of P.L.1984, c.73 (C.27:1B-1 et al.), there is appropriated the sum of ((\$635,000,000)) from the revenues and other funds of the New Jersey Transportation Trust Fund Authority for capital purposes as follows:"

The amount within double parentheses is reduced to \$625,000,000.

179 "Local Aid, Infrastructure Fund Various ((17,500,000))"

The amount within double parentheses is reduced to \$7,500,000.

183 "Notwithstanding the provisions of any law or regulation to the contrary, in addition to the amount hereinabove appropriated for the Transportation Trust Fund Authority, there are appropriated such sums as are received from the New Jersey Turnpike Authority, not to exceed ((\$76,000,000)), pursuant to a contract between the Authority and the State for transportation systems improvements."

The language within double parentheses is reduced to \$66,000,000.

60 Transportation Programs
62 Public Transportation

GRANTS-IN-AID

Table with 2 columns: Description and Amount. Rows include '04-6050 Railroad and Bus Operations', Subtotal Grants-in-Aid, Public Transportation, Less: Total Income Deductions, and Total Grants-In-Aid Appropriation, Public Transportation.

Grants-In-Aid:

183 "Personal Services: Salary and Wages (\$1,099,800,000) ." This item is reduced to \$1,089,800,000.

184 "Notwithstanding the provision of any law or regulation to the contrary, in addition to the amount hereinabove appropriated for New Jersey Transit, there are appropriated such sums as are received from the New Jersey Turnpike Authority, ((not to exceed \$100,000,000,)) pursuant to a contract between the Authority and the State for such transportation purposes."

The language within double parentheses is deleted.

186 "From the amounts hereinabove appropriated to the Department of the Transportation, the Commissioner of Transportation shall allocate \$1,000,000 for transit village planning grants."

The quoted language is deleted in its entirety.

"Department Of Transportation, Total State Appropriation \$1,425,206,000." This item is reduced to \$1,415,206,000.

State of New Jersey

Executive Department

82 DEPARTMENT OF THE TREASURY

30 Educational, Cultural, and Intellectual Development

36 Higher Educational Services

GRANTS-IN-AID

"47-2155 Support to Independent Institutions \$1,237,000."
This item is reduced to \$1,037,000.
"Total Grants-In-Aid Appropriation, Higher Educational Services \$44,573,000."
This item is reduced to \$44,373,000.

Grants-In-Aid:

186 " 47 Clinical Legal Programs for the Poor - Seton Hall University (\$200,000) ."
This item is deleted in its entirety.

70 Government Direction, Management, and Control

74 General Government Services

DIRECT STATE SERVICES

"10-2062 Public Broadcasting Services \$2,000,000."
This item is deleted in its entirety.
"Total Direct State Services Appropriation, General Government Services \$32,036,000."
This item is reduced to \$30,036,000.

Direct State Services:

196 " 10 Public Broadcasting Services (\$2,000,000) ."
This item is deleted in its entirety.

70 Government Direction, Management, and Control

75 State Subsidies and Financial Aid

STATE AID

"29-2078 Locally Provided Assistance \$42,059,000."
This item is reduced to \$33,209,000.
"Total State Aid Appropriation, State Subsidies and Financial Aid \$200,307,000."
This item is reduced to \$191,457,000.
"(From General Fund \$66,659,000) ."
This item is reduced to \$57,809,000.

State Aid:

201 " 29 Solid Waste Management -- County Environmental Investment Aid (\$8,850,000) ."
This item is deleted in its entirety.

202 "Notwithstanding the provisions of any law or regulation to the contrary, the release of the final 5% or \$500, whichever is greater, of the total annual amount due for the current fiscal year from the Energy Tax Receipts Property Tax Relief Fund to municipalities is subject to the following condition: the municipality shall submit to the Director of the Division of Local Government Services a report describing the municipality's compliance with the "Best Practices Inventory" established by the Director of the Division of Local Government Services and shall receive at least a minimum score on such inventory as determined by the Director of the Division of Local Government Services; provided, however, that the Director may take into account the particular circumstances of a municipality in computing such score. In preparing the Best Practices Inventory, the Director shall identify best municipal practices in the areas of general administration, fiscal management, and operational activities, as well as the particular circumstances of a municipality, in determining the minimum score acceptable for the release of the final 5% or \$500, whichever is greater, of the total annual amount due for the current fiscal year, but in no event shall amounts be withheld with respect to municipal practices occurring prior to the issuance of the Best Practices Inventory unless related to a municipal practice identified in the Best Practices Inventory established in 2010. ((However, for the purposes of calculating whether a municipality has achieved the minimum score, any question which did not appear on the State Fiscal Year 2011 survey shall not be counted toward the total number of questions, nor the total number of answers.))"

The language within double parentheses is deleted.

# State of New Jersey

## Executive Department

### 80 Special Government Services 82 Protection of Citizens' Rights 2048 State Legal Services Office

#### GRANTS-IN-AID

"89-2048 Civil Legal Services for the Poor  
This item is reduced to \$14,900,000. \$24,900,000."

"Total Grants-In-Aid Appropriation, State Legal Services Office  
This item is reduced to \$14,900,000. \$24,900,000."

#### *Grants-In-Aid:*

206 " 89 Legal Services of New Jersey - Legal Assistance in Civil Matters (\$24,900,000) ."  
This item is reduced to \$14,900,000.

"Department Of The Treasury, Total State Appropriation \$1,816,973,000."  
This item is reduced to \$1,795,923,000.

## 94 INTERDEPARTMENTAL ACCOUNTS

### 70 Government Direction, Management, and Control

#### 74 General Government Services

##### 9410 Employee Benefits

#### GRANTS-IN-AID

"03-9410 Employee Benefits \$777,965,000."  
This item is reduced to \$776,603,000.

"Total Grants-In-Aid Appropriation, Employee Benefits \$777,965,000."  
This item is reduced to \$776,603,000.

#### *Grants-In-Aid:*

218 " 03 Alternate Benefit Program - Employer Contributions (\$134,746,000) ."  
This item is reduced to \$133,384,000.

"Interdepartmental Accounts, Total State Appropriation \$3,203,309,000."  
This item is reduced to \$3,201,947,000.

Total State Appropriation, All State Funds \$30,609,343,000."  
This item is reduced to \$29,696,563,000.

## GENERAL PROVISIONS

271 "2. All dedicated funds are hereby appropriated for their dedicated purposes. There are appropriated, subject to allotment by the Director of the Division of Budget and Accounting and with the approval of the Legislative Budget and Finance Officer, private contributions, revolving funds and dedicated funds received, receivable or estimated to be received for the use of the State or its agencies in excess of those anticipated, unless otherwise provided herein. The unexpended balances at the end of the preceding fiscal year of such funds, or any portion thereof, are appropriated, subject to the approval of the Director of the Division of Budget and Accounting. In the event a person or entity wishes to make a monetary donation to the State for a particular purpose, the head of the State agency or department to which such monetary donation is made is hereby authorized to accept such monetary donation. ((Within 10 days of the receipt of any such monetary donations, the head of the State agency or department accepting the donation shall notify the Joint Budget Oversight Committee of the donation, including the name of the donor, the amount of the donation, the intended use of the donation and any specific limits or criteria imposed by the donor on the use of the funds. The head of the State agency or department accepting the donation shall notify the Joint Budget Oversight Committee once 50% of the monetary donation is expended or committed as to the specific expenditures or commitments for the donation. The head of the State agency or department accepting the donation shall provide a final accounting to the Joint Budget Oversight Committee within 30 days of the end of the fiscal year.))"

The language within double parentheses is deleted.

274 "20. None of the funds appropriated to the Executive Branch of State government for Information Processing, Development, Telecommunications, and Related Services and Equipment shall be available to pay for any of these services or equipment without the review of the Office of Information Technology, and compliance with statewide policies and standards and an approved department Information Technology Strategic Plan(;; authorization and approval by the Office of Information Technology is required for expenditure of amounts in excess of an amount not to exceed \$5,000))."

The language within double parentheses is deleted.

# State of New Jersey

## Executive Department

278 "41. Notwithstanding the provisions of P.L.1943, c.188 (C.52:14-17.1 et seq.), the rate of reimbursement for mileage allowed for employees traveling by personal automobile on official business shall be \$.31 per mile ((, except that employees who are unclassified and unaligned shall not receive reimbursement for mileage))."

The language within double parentheses is deleted.

282 "71. Notwithstanding the provisions of any other law or regulation to the contrary, there is appropriated as revenue to the General Fund ((one-half of)) the revenue credited in the current fiscal year to each account for each enterprise zone in the Enterprise Zone Assistance Fund attributable to local projects and the local costs for administering the Urban Enterprise Zone program, as defined by section 29 of P.L.1983, c.303 (C.52:27H-88)."

The language within double parentheses is deleted.

282 "72. The revenue credited in the current fiscal year to each account for each enterprise zone in the Enterprise Zone Assistance Fund attributable to local projects and the local costs for administering the Urban Enterprise Zone program, as defined by section 29 of P.L.1983, c.303 (C.52:27H-88), shall be distributed to each enterprise zone on or before November 15, 2011, February 15, 2012, May 15, 2012, and June 30, 2012. Provided further, the use of such funds for eligible purposes by such enterprise zones shall not require approval by the New Jersey Urban Enterprise Zone Authority. Further, an enterprise zone may use project funds for administrative purposes, but the entire administrative budget of such enterprise zone shall not exceed its fiscal year 2011 administrative budget."

The quoted language is deleted in its entirety.

284 "83. Notwithstanding any provision of law or regulation to the contrary, the comprehensive Medicaid waiver submitted by the State to the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services ((, or any agreement entered into pursuant to that waiver,)) shall ((not)) include ((any)) restrictions on the expenditure of amounts hereinabove appropriated that reduce eligibility for services based on financial criteria, ((reduce provider reimbursement rates,)) impose ((any)) new or increased co-payments for clients, limit the amount, duration or scope of services ((, or limit the total amount of State Medicaid expenditures or federal reimbursements))."

The language within double parentheses is deleted.

284 "84. From the amounts hereinabove appropriated, the State Treasurer shall prepare a report detailing the impact of zero based and performance based budgeting on the State Fiscal Year 2012 budget and specifying changes to that budget that resulted from the use of these methods. The report shall be submitted to the President of the Senate, the Speaker of the General Assembly, the Chair of the Assembly Budget Committee, and the Chair of the Senate Budget and Appropriations Committee no later than January 1, 2012."

The quoted language is deleted in its entirety.

284 "85. The amounts hereinabove appropriated for payment of normal and accrued liabilities to the Public Employees' Retirement System, Police and Firemen's Retirement System, Teachers' Pension and Annuity Fund, State Police Retirement System, and the Judicial Retirement System shall be deposited in each fund no later than July 15, 2011."

The quoted language is deleted in its entirety.

284 "86. The Governor's Budget Message presented during the current fiscal year pursuant to section 11 of article 3 of P.L.1944, c.112 (C.52:27B-20) shall include a recommendation for funding of hospital charity care computed using a "hospital means test" based on (1) a "Hospital Disproportionate Share Factor" and (2) a "Hospital Shiftability Factor." The Hospital Disproportionate Share Factor shall be calculated based on hospitals' respective annual statewide ranking in the combined provision of New Jersey Charity Care services, fee-for-service Medicaid, and HMO Medicaid services. The "Hospital Shiftability Factor" shall be based on the ratio of commercial payer revenue to combined revenues for Medicaid fee-for-service, HMO Medicaid services, and Charity Care services priced at Medicaid rates including a GME add-on. The proposed Hospital Disproportionate Share Factor and Hospital Shiftability Factor shall be used to insure that the allocation of hospital subsidies relating to Charity Care are targeting institutions with the greatest burden in providing hospital services to the uninsured and underinsured

# State of New Jersey

## *Executive Department*

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population in New Jersey. In order to reduce the expense of hospital documentation of Charity Care services, hospitals will no longer be required to participate in quarterly and annual audits of hospital documented Charity Care, subject to certification of compliance with Charity Care regulations in the performance of hospitals' annual audited financial statements. Additionally, the regulatory exception to the documentation process that allows for a "best efforts" attestation by the hospital for patients who are admitted for treatment after evaluation in Emergency Departments shall be extended to cases which are treated in the Emergency Department on an outpatient basis."

The quoted language is deleted in its entirety.

Respectfully,

/s/ Chris Christie

Governor

[seal]

Attest:

/s/ Jeffrey S. Chiesa

Chief Counsel to the Governor

**State of New Jersey**  
*Executive Department*

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**01 LEGISLATURE**

- 21 The appropriation of \$4,529,000 is reduced for the Senate - Salaries and Wages. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year. The budget as adopted by the Legislature relied upon exaggerated revenue estimates, flawed assumptions concerning fund balances and ignored the harsh reality of its spending decisions. This reduction, among many others enumerated herein necessitated reductions of known surpluses, imprudent spending and other similar excesses.
- 21 The appropriation of \$4,622,000 is reduced for the General Assembly - Salaries and Wages. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year. The budget as adopted by the Legislature relied upon exaggerated revenue estimates, flawed assumptions concerning fund balances and ignored the harsh reality of its spending decisions. This reduction, among many others enumerated herein necessitated reductions of known surpluses, imprudent spending and other similar excesses.
- 22 The appropriation of \$100,000 is eliminated for the Senator Wynona Lipman Chair in Women's Political Leadership at the Eagleton Institute. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 22 The appropriation of \$69,000 is eliminated for the Henry J. Raimondo New Jersey Legislative Fellows Program. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.

**16 DEPARTMENT OF CHILDREN AND FAMILIES**

- 30 The appropriation of \$478,260,000 is reduced for Salaries and Wages. Based on the most recent trend data for this program, the reduced level of funding is sufficient.
- 31 The appropriation of \$1,150,000 is reduced for the Court Appointed Special Advocates. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 32 The appropriation of \$537,000 is eliminated for the Wynona M. Lipman Child Advocacy Center, Essex County. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 32 The appropriation of \$234,085,000 is reduced for Treatment Homes and Emergency Behavioral Health Services. Based on the most recent trend data for this program, the reduced level of funding is sufficient.

**22 DEPARTMENT OF COMMUNITY AFFAIRS**

- 36 Language related to Affordable Housing excess receipts has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution to be consistent with the Governor's original budget recommendations for fiscal year 2012.
- 39 Language related to Shelter Assistance unexpended balances has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget recommendations for fiscal year 2012.
- 39 Language related to Affordable Housing technical assistance grants has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution to be consistent with the Governor's original budget recommendations for fiscal year 2012.
- 41 The appropriation of \$2,000,000 is eliminated for the Lead Hazard Control Assistance Program. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 41 The appropriation of \$486,000 is eliminated for Grants to Hispanic Women's Resource Centers. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 42 The appropriation of \$149,000,000 is reduced for Transitional Aid to Localities. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 42 The appropriation of \$50,000,000 is eliminated for Municipal Public Safety Aid (PTRF). Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year. The related language on page 45 has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution. The budget as adopted by the Legislature relied upon exaggerated revenue estimates, flawed assumptions concerning fund balances and ignored the harsh reality of its spending decisions. This reduction, among many others enumerated herein necessitated reductions of known surpluses, imprudent spending and other similar excesses.
- 43 Language allocating Transitional Aid to Localities for Meadowlands Adjustment Payments has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget priorities for fiscal year 2012.

# State of New Jersey

## Executive Department

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- 44 Language related to Consolidated Municipal Property Tax Relief Aid and the Best Practices Inventory has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution to be consistent with the Governor's commitment to open, transparent government.

### 26 DEPARTMENT OF CORRECTIONS

- 47 The appropriation of \$148,980,000 is reduced for Services Other Than Personal. Based on the most recent trend data for inmate healthcare, the reduced level of funding is sufficient.
- 48 Language related to the reporting on the adequacy of drug treatment programs has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote the efficient operation of the State government while avoiding an unnecessary and burdensome bureaucratic reporting requirement.
- 48 Language related to the reporting on the adequacy of general educational development programs has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote the efficient operation of the State government while avoiding an unnecessary and burdensome bureaucratic reporting requirement.
- 49 The appropriation of \$5,500,000 is reduced for Union County Inmate Rehabilitation Services. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.

### 34 DEPARTMENT OF EDUCATION

- 52 The Growth Savings - Payment Changes of \$132,256,000 is reduced to reflect the impact of the reduction in amounts appropriated for General Formula Aid.
- 53 The appropriation of \$574,279,000 is reduced for Additional Formula Aid - Below Adequacy Districts (PTRF), and the program name is changed to Additional Formula Aid (PTRF). The budget as adopted by the Legislature relied upon exaggerated revenue estimates, flawed assumptions concerning fund balances and ignored the harsh reality of its spending decisions. This reduction, among many others enumerated herein necessitated reductions of known surpluses, imprudent spending and other similar excesses. The related language on page 56 is deleted in its entirety.
- 53 The appropriation of \$85,755,000 is eliminated for Additional Formula Aid - Above Adequacy Districts (PTRF). The budget as adopted by the Legislature relied upon exaggerated revenue estimates, flawed assumptions concerning fund balances and ignored the harsh reality of its spending decisions. This reduction, among many others enumerated herein necessitated reductions of known surpluses, imprudent spending and other similar excesses. The related language on page 56 is unnecessary because funding for this item is removed from the Appropriations Act.
- 53 The appropriation of \$6,480,000 is eliminated for Nonpublic Technology Initiative. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year. The related language on page 54 is deleted in its entirety. The language is unnecessary because funding for this item is removed from the Appropriations Act.
- 55 Language concerning unexpended school aid funds to be used for competitive grants has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget recommendations for fiscal year 2012.
- 56 Language related to additional state aid allocations has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget recommendations for fiscal year 2012.
- 59 The appropriation of \$3,000,000 is eliminated for New Jersey After 3. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year. The related language has been deleted in its entirety. The language is unnecessary because funding for this item is removed from the Appropriations Act.
- 60 The appropriation of \$311,606,000 is reduced for Teachers' Pension and Annuity Fund (PTRF). The reduced amount funds the fiscal year 2012 required pension contribution pursuant to P.L.2010, c.1, as adjusted for anticipated savings from pension reforms.
- 62 Language allocating \$270,000 for the Amistad Commission has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget recommendations for fiscal year 2012.
- 62 Language related to state aid apportionment has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution to be consistent with the Governor's original budget recommendations for fiscal year 2012.

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## Executive Department

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- 63 Language regarding the calculation of a district's 2011-2012 school aid allocation is partially deleted in order to ensure restoration of school funding for districts that experienced reductions made in 2010-2011 in the reverse of the hierarchy used for those reductions, within the context of a responsibly balanced budget. As originally proposed, my budget would have ensured a 1% increase for every district. The appropriations provided for in this budget should be sufficient to ensure that the total amount of State aid received by each district will increase by 2% of the district's total appropriations contained in such categories in the district's adopted 2009-2010 budget.

### 42 DEPARTMENT OF ENVIRONMENTAL PROTECTION

- 68 The appropriation of \$15,907,000 is reduced for Recreational Land Development and Conservation - Constitutional Dedication based on changes to the Corporation Business Tax revenue projections.
- 69 The appropriation of \$15,907,000 is reduced for Water Resources Monitoring and Planning - Constitutional Dedication based on changes to the Corporation Business Tax revenue projections.
- 71 The appropriation of \$9,544,000 is reduced for Cleanup Projects Administration Costs - Constitutional Dedication based on changes to the Corporation Business Tax revenue projections.
- 73 The appropriation of \$20,149,000 is reduced for Hazardous Substance Discharge Remediation - Constitutional Dedication based on changes to the Corporation Business Tax revenue projections.
- 73 The appropriation of \$14,582,000 is reduced for Private Underground Storage Tank Remediation - Constitutional Dedication based on changes to the Corporation Business Tax revenue projections.
- 73 The appropriation of \$11,930,000 is reduced for Hazardous Substance Discharge Remediation Loans and Grants - Constitutional Dedication based on changes to the Corporation Business Tax revenue projections.
- 75 The appropriation of \$18,029,000 is reduced for Diesel Risk Mitigation Fund - Constitutional Dedication based on changes to the Corporation Business Tax revenue projections.

### 46 DEPARTMENT OF HEALTH AND SENIOR SERVICES

- 82 The appropriation of \$100,493,000 is reduced for the Early Childhood Intervention Program. Based on the most recent trend data for this program, the reduced level of funding is sufficient.
- 82 The appropriation of \$7,500,000 is eliminated for Family Planning Services. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year. The related language on page 85 also has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution.
- 82 The appropriation of \$450,000 is eliminated for the Postpartum Education Campaign. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 82 The appropriation of \$6,000,000 is eliminated for Trauma Centers. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year. The related language on page 85 also has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution.
- 83 The appropriation of \$13,509,000 is reduced for the AIDS Drug Distribution Program. Based on the most recent trend data for this program, the reduced level of funding is sufficient.
- 85 Language related to the AIDS Drug Distribution Program has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote consistency with the Governor's budget recommendations for fiscal year 2012.
- 88 Language related to charity care documentation and reporting has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote the efficient operation of the State government while avoiding an unnecessary and burdensome bureaucratic reporting requirement.
- 90 The appropriation of \$676,257,000 is reduced for Payments for Medical Assistance Recipients - Nursing Homes. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 101 Language related to additional funding for federally qualified health centers has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget recommendations for fiscal year 2012.

### 54 DEPARTMENT OF HUMAN SERVICES

- 102 The appropriation of \$326,525,000 is reduced for Salaries and Wages in Mental Health Services. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 102 The appropriation of \$50,000 is eliminated for the Governor's Council on Mental Health Stigma. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.

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- 103** The appropriation of \$266,563,000 is reduced for Community Care in the Division of Mental Health and Addiction Services. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 109** The appropriation of \$540,786,000 is reduced for Payments for Medical Assistance Recipients - Prescription Drugs. The related language on page 119 has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's initiative to reform and protect the New Jersey Medicaid program.
- 109** The appropriation of \$22,674,000 is reduced for Payments for Medical Assistance Recipients - Home Health Care. The related language on page 117 for services remaining as fee-for-service has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote consistency with the Governor's initiative to reform and protect the New Jersey Medicaid program.
- 112** Language related to Payments for Medical Assistance Recipients - Outpatient Hospital has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote consistency with the Governor's budget recommendations for fiscal year 2012.
- 119** Language related to Graduate Medical Education and Hospital Relief Subsidy Fund reporting has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote the efficient operation of the State government while avoiding an unnecessary and burdensome bureaucratic reporting requirement.
- 122** Language related to the continued full operation of the Vineland Developmental Center has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's commitment to the protection of the civil rights of our most vulnerable citizens.
- 127** The appropriation of \$10,619,000 is reduced for Salaries and Wages in the Commission for the Blind and Visually Impaired. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 129** The appropriation of \$311,163,000 is reduced for Work First New Jersey-Child Care. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year. The related language on page 130 has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote consistency with the Governor's budget recommendations for fiscal year 2012.
- 130** Language allocating excess Work First New Jersey-Child Care funds for Head Start Services for at risk children in non-Abbott districts has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget recommendations for fiscal year 2012.
- 131** The appropriation of \$118,433,000 is reduced for Payments for the Cost of General Assistance. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.

## 66 DEPARTMENT OF LAW AND PUBLIC SAFETY

- 153** Language related to the Securities Enforcement Fund has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution to be consistent with the Governor's original budget recommendations for fiscal year 2012.

## 74 DEPARTMENT OF STATE

- 160** The appropriation of \$31,019,000 is reduced for Opportunity Program Grants. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 161** The appropriation of \$340,756,000 is reduced for Tuition Aid Grants. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 161** The appropriation of \$11,679,000 is reduced for Part-Time Tuition Aid Grants for County Colleges. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 161** The appropriation of \$17,544,000 is reduced for New Jersey Student Tuition Assistance Reward Scholarship (NJSTARS I & II). Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year. The related language on page 162 has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget recommendations for fiscal year 2012.
- 163** The appropriation of \$200,000 is eliminated for Clinical Legal Programs for the Poor - Camden Law School. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.

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## Executive Department

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- 163 The appropriation of \$200,000 is eliminated for Clinical Legal Programs for the Poor - Newark Law School. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 163 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 164 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 165 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 166 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 166 The appropriation of \$2,100,000 is eliminated for Direct Facility Support. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 166 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 167 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 167 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 168 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 168 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 169 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 169 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 170 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 170 The Legislature's failure to appropriately fund health benefit costs for all state employees necessitated a reduction in the state's support of employee fringe benefits at all public institutions of higher education.
- 172 The appropriation of \$7,176,000 is reduced for Per Capita Library Aid. The budget as adopted by the Legislature relied upon exaggerated revenue estimates, flawed assumptions concerning fund balances and ignored the harsh reality of its spending decisions. This reduction, among many others enumerated herein necessitated reductions of known surpluses, imprudent spending and other similar excesses.
- 173 Language related to allocating a portion of Cultural Projects grants to southern counties has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote consistency with the Governor's budget priorities for fiscal year 2012.
- 173 Language related to specific allocations for the Battleship New Jersey, the Old Barracks, and the Newark Museum has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget priorities for fiscal year 2012.
- 174 The appropriation of \$3,465,000 is reduced for Center for Hispanic Policy, Research and Development. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.

## 78 DEPARTMENT OF TRANSPORTATION

- 177 Language related to winter operations has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution to be consistent with the Governor's original budget recommendations for fiscal year 2012.
- 178 The appropriation of \$635,000,000 from the Transportation Trust Fund Authority for Capital Purposes is reduced. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 179 The appropriation of \$17,500,000 is reduced for Local Aid, Infrastructure Fund. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 183 The amount appropriated to the Transportation Trust Fund Authority from funds received from the New Jersey Turnpike Authority is reduced to reflect the shift of funds to support New Jersey Transit operations.

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- 183** The appropriation of \$319,400,000 is reduced for Public Transportation. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 184** The cap on appropriation of funds received from New Jersey Turnpike Authority is eliminated to enable utilization of additional Authority funds to support New Jersey Transit operations.
- 186** Language related to the Transit Village Planning Grants program has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's budget recommendations for fiscal year 2012.

## 82 DEPARTMENT OF THE TREASURY

- 186** The appropriation of \$200,000 is eliminated for Clinical Legal Programs for the Poor - Seton Hall University. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 196** The appropriation of \$2,000,000 is eliminated for Public Broadcasting Services. The budget as adopted by the Legislature relied upon exaggerated revenue estimates, flawed assumptions concerning fund balances and ignored the harsh reality of its spending decisions. This reduction, among many others enumerated herein necessitated reductions of known surpluses, imprudent spending and other similar excesses.
- 201** The appropriation of \$8,850,000 for Solid Waste Management -- County Environmental Investment Aid is eliminated. Based on official certification of available revenue and the current fiscal reality, an elimination is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.
- 202** Language related to the Energy Tax Receipts Property Tax Relief Fund and the Best Practices Inventory has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution to be consistent with the Governor's original budget recommendations for fiscal year 2012.
- 206** The appropriation of \$24,900,000 is reduced for Legal Services of New Jersey - Legal Assistance in Civil Matters. Based on official certification of available revenue and the current fiscal reality, a reduction is necessary in order to ensure a constitutionally balanced budget is achieved for this fiscal year.

## 94 INTERDEPARTMENTAL ACCOUNTS

- 218** The appropriation of \$134,746,000 is reduced for Alternate Benefit Program - Employer Contributions. Based on the most recent trend data for this program, the reduced level of funding is sufficient.

## GENERAL PROVISIONS

- 271** Language related to appropriation of dedicated funds, contributions, revolving funds and donations has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote the efficient operation of the State government while avoiding an unnecessary and burdensome bureaucratic reporting requirement.
- 274** Language related to procurement of information and telecommunications services and equipment has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote consistency with the Governor's budget priorities for fiscal year 2012.
- 278** Language related to reimbursement to State employees for mileage allowed for employees traveling by personal automobile on official business has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote consistency with the Governor's budget priorities for fiscal year 2012.
- 282** Language related to appropriations to the General Fund from Enterprise Zone Assistance Fund revenues has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's program to restore and rebuild New Jersey's economy. As reported to the Legislature, the Urban Enterprise Zone program has been determined to have failed in its mission and should not be continued.
- 282** Language related to the payment of Enterprise Zone Assistance Fund revenues has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would be inconsistent with the Governor's program to restore and rebuild New Jersey's economy. As reported to the Legislature, the Urban Enterprise Zone program has been determined to have failed in its mission and should not be continued.
- 284** Language related to the Comprehensive Medicaid Waiver has been partially deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution to be consistent with the Governor's initiative to reform and protect the New Jersey Medicaid program.
- 284** Language related to reporting on performance-based or zero-based budgeting outcomes has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution in order to promote the efficient operation of the State government while avoiding an unnecessary and burdensome bureaucratic reporting requirement.

**State of New Jersey**  
*Executive Department*

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- 284** Language related to a payment date for employer pension contributions has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would inappropriately intrude on the Governor's ability to manage the state's fiscal affairs.
- 284** Language related to fiscal year 2013 budget recommendations for Hospital Charity Care has been deleted pursuant to Article V, section I, paragraph 15 of the New Jersey Constitution because its inclusion would inappropriately constrain the Governor's ability to develop a comprehensive and equitable funding formula for hospitals in the future. The Governor, working with all New Jersey hospitals, produced a fair and responsible formula for fiscal year 2012 that was universally endorsed. The fiscal year 2013 budget will similarly contain a funding system that is appropriate for the taxpayers and New Jersey hospitals.

**Respectfully,**

*/s/ Chris Christie*

*Governor*

[seal]

**Attested,**

*/s/ Jeffrey S. Chiesa*

*Chief Counsel*

**CHRIS CHRISTIE**  
**GOVERNOR OF NEW JERSEY**  
**TRANSMITTED TO THE SECOND ANNUAL SESSION**  
**OF THE TWO HUNDRED AND FOURTEENTH LEGISLATURE**  
**FEBRUARY 22, 2011**

Madam Speaker, Mr. President, members of the Legislature, people of the State of New Jersey:

It is my pleasure, and my duty, to present to you my budget for the year ending June 30, 2012.

Early last year, I took my first major budget actions in two separate budget presentations to the legislature and the people of this state.

First, we had to stop the hemorrhaging and close the \$2 billion budget gap that existed last February for FY 2010, with only five months to go in the fiscal year. We did it – without raising taxes.

Second, in March, we proposed to attack the much larger projected deficit, some \$11 billion, for FY 2011. By June, together we had closed that gap too – again, without raising taxes on the people of New Jersey, their first real relief in eight years.

One key to changing direction has been changing our approach to the budget process. Every year, the Office of Legislative Services puts out a projected deficit. The only problem is that this number assumes no one is actually managing the budget or setting priorities. That is yesterday's New Jersey.

The old projection is a result of the old way of budgeting - assuming you cannot control the budget and guide it to a more sustainable place, but instead must just let it take its own course. To run away from hard choices, just because they are hard. To put the government on autopilot, with no strong leadership setting priorities. No more. For too many years, our government has operated under the belief that the baseline – the place you begin – is to continue to fund every program in the budget: regardless of the fiscal climate, regardless of the economy, and regardless of the effectiveness of the program. Not anymore.

Our process is based on the belief that to survive and to grow, you need to build a realistic budget from the bottom up. You fund what you need – this year – to succeed, not every relic from two decades ago that is still on the books. The baseline is zero. Zero-based budgeting, which I promised in the campaign, has finally come to New Jersey.

You see, last year we were faced with two major problems. As I stood before you early last year, the good people of our state had been battered. We had lost 108,500 jobs in 2008 and another 121,000 in 2009. The unemployment rate was the highest in 33 years. Taxes were up, but revenues were down. And even in that environment, government had made matters worse by spending too much. Contributing to our \$11 billion projected deficit were commitments that were made over many years and never revisited, never reduced, and never reformed.

Working together, we made some very difficult decisions. We took the first steps toward reform, and made some very painful spending cuts. There are more difficult decisions this year, to be sure, and in the years ahead. We must continue to cut government spending to restore a chance at prosperity for New Jersey's families.

But as a result of the decisions we started with a year ago, we have changed the paradigm. We have established a "New Normal."

In the New Normal, we will shape the budget to make it more sustainable each year, and address priorities that will make New Jersey more successful each year. We will no longer blindly fund commitments that prior legislators and governors have made - regardless of whether they were wise, and regardless of whether they yielded programs that even work.

In the New Normal, we can and will stop old commitments, so we can set new priorities to meet New Jersey's 21st century challenges. Last year's budget, fiscal year 2011, was the beginning of this change. We set priorities and we funded them, in amounts we could afford. We reformed many programs that needed reforming. And we began to refuse to fund what wasn't an absolute priority.

This year's budget continues that model. It is not a budget that funds each and every program at the same level as last year. Instead, we've done something novel. We've actually identified key priorities and put together a budget that funds them.

Now, here's what's crazy about this new bottom-up approach to budgeting: We are simply doing what most people assumed state government had been doing all along. This is the New Normal in Trenton. The old way of budgeting is over. Today marks the line in the sand that separates the way things used to be, and the way they are going to be. And we will not be going back.

So this year's budget does what I promised we would do:

First, it continues to reduce government spending – below last year's level in absolute dollar terms, for the second year in a row.

Second, it makes a down payment on growth by providing \$200 million in job creating tax cuts and business incentives.

Third, we can make a contribution to our pension system early and get that money working immediately, if we adopt real reform of our pension system.

Fourth, we can double the property tax rebates for New Jersey's hard working middle class and seniors, if we adopt real reforms in health benefits.

And fifth, we will increase education aid to every school district in the state.

We are not out of harm's way yet. So we must continue on the path to reform, and continue to make the hard choices, in order to fund these key priorities. Today's fiscal mess has been 20 years in the making, and while our spending cuts have helped us make real progress, letting up now and returning to the easy path will inevitably lead us back to job killing tax increases and deficits. The people of New Jersey recognized that we needed a change in direction. In fact, they demanded it. And I believe they recognize that the steps we took last year, although they were only first steps, and even though they were hard, have begun to put New Jersey on the path toward fiscal health and recovery.

As I promised you last year, if we did the hard things, New Jersey would be a national leader in fiscal discipline. This year, look at how other states are following New Jersey. All across the country, Democratic and Republican governors are grappling with inherited budget deficits, skyrocketing pension and benefit costs, and state government cultures which embrace the status quo – no matter how destructive. They are just now coming to terms with the gravity of the situation we understood and responded to last year.

Today, they are standing up and saying just as I did last March, "the problems we have hidden for decades are evident for all to see. The day of reckoning has arrived."

In New York, a Democratic governor has proposed dramatic reforms to Medicaid, because that program left on autopilot will lead both state and federal governments straight into a crash. In California, a new Democratic governor has proposed to cut the number and pay of all state employees. And in Wisconsin and Ohio, they have decided there can no longer be two classes of citizens: one that receives rich health and pension benefits, and all the rest who are left to pay for them.

Democrat or Republican, it doesn't matter. We are all facing the same problems. These problems are bigger than either political party. The promises of the past are too expensive, and the prospects of the future are too important to stay on the old, failed course. Across the country, we have come to a moment – the moment for real change and the return to fiscal discipline, which will create real jobs for all New Jerseyans who need them. Some thought the change might come from the federal government. But that hasn't been the case. It is spending more than ever. The change is coming from the states, and the charge is being led by New Jersey.

Across the Hudson River, Governor Andrew Cuomo's budget also cuts the actual dollars spent by the state – for the first time in 14 years. Why? The reason Governor Cuomo gave is simple. He said, "New York is at a crossroads, and we must seize this opportunity, make hard choices, and set our state on a new path toward prosperity." The challenge, the change, and even the choice of words are similar to where New Jersey was one year ago.

In Michigan, Republican Governor Rick Snyder has framed the issue the same way. He said, "This is our opportunity to say let's stop living in the past and start looking toward the future. Many of us are going to have to sacrifice in the short term, but by making these sacrifices, we can all win together in the long term." Michigan is taking the road to fiscal discipline paved by New Jersey.

And even in California, Governor Jerry Brown proposed to cut take-home pay for state employees by 8 to 10%, because, in his words, "we have no choice," and for years, California has had "gimmicks." Now, he said, California must "return... to fiscal responsibility and get our state on the road to economic recovery and job growth."

Sound familiar? These ideas are not red or blue; they are the black and white of truth.

One year ago, I stood in this Chamber and promised the people of New Jersey that if we worked together to make the sacrifices necessary to put us back on the path to financial responsibility, that the progress would be obvious, and the nation would follow our success. Today, states as diverse as California and Wisconsin, Ohio and Florida, New York and New Mexico are following the New Jersey model we fought for last year. Democratic governors and Republican governors now look to New Jersey as a beacon of hope for what can happen when leaders lead and a people sacrifice as one for the future of our children. I thank the people of New Jersey for standing with me in turning our state into a national model.

I said to you last month that we should focus on the big things – and the biggest thing of all today for this state is getting our fiscal house in order, once and for all. So my budget proposes total state spending of \$29.4 billion, a reduction in actual dollars spent versus last year. We are reducing the size of the budget – in actual dollars, not against "projections" – two years in a row.

Also, we are balancing the budget without the one-shot gimmicks that Trenton had become known for before this Administration arrived in town. In the last budget of Governor Corzine, FY 2010, a full 13% of revenue was based on one-shot money. I railed against it during the campaign and we've now changed that culture as well. Last year, we cut that number in half, to 6%. In the budget I am proposing today, we cut it by another two-thirds to 2%. That's an 85% cut in the use of one-shot, non-recurring revenue. We promised to put an end to this practice in Trenton and, in one year, we are nearly there.

Frankly, because of the hard choices we made last year and the seriousness of the reforms we've proposed, we are finally bringing the budget process under control. And because of the hard choices we've made together, because of the shared sacrifice by all of New Jersey, our economy is turning. The tone at the top has encouraged business to stay in New Jersey, and our unemployment rate is down nearly one full point in a year. Still too high, but moving in the right direction.

In addition, we have demanded that each and every department in government manage its budget responsibly throughout the year. With performance based budgeting, instituted by our state Treasurer, we are now keeping a sharp eye on each agency's mission and budget priorities every day of the year, not just at the end of the year. It is a simple and common-sense approach, but one that has been overlooked for too long. Budget decisions should be linked to performance. Every program, every department, and every employee should be accountable. If they do not perform, they do not get the people's tax dollars.

And to balance the budget for the coming year, we have continued to cut, where cutting made sense. In total, spending will be down by 2.6% versus last year. Down for the second year in a row. Many departments, indeed most departments, will have a cut.

- Department of Community Affairs, down 1.6%
- Department of Agriculture, down 1%
- Department of Corrections, down 2%
- Department of Environmental Protection, down 10%
- Department of Health and Senior Services, down 15%
- Department of Human Services, down 3%, and
- Department of Children and Families, down 2%

But here, as elsewhere, we propose real reform to put us on a sounder footing for the future, and we have worked to preserve priorities and provide a safety net for those most challenged by the economy. For example: We will continue to fund the increase that was made in last year's budget to P.A.A.D. and Senior Gold Prescription Assistance Programs. There will be no changes – no co-pay increases and no eligibility changes. This level of funding means New Jersey will still have some of the most generous prescription assistance programs in the nation for our seniors. And funding for hospitals will be increased by \$20 million from last year's budget.

But at the same time, to make room for these priorities, we must reform Medicaid, a federal program simply running out of control. In this budget, we propose to move our aged, blind, and disabled recipients into modern managed care, and move their pharmacy benefit to modern managed care as well – saving a total of \$41 million while still providing vital services. Additional enforcement efforts by the Comptroller's Office will save another \$35 million.

We must do these things, not only to fill the hole created by the loss of over a billion dollars of federal stimulus money since 2010, but because it is the right thing to do. Medicaid's growth is out of control. We must manage it better. Even with \$250 million of Medicaid savings in this budget, and additional projected savings from a \$300 million global waiver to reform Medicaid, spending will grow by nearly \$1 billion over last year. That is the definition of an out of control program. Worse yet, we cannot make meaningful reforms because of the restrictions on New Jersey from Obamacare. States desperately need relief from that unfunded federal mandate.

Now, as I said in the State of the State, we are not cutting spending just for cutting's sake. We are cutting spending so we can reduce the tax burden on the people of New Jersey. We are cutting so we can make New Jersey a home for growth. We are cutting taxes to create new jobs. So in this budget, I am proposing a down payment on a better tax environment – a better environment for individuals, and a better environment in which to start and grow a business. The budget includes \$200 million in tax reductions.

Now, as you know, last Friday I vetoed a package of tax bills put forward by the Legislature. The reason was simple – we cannot enact tax cuts that we do not pay for. Our tax policy needs to be part of our long term planning, and it needs to fit within the context of a constitutionally balanced budget.

This tax cut package, every dollar of it, is paid for with spending cuts. Responsibly changing New Jersey's tax climate does not mean running deficits to cut taxes – it means cutting taxes in a balanced budget to create job growth. The package I am proposing will provide almost \$2.5 billion in job-creating tax relief and incentives over the next five years. These reforms will be phased in carefully and are paid for as part of the state budget. A few of the tax provisions are similar to those approved by the legislature. As I have said before, I agree with some of what was in that package. But we cannot have tax cuts that we do not pay for. Creating jobs is the top priority of this Administration, which is why tax cuts that help businesses grow and expand are a priority in the budget.

So here are my tax cut proposals:

We will double our State Research and Development Tax credit to encourage High Tech and Bio-Tech entrepreneurs to create their next great discovery, and the jobs that go with it, right here in New Jersey.

We will allow loss-netting and loss carry-forward relief, to be phased in over five years. Our current policy of restricting loss carry-forwards hurts small business, hurts entrepreneurship, and hurts New Jersey.

We will stop penalizing our corporations for adding jobs and investing in New Jersey by joining 28 other states in using a single sales factor.

We will cut the minimum S-corporation business tax by 25%. Again, this will make us more competitive in the region and encourage small businesses and entrepreneurs.

We will exempt from the sales and use tax installation and support of electronically delivered business software. Taxing such software is a burden on high tech innovation.

The death tax in New Jersey is too high and too burdensome on small businesses and the middle class. We must begin to reform it. Only three states have both an inheritance tax and a death tax, and New Jersey is one of them. My budget would provide a first step in relief by raising the death tax exemption for families and small businesses. Again, this will put us more in line with other States in the region.

Some long-term problems are not just a current year budget problem. They will be with us for years to come – indeed they will get worse – unless we act today. Such is the case for New Jersey – and for many other States – with respect to health and pension benefits for state and local employees. This is the second big thing we must take on if we are truly to have a better future. Almost all states face a major issue in financing employee pensions. New Jersey is far from alone here. This is not a Republican or a Democratic issue. This is a responsibility issue. And we must solve it.

I did not wait to act. In September of last year, I proposed a series of reforms that put New Jersey taxpayers first and asked the special interests to pay their fair share. The reforms are simple and common sense. We are living longer than when these programs were established, so we should raise the retirement age. Inflation is low, so we should eliminate cost of living adjustments. Most importantly, whether it is early retirement benefits that aren't paid for or employee contributions that are too low, we simply cannot afford the system we have and the promises that have been made. As things stand today, our pension system has an estimated deficit of \$54 billion. Without action, 30 years from now the difference between our assets and liabilities will be a staggering \$183 billion. The burden on the budget and the taxpayer will be unsustainable. The annual state contribution would grow to \$13 billion per year.

The greatest risk of inaction is to our public employees. On the current course, the day will come, mark my words, when the pensioner will retire and there will be no pension. I am worried. I am worried for the police officer. I am worried for the firefighter. I am worried for the school teacher. They have earned a pension. We must act now to make sure a pension is there for them after their years of service are completed.

Since I made my reform proposal, I have traveled across the state, beating the drum about the urgent need to pass pension and benefit reform. The bottom line is simple – these reforms are the only way to solve our long-term fiscal problems. They are the only way to keep the system solvent. Most important, they are the only way to keep faith with the public employees who have earned these pensions.

So today, in this budget, I am once again calling on the Legislature to pass pension and benefit reform. In our negotiations on the interest arbitration cap, Mr. President and Madam Speaker, you promised me and committed to the people of New Jersey to bring a real reform package forward and make it law. And I am pleased that it remains a priority for both of you. President Sweeney, I heard you loud and clear when you were quoted recently as saying: “I want this thing done by the middle of March. That’s my goal, to get the pension bill done. But I want to get this stuff finished because it has to be finished. This is what’s killing the state of New Jersey. The cost of the pension and health care are destroying the State’s economy.”

You were right. And I know that Speaker Oliver agrees with you, when she said, “Our system has become unsustainable for taxpayers and public workers alike, so changing this system is a priority.” I am asking you both, and the members of this legislature, to make good on the promise to pass comprehensive pension and benefit reform on Senator Sweeney's timetable, by the middle of March.

And as I am asking the Democratic Leadership to make good on their promise, I am offering a powerful incentive to sweeten the pot. If you pass real reform, along Senator Sweeney’s timetable, I will make a \$500 million payment to the pension fund immediately, not wait until sometime in Fiscal Year 2012, which is all that the law we passed last year requires. This would be the first payment made since fiscal year 2009, by anyone, Democrat or Republican. Let’s not wait – real reform on Senator Sweeney’s timetable – real money into the pension fund immediately.

Next, enacting reform of our public employee health insurance program now will enable us to take another vital step – providing critical property tax relief to those who need it most: hard working, middle-class New Jerseyans and seniors. I am proposing today to double the property tax rebate for middle class families and our seniors, to ease the transition to the 2% property tax cap we are faithfully implementing this year. Under my plan, in FY 2012 senior and disabled homeowners with incomes up to \$150,000 would receive double the benefits they will receive in the current fiscal year – which, by the way, they are receiving directly as a credit on their property tax bill. Non-senior homeowners with incomes up to \$75,000 will also see their property tax relief double over what they will receive this fiscal year.

And also in the context of property taxes, this year’s budget continues to provide municipalities with steady aid. That's right, mayors – at the exact same level as last year. So there is no excuse for this relief to be eaten up with higher local taxes, between receiving no further cut in municipal aid, and implementing a 2% cap on property taxes. But let me be clear: the chance for middle class taxpayers and seniors to receive double the property tax relief without raising taxes on anyone else is solely up to you, the Legislature. The ability to provide doubled property tax rebates involves a tradeoff and requires real reform to pay for it. I have advocated health benefit reform, and earlier this month the Senate President laid out his proposal, and I applaud his courage for doing so. We are in a position to make progress. Let’s seize the moment and do so.

The situation with health benefits is even more dire than that with pensions. The current liability is greater – at \$67 billion. The burden on the budget to fund these benefits is growing – from 3.3% of the state budget as recently as fiscal

year 2002 to 9% today – a near tripling of the burden on taxpayers to pay for these rich benefits for a privileged few, at an annual cost of \$4.3 billion. And the budget cost of these benefits is projected to grow another 40% in the next four years.

The problem with health benefits is the same as with pensions: the current plan is not sustainable, and our employees do not contribute enough. The average New Jersey public employee contributes only 8% of the cost of his or her health benefits. By contrast, the average federal employee contributes 34%. Private sector New Jerseyans typically pay even more than that, while also paying high taxes to support the rich benefits of public employees. Meanwhile, New Jersey public employees are offered far less choice: 3 plans, versus a choice of 269 for federal employees. More competition; more choice; lower cost to taxpayers – that is my plan.

The time to change this system is now. We must bring this system into line with comparable public systems. I propose that by 2014, the state should pay 70% of the cost of employee health benefits, and the employee should pay 30%. The choice is straight forward: without real health benefit reform, we will not be able to provide New Jerseyans with a doubled property tax rebate. By passing health benefit reform, we will be able to provide the larger property tax rebate. It is that simple: we can only afford this increase if health reform is passed. So, let's pass real reform this spring and use the proceeds to double the property tax relief for middle class New Jerseyans and seniors. Please, let's not pick the special interests over our overburdened taxpayers.

This is the reality across the budget – we need to undertake fundamental reforms and reduce spending in order to fund key priorities and provide real relief to the taxpayers. There is no other way.

I have not commented yet on education because it is a special case. I agonized over making cuts to education aid last year, they were the very last cuts I approved. It was not a decision I took lightly. It was not something I wanted to do. However, in a year where shared sacrifice was required from everyone, it was a necessary choice. Last year school districts saw cuts in their funding because our state was facing a fiscal emergency. Today, because of the hard and necessary choices we have made, I am pleased to report we are able to provide an increase of \$250 million in school aid. This will allow every district in the state to receive increased aid.

The need for reform, of course, is more urgent than ever. This is the third big challenge we must address this year. We need to reward excellent teachers, put an end to automatic tenure, and give parents trapped in failing schools a choice for a better future for their children. Once and for all, we must reward excellence and there must be consequences for failure. This is the way it is all across America – we must finally bring it to all of New Jersey's classrooms.

Money alone is not the answer. If it was we would not be spending over \$17,600 per pupil in New Jersey and still have over 100,000 students trapped in 200 failing schools. If money was the answer, we would not have former Abbott Districts like Asbury Park spending over \$33,000 per student and Newark spending \$23,500 and have barely half the students in these districts be proficient in math. We need reform, and we need to create choices for families who can't afford to wait for their local schools to get better while their children's lives are being wasted in failing classrooms, one year tragically on top of the next.

Last month, our administration announced the approval of 23 new public charter schools – the largest number of approvals in one cycle since charter schools were authorized in New Jersey in 1995. By this fall, 97 public charter schools will be operating in New Jersey – serving over 25,000 students. In further support of reform, my budget proposes to more than double school choice aid and to increase funding for charter schools by more than 50%. And beyond money, I propose we increase our capacity to authorize Charter Schools. I propose that all of New Jersey's 31 public colleges become eligible to be authorizers, and that we streamline the process of getting authorized. And I propose that we allow charter school conversion and a greater range of types of charter schools.

It has been over a quarter century since a Presidential Commission warned that our public schools were threatened by “a rising tide of mediocrity.” Acting Commissioner Cerf laid out our vision for accountability and responsibility at Princeton University last week. Let me ask you, how many more children's futures are we willing to waste in order to support a failed status quo demanded by the monied special interests that stalk the halls of this building? Haven't we waited long enough to act? The time to fix our schools is now.

I propose to keep funding steady for higher education. After several years of cuts to operating support to colleges and universities, there will be no further reductions in this year's budget. At the same time, I propose to increase support for student aid programs by \$20 million.

So this is the New Normal. We are not in flush times, not by a long shot. But if we make the tough choices and stand with our taxpayers against the special interests, we can fund priorities – even in challenging fiscal times. If we are willing to cut certain programs that have not worked in the past, we can put greater emphasis on those things that hold the promise of a better future.

Many in this chamber know that I am a big sports fan. It was on this day, February 22, 31 years ago – when I was still back at Livingston High School – that a band of American college kids beat what was then the Soviet Union to put the U.S.A. on a path to win the gold medal in ice hockey at the Winter Olympics in Lake Placid. They called it the “Miracle on Ice.”

Back then, many thought the Soviet Union to be invincible, not only in their approach to hockey, but in their stolid, statist approach to government. We know what happened next. The free people of the world offered a better, more hopeful long-term vision of the world. That vision of freedom had costs, but those who embraced it did not back down. And by the way, neither did those college kids with the red, white and blue “U.S.A.” emblazoned on their sweaters. They fought and won – and they inspired a weary nation. In that long cold war, over the long run, the better alternative, difficult in the short-term as it was, won out.

And not everyone can have everything they want. But we are going to stick to the course of making ready for a brighter future for New Jersey. I am not going to back down. And I am not going to slow the pace. We have only just begun to change the tide in New Jersey. And we cannot turn back now. And look around, much like that band of hard charging, take no prisoners college kids did in Lake Placid 31 years ago, New Jersey is inspiring the Nation.

Last year was the beginning of the New Normal in Trenton. This year's budget continues to build on what we started. But the people expect us to continue. They demand it. They know that the old way involved decades of bad decisions. Now they expect us to make a few good ones – a few important, urgent and responsible decisions.

The author William James once said, “Act as if what you do makes a difference. It does.”

The decisions we make here do matter to the people of New Jersey. What we do affects their lives. It affects their families. It affects their prospects, and their hope for the future. So I ask you to join me in making a difference. Pass this budget. Continue on our path of fiscal discipline and reform. And help me chart a path for growth again in New Jersey. There is no turning back – New Jersey is in the lead and victory is in sight – for all of us.

God bless you, God bless America, and God bless our great State of New Jersey.

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