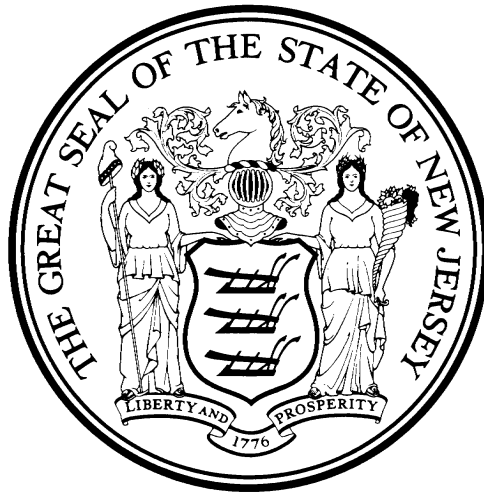


STATE OF NEW JERSEY

BUDGET



FISCAL YEAR 2005 – 2006

RICHARD J. CODEY, Acting Governor

**John E. McCormac, CPA
State Treasurer**

**Charlene M. Holzbaur
Director**

**Robert L. Peden
Deputy Director**

**Gary J. Brune
Associate Director**

**Jacki L. Stevens
Assistant Director**

Office of Management and Budget

March 1, 2005



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

State of New Jersey

For the Fiscal Year Beginning

July 1, 2004

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the State of New Jersey, for its annual budget for the fiscal year beginning July 1, 2004.

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

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

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GOVERNOR'S MESSAGE



**RICHARD J. CODEY
ACTING GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE SECOND ANNUAL SESSION
OF THE TWO HUNDRED AND ELEVENTH LEGISLATURE**

Mr. Speaker, Majority Leaders Kenny and Roberts, Senate President Pro Tem Turner, Minority Leaders Lance and DeCroce, Reverend clergy, Governors Byrne, Florio, and Bennett, distinguished guests, fellow New Jerseyans.....

Thank you for the cooperation and commitment you have shown me in the past three months.

Together, we have made progress to increase the minimum wage, we have raised awareness of the daily struggles of individuals with mental illness, we have brought new companies to New Jersey and convinced old friends to stay and to expand.

We are working together to create a Lieutenant Governor and an Inspector General and we passed one of the toughest pay-to-play bans anywhere in America.

We have put aside partisan differences to work together and the results speak for themselves. As we begin this debate, now more than ever, New Jersey needs us to work together, not as Democrats and Republicans, but as New Jerseyans.

In this budget address, there's good news and there's bad news.

The good news is, we're not bankrupt.

The bad news is, we're close.

I have been a member of this Legislature for thirty years.

I have witnessed more budget debates than anyone should in a lifetime. Budgets that were done in the best of times and budgets that were done in the worst of times.

But whether the Treasury was full or empty, too many budgets were driven by one concern, the politics of survival.

There was always a Gubernatorial election or a Legislative election or some other reason that prevented an honest discussion of the State's fiscal problems.

Year after year, the State always managed to find one more gimmick, one more back door pass to get us through the day. As a coach, I know sometimes the back door pass works and sometimes it comes back to haunt you.

Finally.....the bill has come due.

Today, the ghost of Christmas past has arrived at the Statehouse door.

The result of decades of passing the buck is a budget that cannot stand under its own weight, not today and definitely not tomorrow.

Unless the State owns up to the structural deficit in the budget, we will continually face a huge shortfall.

Our credit rating will continue to worsen.

Every year the State will be the dog that chases its own tail engaging in a futile attempt to close a perpetual budget gap.

Meanwhile investments in health care and education will be postponed because the State's resources are consumed in a spiral of increasing entitlements.

The budget nightmare isn't about Republicans or Democrats, it's about New Jersey.

It isn't about political campaigns or heated rhetoric.

It's about our collective responsibility to the people that elect us.

We can't afford to squander the next four months debating who caused this problem.

Each party has accused the other of recklessness and irresponsibility, of wasting taxpayer money and employing financial trickery and I have made some of those partisan accusations myself.

But the rhetoric has not solved the problem. And the political games have only made it worse.

Fiscal gimmicks and borrowing have been a bi-partisan budget addiction.

Both parties have borrowed recklessly and spent well beyond the State's means.

Both parties have placed political expediency over financial responsibility.

Both have enhanced retirement benefits without thought to future costs.

And both parties have been unwilling to address the skyrocketing cost of health care, whether it was for Medicaid, State workers, or retired teachers.

The time has come for elected officials to put aside our partisan knives and work together to fix the budget problem.

GOVERNOR'S MESSAGE

As budget solutions leaked out, people would come up to me and say Governor, I wouldn't want to trade places with you!

At the coffee shop or the basketball court, people said "the Governors before you created this mess, and you just inherited it."

But the truth is we, and I include myself, have all been guilty of saying yes when we should have said no.

And frankly it doesn't matter whether I inherited this mess, created this mess, or had nothing to do with this mess.

I said I wouldn't run from the responsibilities of this job, and I won't.

At some point, someone has to stand up and tell the truth. Today, I am going to call it like it is, the only way I know how, honestly and directly.

Our State is facing a fiscal crisis. It is a crisis that has been building for the better part of the last twenty years.

It can't be solved in one year or even in the next few years.

But it can no longer be avoided.

We are no different than the families we represent. We have living expenses and annual income. We have long term obligations that come with monthly payments.

We make choices about our priorities and their costs. We are not the first family to live beyond our means and we won't be the last to have a day of reckoning.

During the late 1990's, the stock market was reaching all time highs. The State Treasury was flush with record levels of income from Wall Street bonuses and stock market capital gains.

The government made a decision to increase spending to match the record levels of revenue pouring into the Treasury.

To enjoy immediate political benefits, new long-term obligations were freely given away.

Then the stock market fell and our economy suffered under the impact of the September 11th attacks.

Revenue crashed. In 2002, revenue was off by \$3 billion dollars.

But even though revenue dropped the State was committed to spending levels that could only be supported in the best of economic times.

While we waited for the economy to recover, we tried to replace the revenue.

We brought fairness to the corporate business tax, and we cashed in the tobacco settlement.

When the tobacco money was gone, we borrowed against future cigarette taxes and fines.

And that brings us to today.

We confront a budget that is the direct result of years of spending levels that couldn't and cannot be sustained.

There is no more tobacco money, it all went up in smoke.

There is no more borrowing the Supreme Court put an end to that.

Today we are left with painful choices that no one wants to make.

My good friend, the minority leader from Hunterdon County, said last year we passed a credit card budget.

In many ways he was right, but it wasn't the whole picture.

The State is no different than the family that enjoys a great financial year and then proceeds to buy that big house, a new boat, and adopts an expensive lifestyle.

But when that great year ends, the mortgage payment is still due on the first of the month, but the money to pay the bills is gone.

The family is reluctant to trade in their new way of life.

Maybe they hope that the good times will return.

Maybe they hope they'll win the lottery — we all do!

Month by month, they find a way to keep the charade alive.

First the credit cards are used, then a home equity loan, eventually, the plastic is maxed out and the banks will not extend any credit.

That is where New Jersey is today.

The Supreme Court cut up the credit cards, but we still have to pay the bills.

It's a sobering task.

At least the family keeps the majority of what they earn.

75 cents of every dollar the State collects, is handed over to someone else.

Every year more than 20 billion dollars is given to towns and school districts, hospitals, and universities.

Now, it's awfully hard to cut your expenses when you give away the majority of your revenue.

In the past weeks, I have met with legislators from both parties. I have laid out the problem in stark and honest terms. I have asked for their help and their ideas, I hope in the months ahead, I will receive both.

Today, I want to talk to the people of this great State.

I want them to understand exactly what the State is facing.

No rhetoric, no blame, there's been enough of that, just facts and figures as best I can explain them.

In the last budget, New Jersey spent \$28.3 billion dollars.

But nearly \$3 billion dollars of that was one-time revenue, revenue we had last year but do not have this year.

Just to fund last year's budget, we need more than \$3 billion dollars in new revenue. And that's before we spend a dime on any new programs.

But just like a family or a business, the State has fixed costs that go up every year.

We aren't faced with funding just last year's budget, we must fund the annual increases in mandatory entitlement costs.

Some costs are health care, some are salary, some are retirement, and some are court-ordered but, none can be avoided.

Let me give you a sampling of some of the increases the State faces this year.

\$160 million dollars more in salary increases for State workers and college employees.

\$300 million dollars in additional Medicaid costs, most of it federal mandates, bringing the total Medicaid budget to more than \$3 billion dollars.

\$90 million dollars more in increased health care costs to support the free medical benefits for retired teachers and school employees bringing the total cost of this program to nearly \$700 million dollars.

\$120 million dollars more in health care costs for current State and college employees, bringing the total cost of this program to over a billion dollars.

\$50 million dollars more in health care costs for retired State workers and college employees, bringing this program's total cost to \$320 million dollars.

\$100 million dollars more in increased school construction debt service costs, bringing New Jersey's total debt payments to nearly two billion dollars.

\$55 million dollars in additional court-ordered funding for the child welfare reform plan.

And these increases are not new.

These entitlements are the driving force behind the increase in State spending each and every year.

In the last four years the total cost of health benefits for current State employees has risen by 50 percent.

The total cost of health benefits for retired State and college employees has tripled.

The total cost of free health benefits for retired teachers and other school personnel has doubled.

The total cost of Medicaid has more than doubled and now consumes 10 percent of the budget.

And these items will continue to increase at double digit rates well into the future.

If we do not get a handle on these escalating costs we'll be having this same debate every year.

So today I am calling for a timeout to this madness of entitlement spending.

I will not sign any legislation that enhances retirement benefits or increases pension costs unless those benefits are paid for.

There has to be a better way, and I have asked one of my budget advisers, Phil Murphy, to lead a small working group to develop some ideas for us to consider.

Facing up to the impact of entitlements is one part of reforming the State's structural budget problem.

Controlling discretionary spending is another.

Last year's budget increased by 17 percent.

This year's budget will decrease by more than 2 percent.

That's right, this budget despite nearly a billion dollars in mandatory cost increases, is actually smaller than last year's budget.

We didn't keep spending increases to the cost of inflation or increase spending just a little.

We cut spending by more than a billion dollars.

This is the largest spending cut in the history of our State.

GOVERNOR'S MESSAGE

This budget more than meets the challenge to reign in government spending.

It is the most fiscally conservative budget in recent history.

For the first time in years, there is zero borrowing to cover operating costs.

The use of one time revenues is cut by 70 percent.

Spending on State government operations is virtually frozen. Out-of-state travel has been prohibited.

Funding for the office of the Governor, cut by 10 percent.

Funding for the office of each Cabinet member, cut by 10 percent.

Agencies have been directed to evaluate the effectiveness of every program. Those programs that cannot demonstrate proven results will be eliminated or consolidated.

The size of government will shrink and at least 500 jobs will be eliminated without resorting to layoffs.

An Inspector General has been hired to root out waste, fraud, and mis-management and ethics laws have been strengthened to increase accountability.

I have done all this because for too long government has spent too much and it is time to tighten our belts.

In order to eliminate the structural hole in the budget, I have reduced government.

I have strengthened oversight and accountability.

I have taken on the entitlement issue.

I have raised new revenues.

But regretfully, these actions alone cannot balance the budget.

In the midst of this budget mess, New Jersey cannot afford the full rebate program. The truth is we weren't able to afford expanded rebates, whether done by Democrats or by Republicans.

So I am proposing a suspension of the New Jersey Saver program for everyone except senior citizens.

It is simply impossible to maintain the full program, maintain the services our citizens need, and maintain the massive entitlement machine, all without significant new revenues.

It simply cannot be done.

I find this action as unappealing as you do but we are faced with a series of unpleasant choices.

Would you rather tax 401(k)'s? Increase the sales tax?

Increase the income tax? Destroy government services?

Or create some new illegal borrowing scheme.

The only free choices are the unrealistic sound bites offered by those who don't have the responsibility to govern.

Now, I recognize the political stakes involved in the budget

I wish the budget had collapsed in another year — not the year I just happen to be Governor.

But now is when it occurred and there is actually something greater at stake than just politics.

We have to face up to some tough choices about what we can afford and what we should fund, because we cannot do everything.

We pretended we could have it all and still never raise taxes, but that fairy tale has ended.

The sad truth is New Jersey can barely afford to maintain the services we provide. State government is no longer discussing the expansion of services we are debating how to hold on to the most critical.

We are in a battle every year to preserve health care and prescription drugs for the most vulnerable in our society.

We wrestle every year to keep the prisons open, State troopers patrolling, and student aid available.

We struggle to care for individuals with mental illness and developmental disabilities.

I wish I could be here discussing a major investment in higher education or an expansion of health care because those are investments New Jersey needs to make but I can't have those discussions not with this mess in front of us.

I said increasing the income or sales tax would be a last resort, and it must be.

The knee jerk answer can't be to simply raise taxes.

No one may want to admit this, but government has a cost, all those services our citizens need have a cost, and costs usually go up every year.

My Republican colleagues know this better than even the Democrats.

In 1992 when the Republican party needed revenue, they chose this same path I am proposing today, they basically eliminated the property tax rebate program for everyone but senior citizens.

They made a decision that eliminating rebates was a better choice than cutting government services for the most needy.

I am sure that their decision was as painful to them, as mine is to me.

Today marks the beginning of four months of what I am sure will be a lively debate.

Now, I have tried to outline the problem and shape the discussion. I don't pretend to have a monopoly on ideas — whether good ones or bad ones.

I welcome the ideas of others, not just from members of the Legislature, but from all who care about our State.

I have put forward a plan. I suspect the Legislature will make some changes.

And you have no idea how happy I am to welcome you to this debate.

I know this budget will be met with the typical political spin, but let me say this, if individuals on either side of the aisle want to criticize this budget, if people want to oppose the small revenue raisers or clamor for more cuts, then come forward with your specific ideas, not your generic criticisms.

If you want to do more spending, show me how you will pay for it.

If you want to talk about cuts, show me directly what you mean.

If you want to remove a revenue raiser, show me how you will replace it.

Don't sit in the aisles and say you oppose this idea or that idea.

Don't stand at some distant podium and say the State should just cut more spending.

Don't mistake appealing sound bites for actual choices or mis-lead the public with false choices about easy options that do not exist.

If you want to be a leader, the public deserves to hear your ideas and weigh them against what I have proposed.

Treat our citizens like responsible adults and give them the facts.

Will you cut school aid?

Will you cut municipal aid?

Will you cut higher education or aid to hospitals?

Will you lay off State workers?

Close prisons take away student loans?

Increase co-payments for PAAD and Senior Gold?

Or will you take away health care for the most vulnerable in our society like they did in Arkansas and Mississippi?

But if you are serious, I promise I will listen.

This budget is honest and it is lean, but it is not inhumane.

I have made painful cuts to reduce government spending but I am not going to balance the budget on the backs of the most vulnerable.

I am not going to make arbitrary cuts in worthwhile programs just to prove that it can be done.

Now is the time for leadership not showmanship.

The politics of business— as—usual have gotten us into this mess. The policy of responsible governance can get us out.

So, let's have an honest and open discussion about putting the State we love on a fresh path. A path of financial responsibility and spending restraint.

Today marks a new beginning for New Jersey.

It is our chance to put aside the politics of the past and forge a different course.

To the citizens of New Jersey, I make this pledge:

“The days of spending like there's no tomorrow end today.”

Organization of New Jersey State Government

This section of the budget displays the many Departments, Agencies, and Organizations that comprise New Jersey State Government. Included is a brief background statement on the history of New Jersey Government which is followed by individual displays of the fifteen Executive Branch Departments.



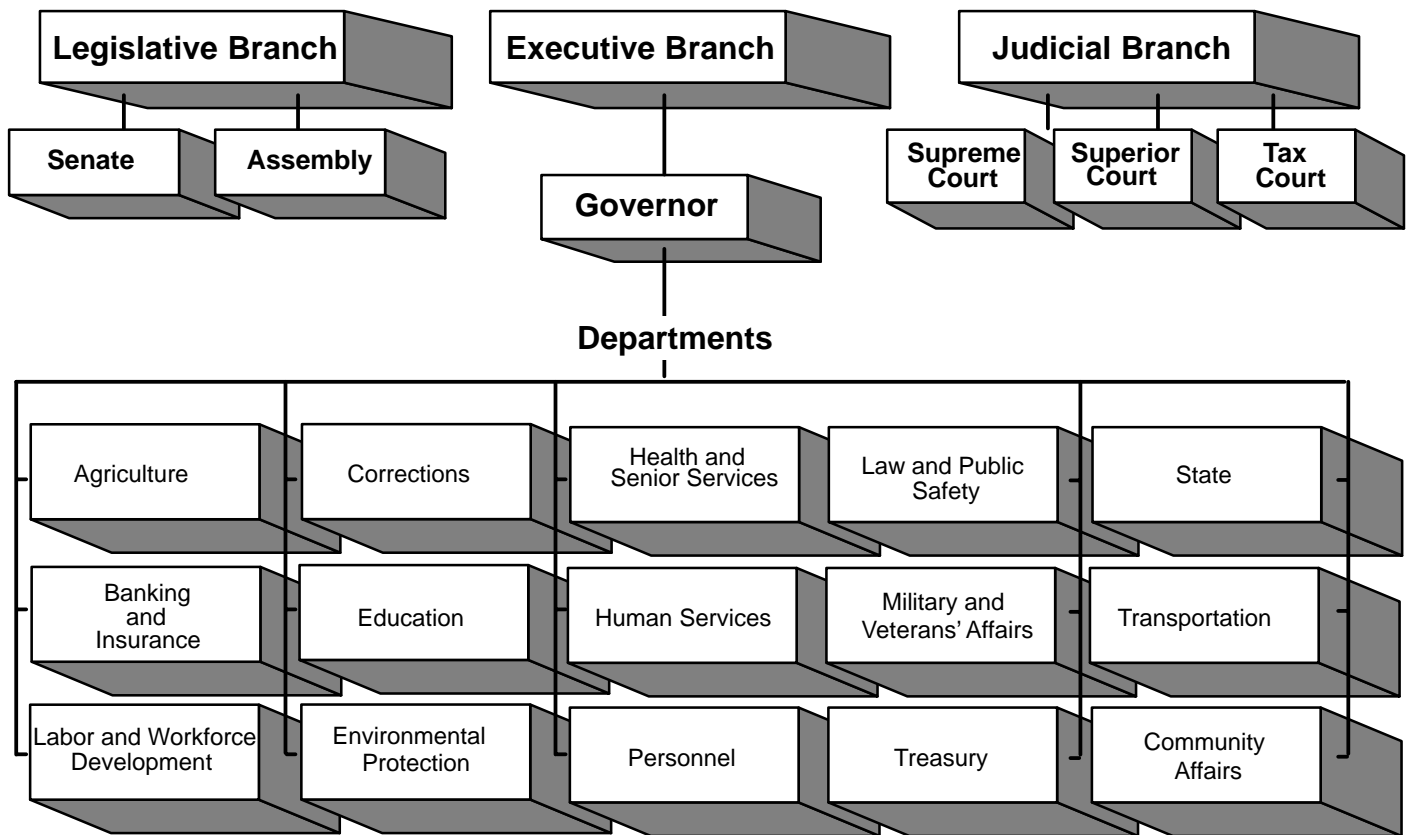
Background

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

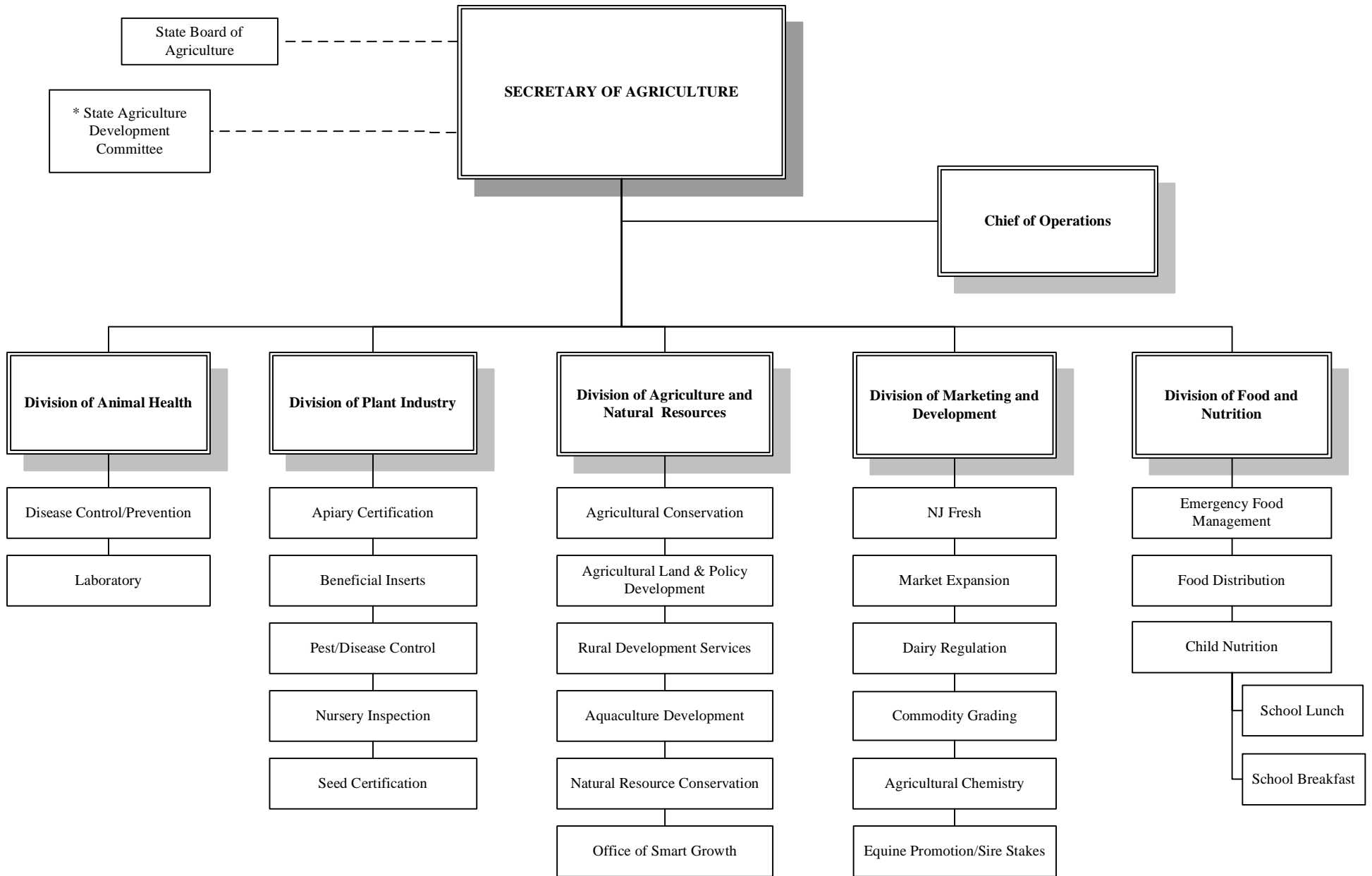
The Constitution of the State requires a balanced budget and restricts State long-term borrowing to one percent of total appropriations, unless higher amounts are specifically approved by voters at a general election. Short-term borrowing to cover cash flow needs, provided such borrowing is repaid within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

A State Government Organization chart is provided below:

ORGANIZATION OF NEW JERSEY STATE GOVERNMENT

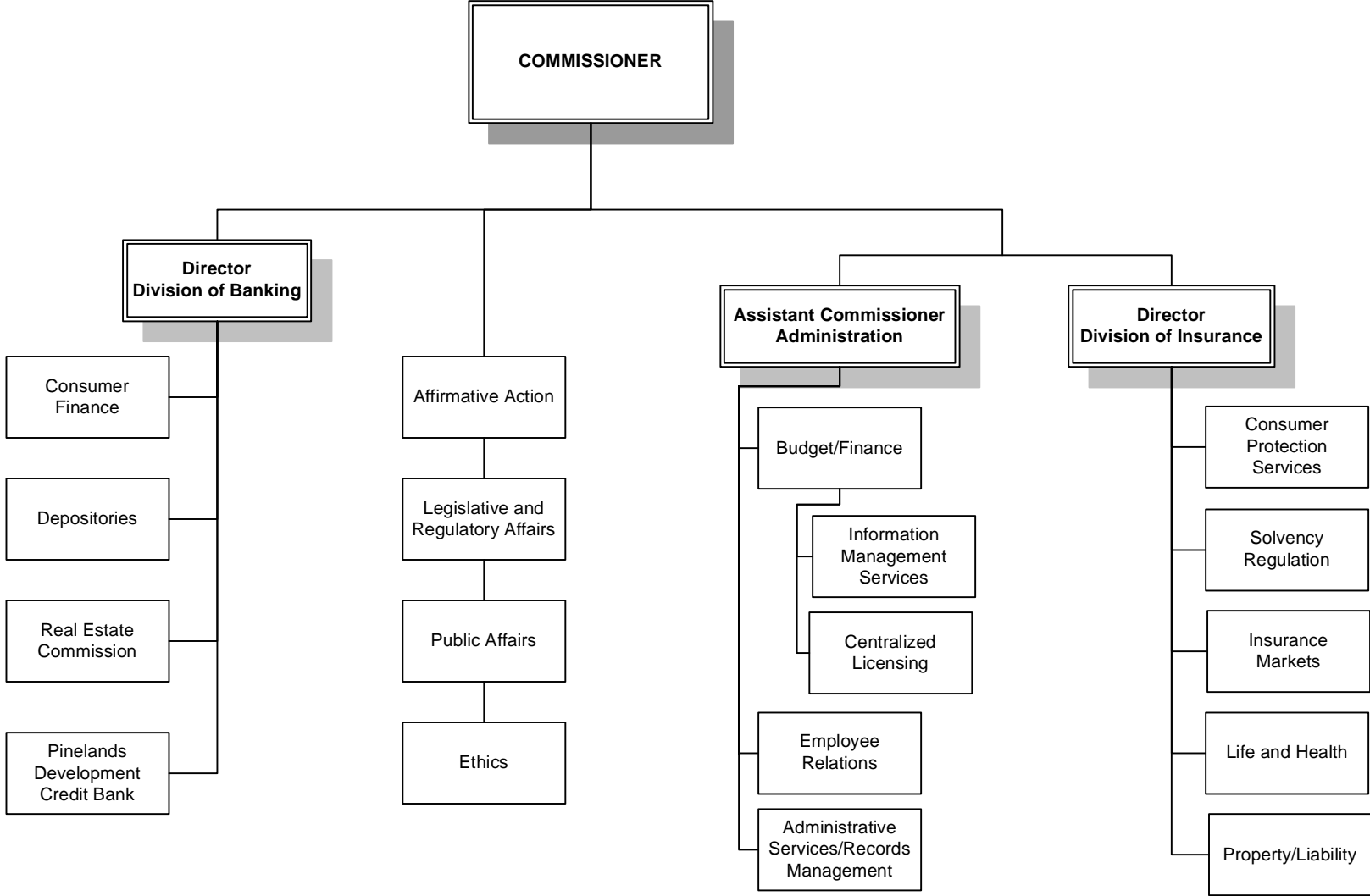


AGRICULTURE

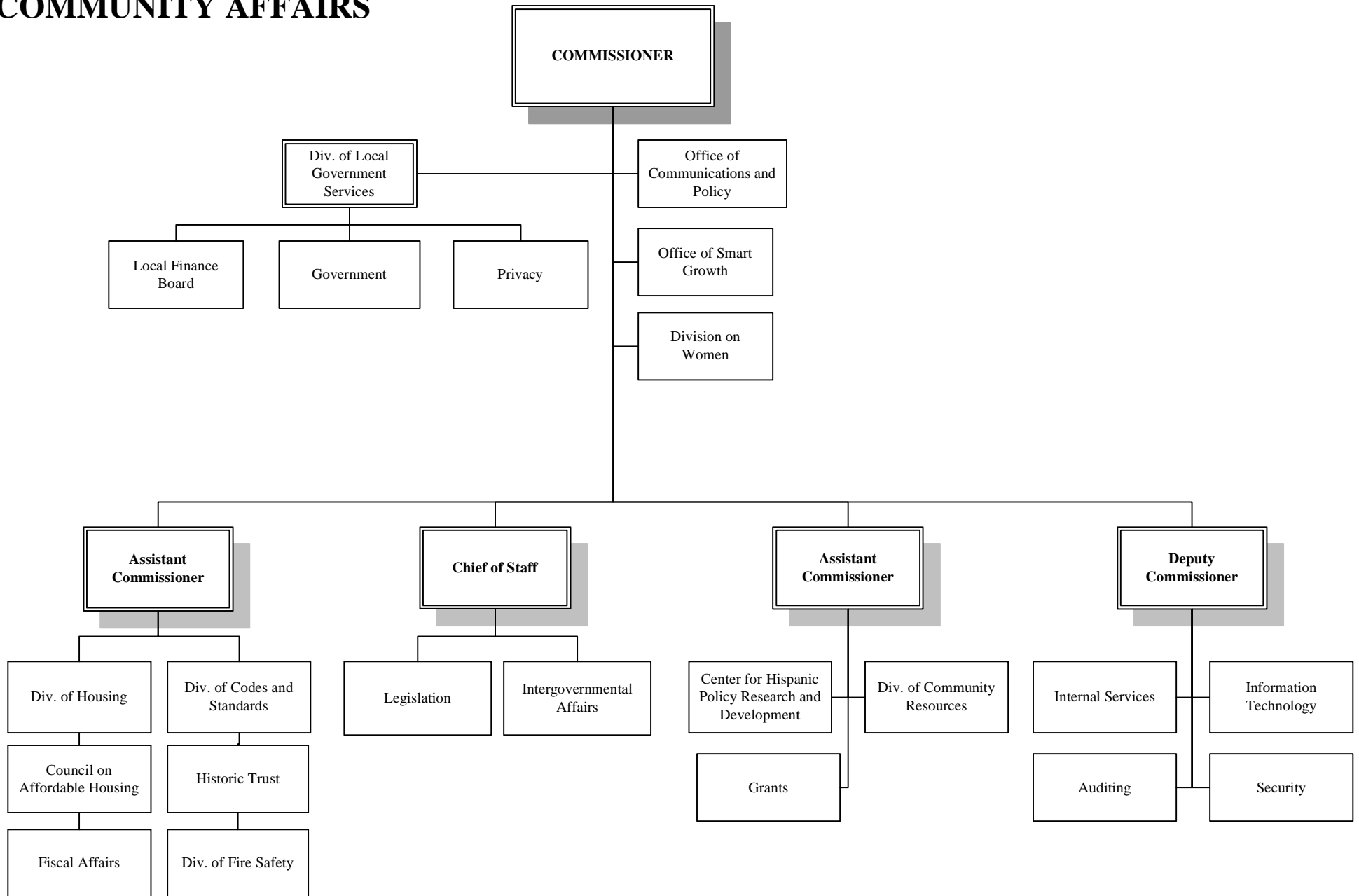


*** In but not of the Department of Agriculture**

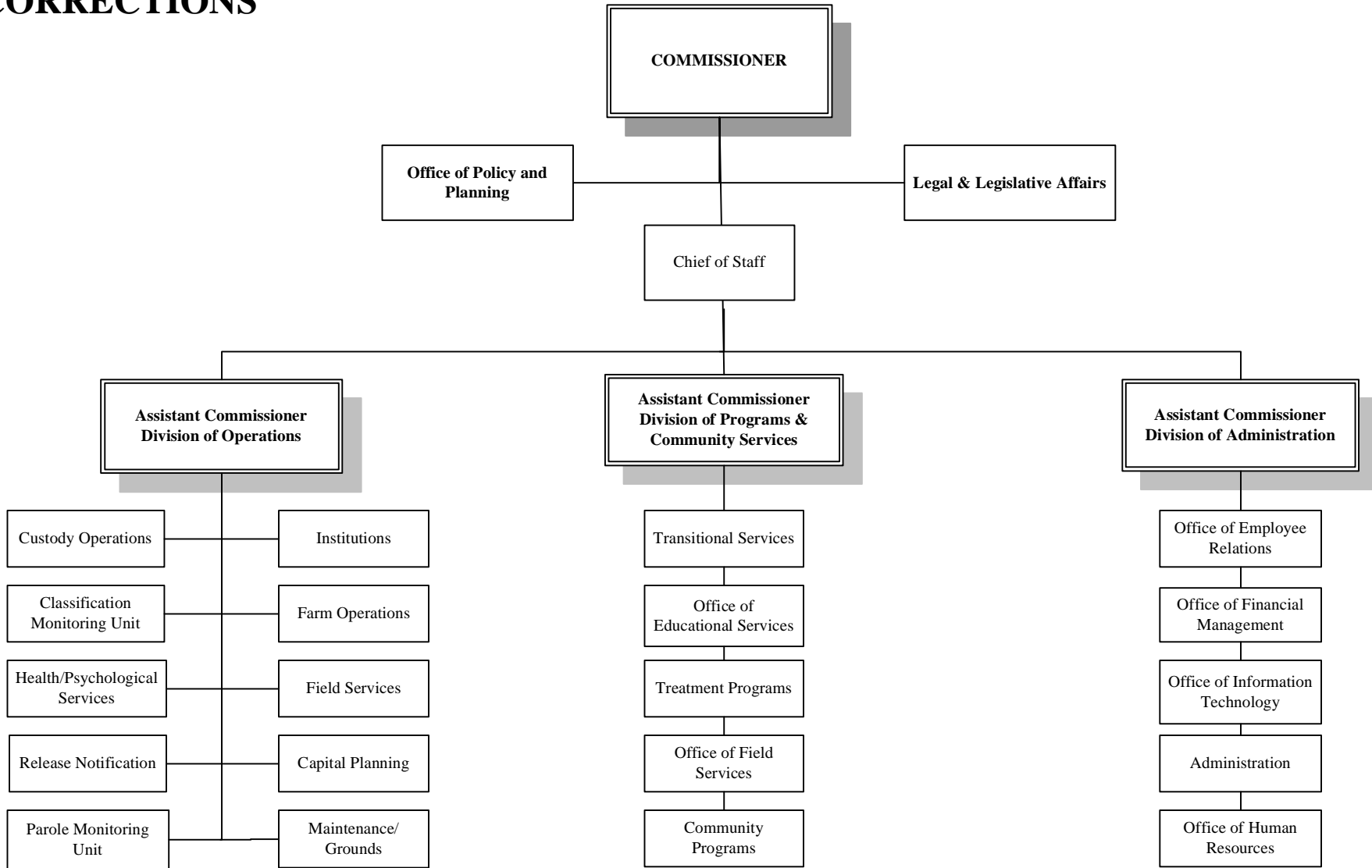
BANKING AND INSURANCE



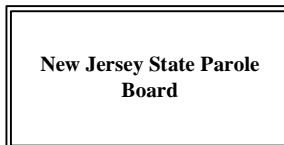
COMMUNITY AFFAIRS



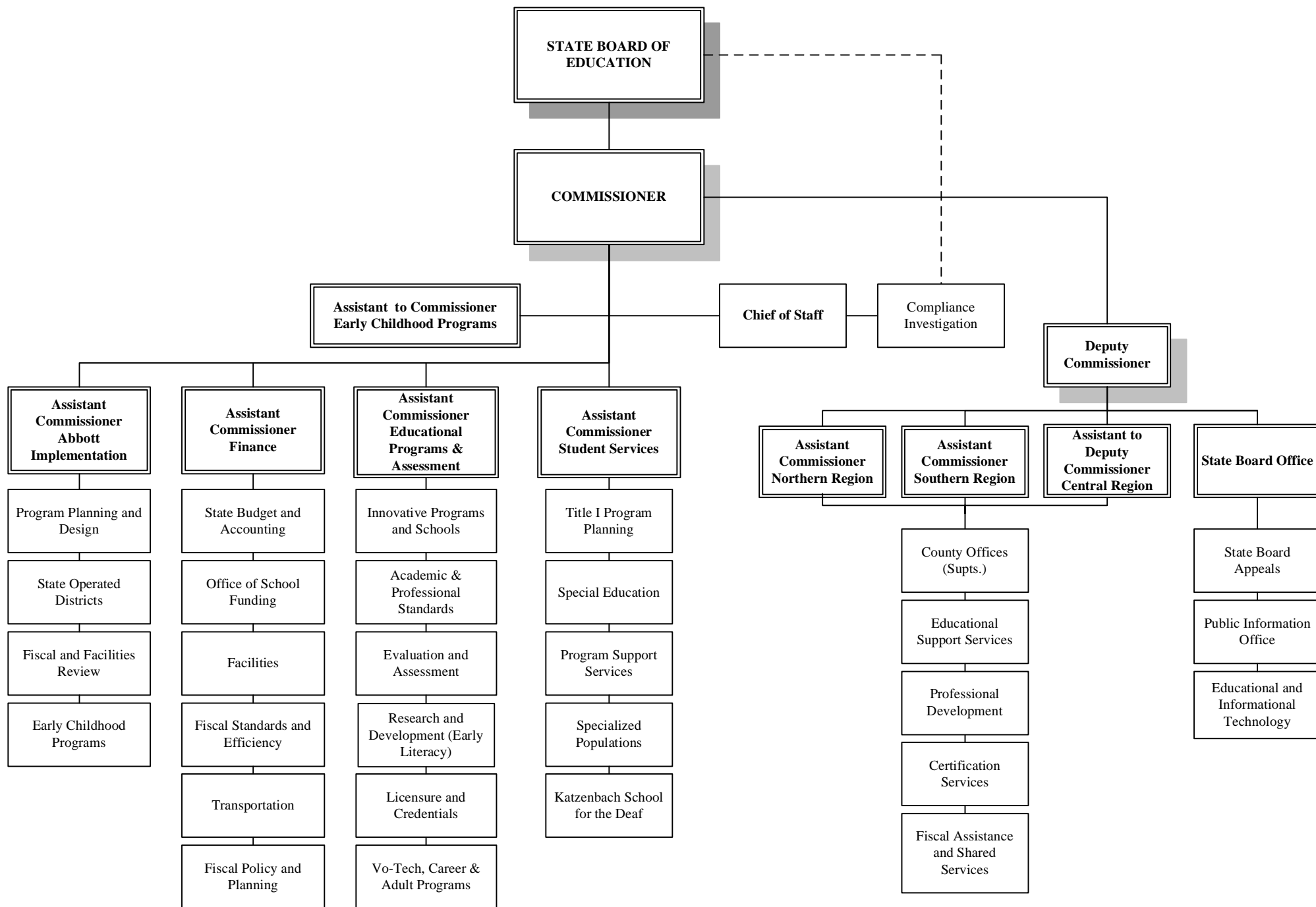
CORRECTIONS



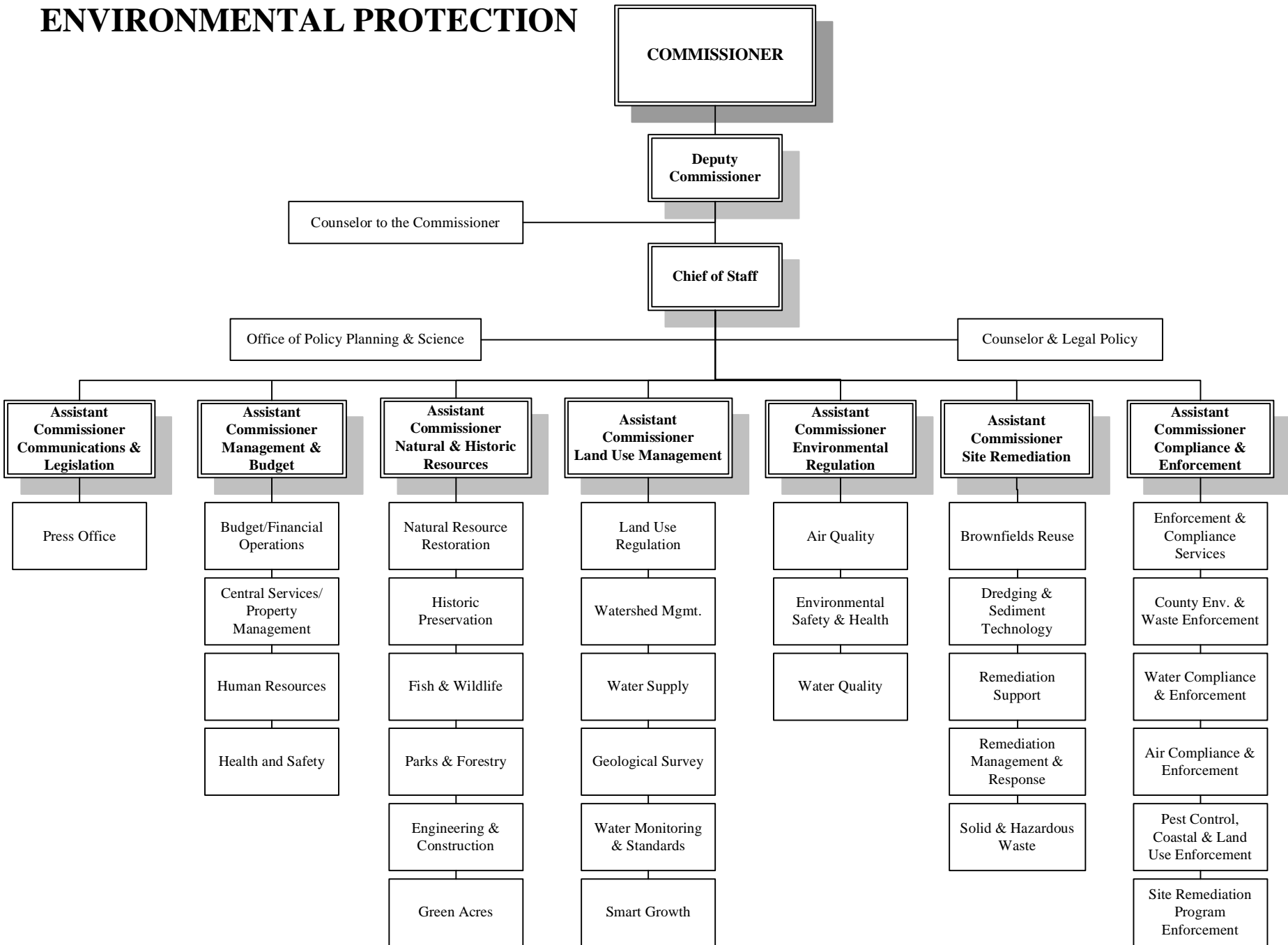
In-But-Not-Of Agencies



EDUCATION



ENVIRONMENTAL PROTECTION



In-But-Not-Of Agencies

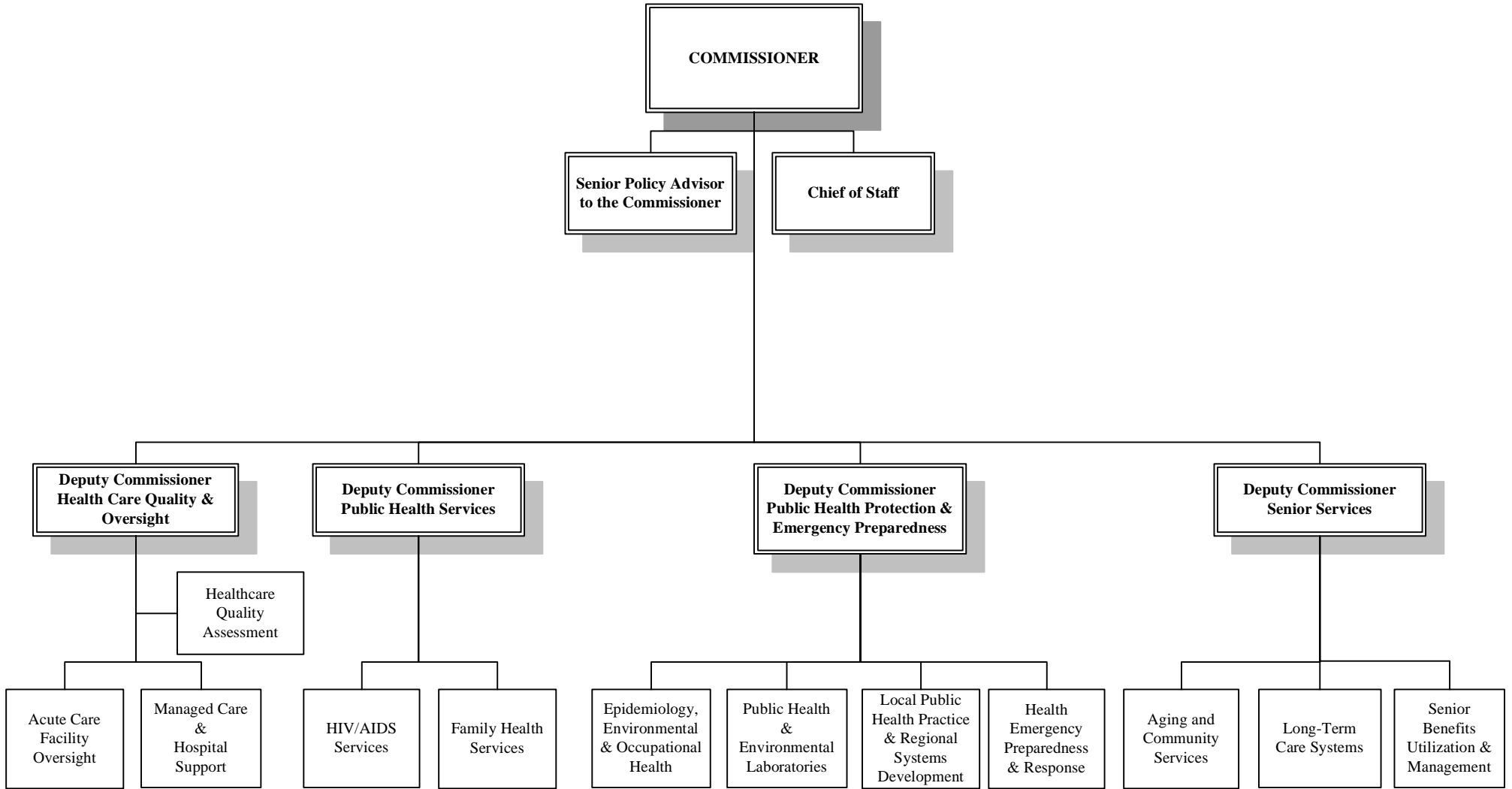
Palisades Interstate Park Commission

Highlands Council

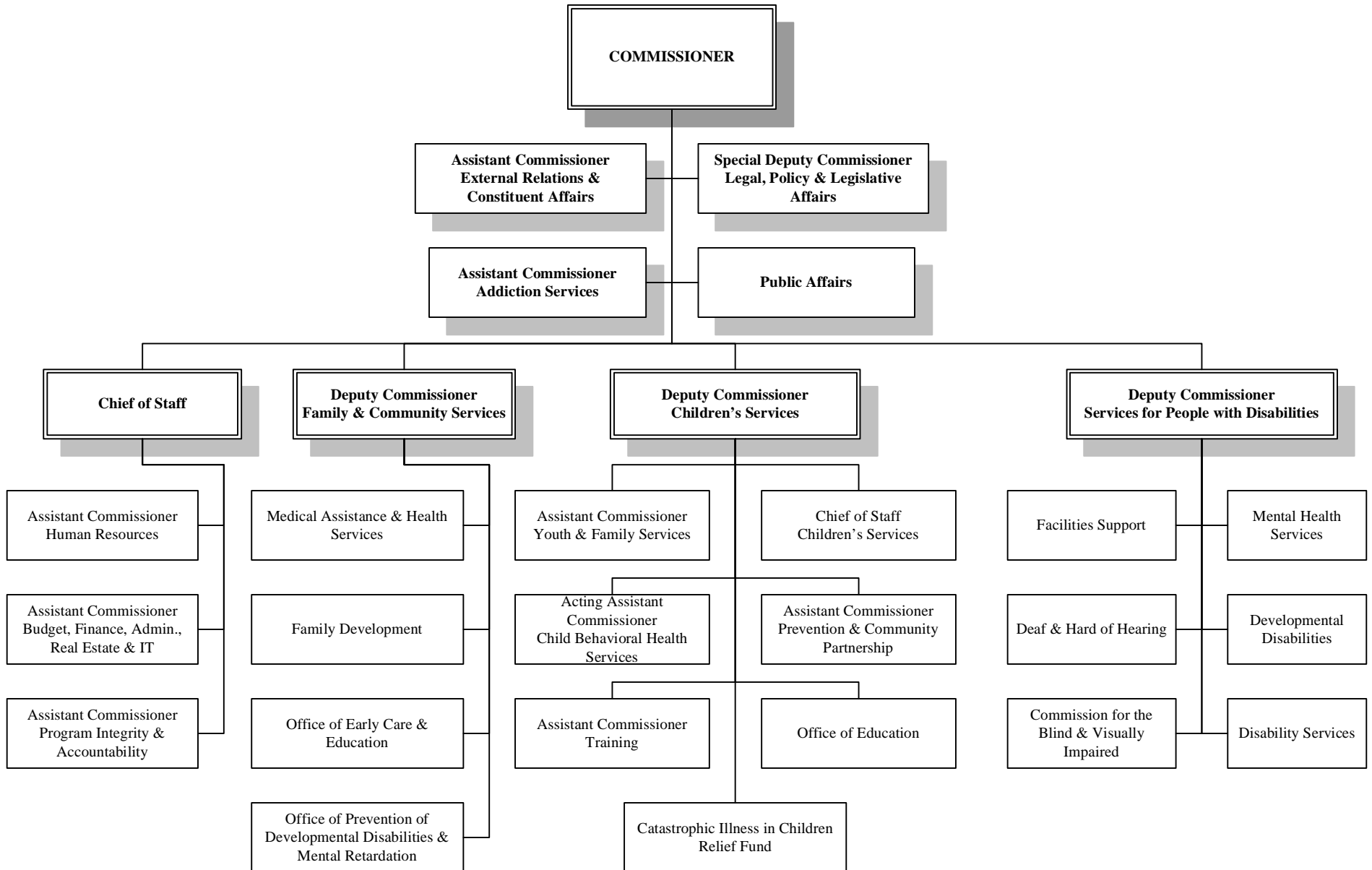
Pinelands Commission

Mosquito Control Commission

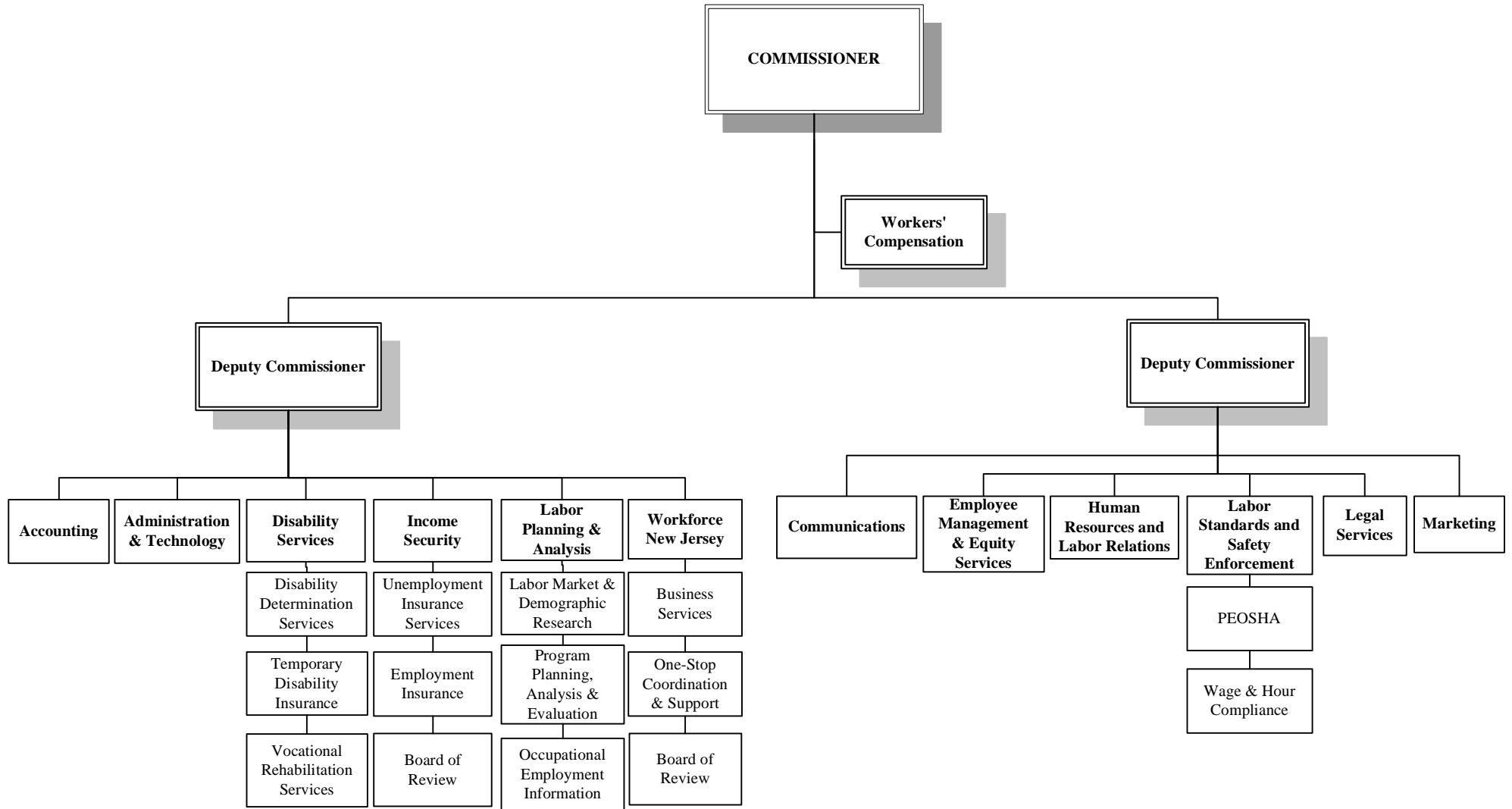
HEALTH AND SENIOR SERVICES



HUMAN SERVICES



LABOR AND WORKFORCE DEVELOPMENT



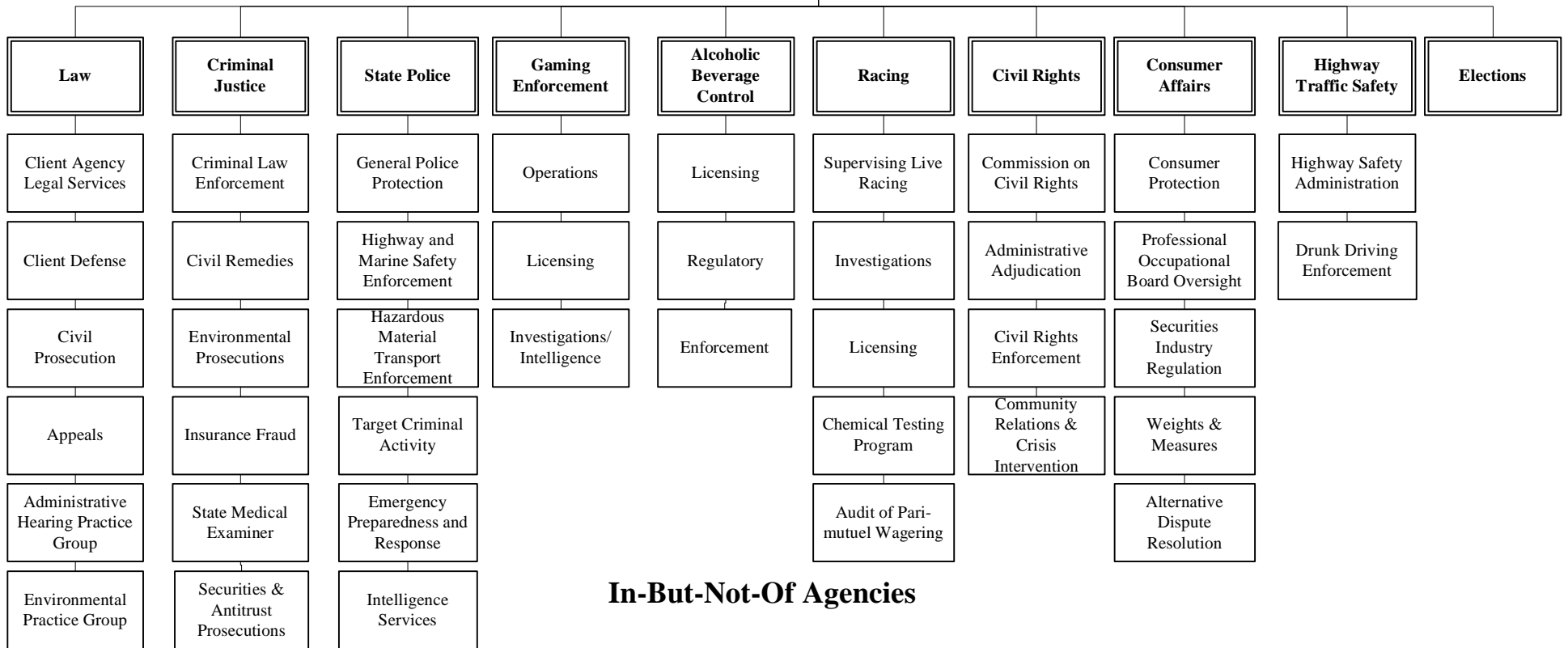
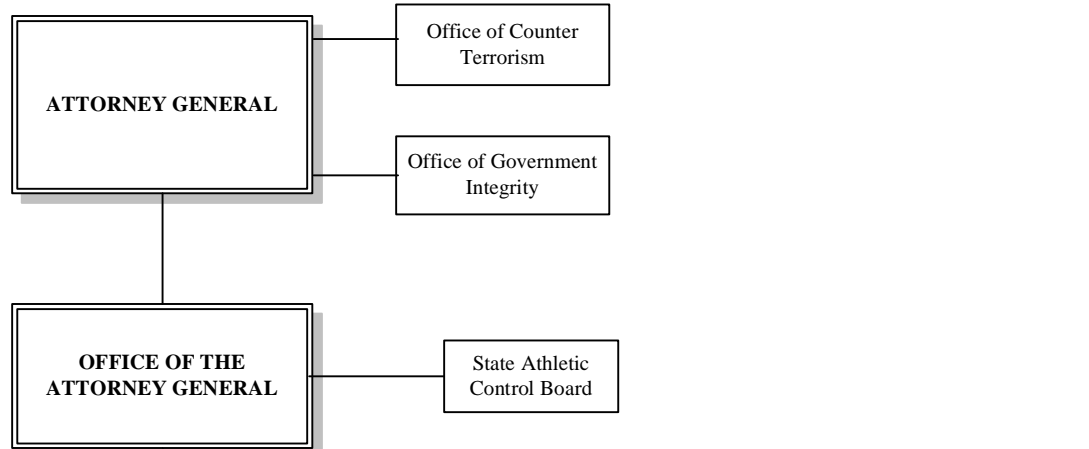
In-But-Not-Of Agencies

Board of Mediation

Public Employment Relations Commission

State Employment & Training Commission

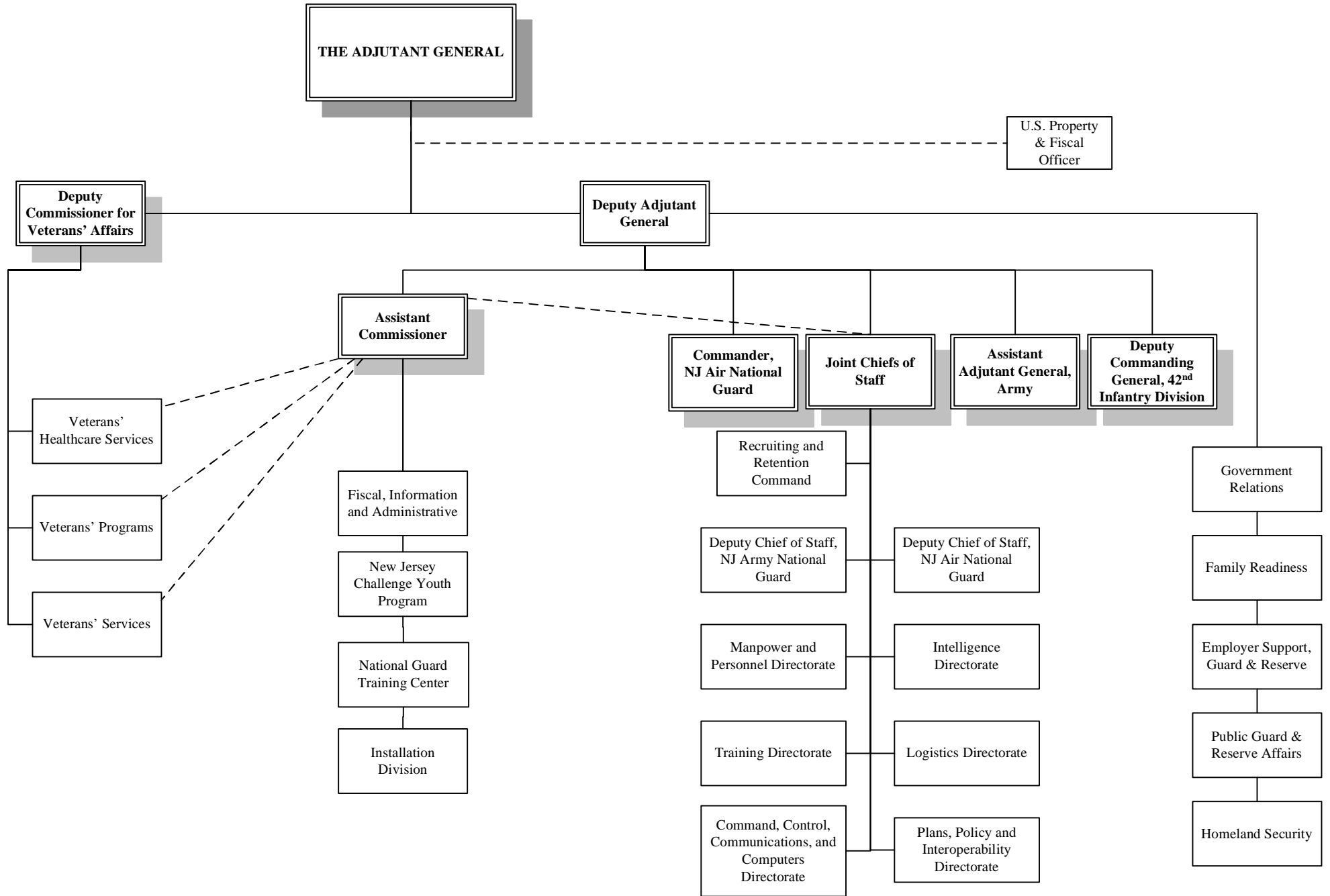
LAW & PUBLIC SAFETY



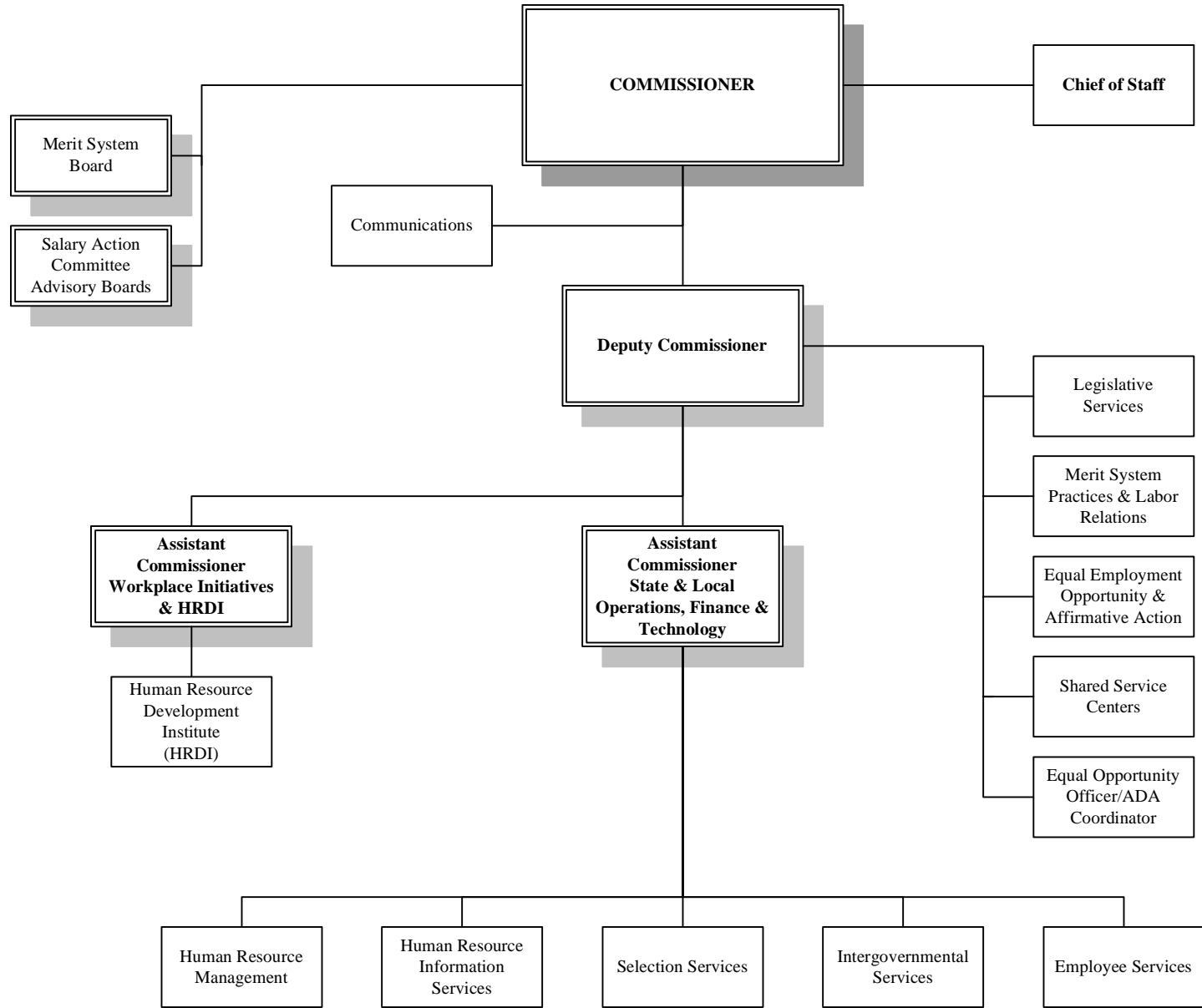
In-But-Not-Of Agencies



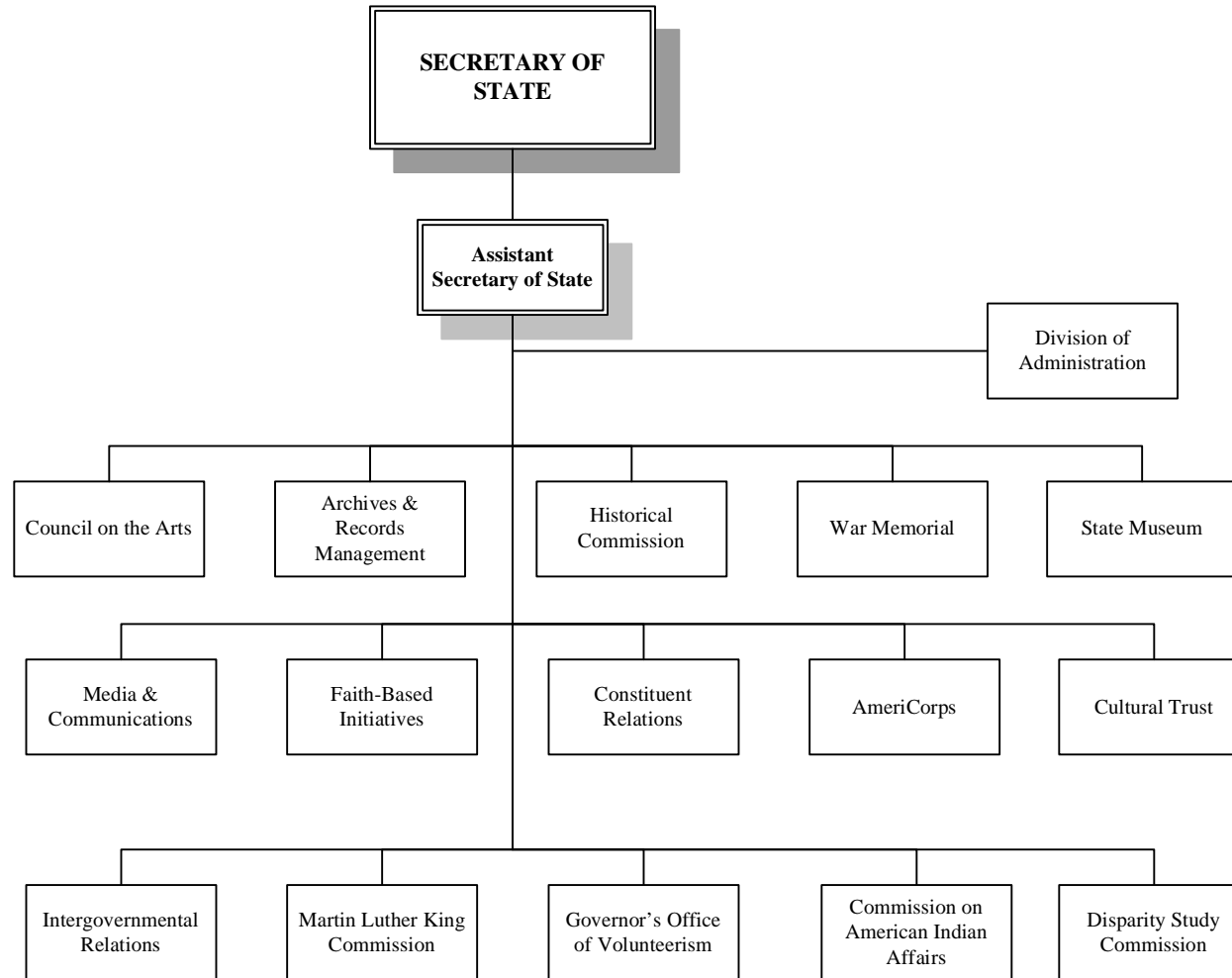
MILITARY AND VETERANS' AFFAIRS



PERSONNEL



STATE



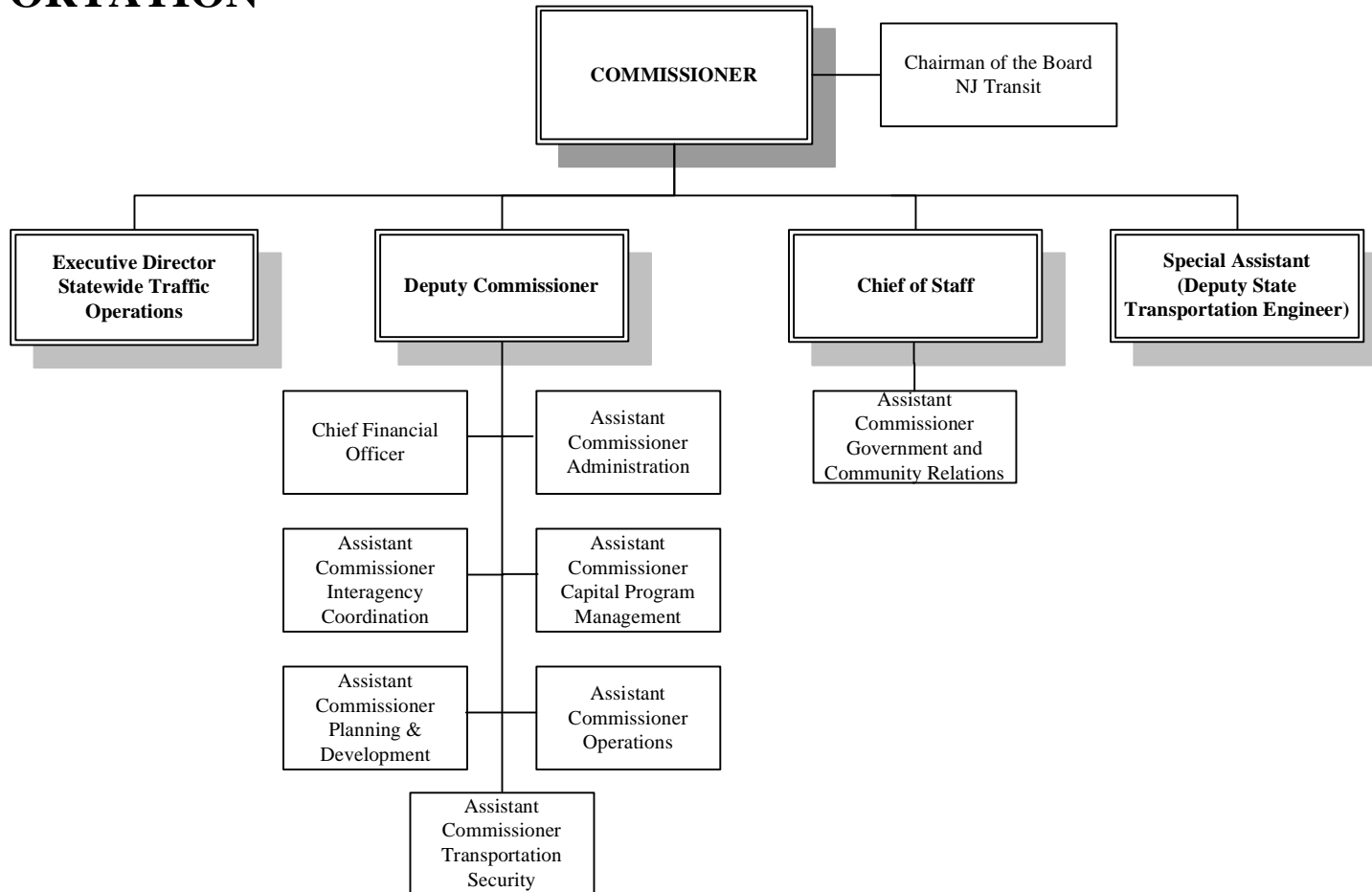
In-But-Not-Of Agencies

Commission on Higher Education

Higher Education Student Assistance Authority

Public Broadcasting Authority

TRANSPORTATION

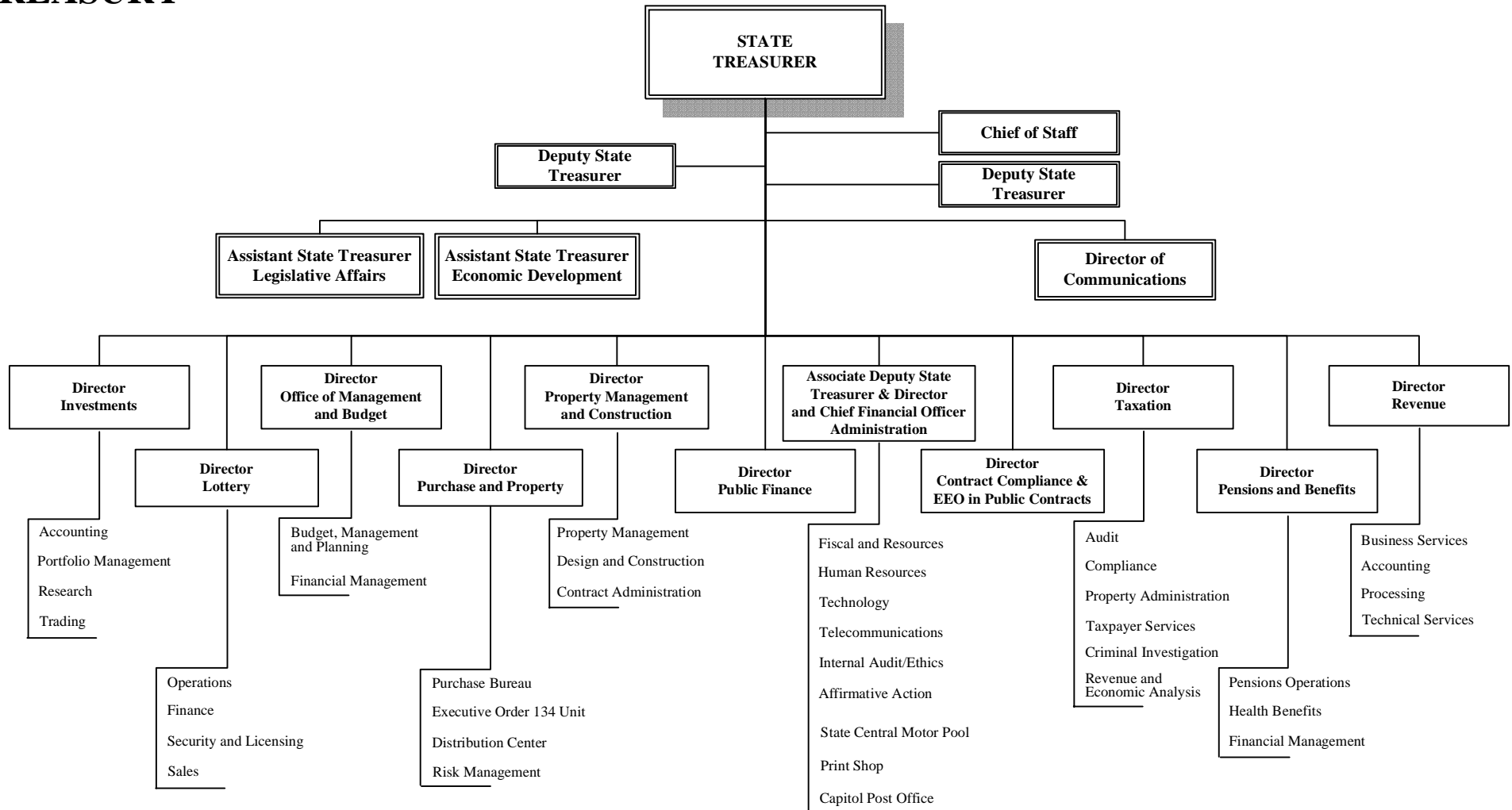


In-But-Not-Of Agencies

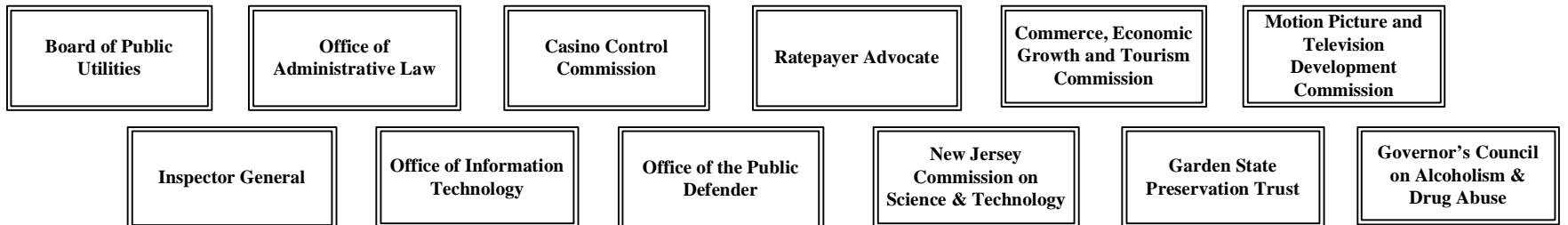
New Jersey Motor Vehicle Commission

NJ Transit Corporation

TREASURY



In-But-Not-Of Agencies



Reader's Guide

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



WHAT'S NEW IN THE GOVERNOR'S BUDGET

The Fiscal 2006 Governor's Budget Message includes a few significant changes in format, content and design that are meant to improve its usefulness as a communications device and to ease the reader's ability to navigate the document. Specifically, the document includes the following changes:

Upgraded Index

Typically, readers who are interested in information on a particular program or organization turn to the index. Heretofore, the Budget index was limited to accounts totaling \$10 million or more, as well as major areas of spending such as departments, divisions, programs, and fund categories. In the Fiscal 2006 Budget, the index has been expanded to include entries for:

- All special revenue funds, trust funds, and capital project funds, including their analogous appropriations and budget language;
- All accounts valued at \$3 million or more (i.e., threshold reduced from previous \$10 million);
- Re-ordered index titles to place the most likely object of a reader's search at the front (e.g., "Pharmacy Services, Consulting");
- Programs mentioned in previous Budget-in-Briefs but not in the index, as well as common program terms that differ from the title of corresponding appropriations (e.g., Charity Care).

Organization Charts

A series of high-level organization charts has been added to the front this document and includes not only the major programs operated by the fifteen department but also the existence of "in-but-not-of" agencies that are housed within that organization for display purposes. These charts immediately precede this Reader's Guide.

Supplemental Appropriations

A summary chart of supplemental appropriations is newly added in the Fiscal 2006 Budget document, organized by department. Included is a brief explanation of why these supplemental funds are required. Though the Governor's Budget Message has traditionally reflected individual supplemental appropriations in a discrete way within the various accounts affected, this is the first time that they have been gathered into a summary display with a corresponding narrative. This summary chart can be found in the Appendix of this document.

Enhanced 911

Similar to the existing charts depicting the potential use of revenues from the Lottery or the Casino Revenue Fund, a new display has been added to the Appendix identifying the 911 Technology and Homeland Security programs that are eligible to be supported from the Enhanced 911 surcharge originally implemented in fiscal 2005. This summary chart can be found in the Appendix of this document.

Besides providing a context for key budget decisions, these changes are designed to quickly pinpoint desired information, clarify how major services are organized, and improve the transparency of the document.

THE STATE BUDGET PROCESS

The current budget process, the Integrated Planning and Budgeting Process, was first implemented for the production of the fiscal 1991 Budget, replacing other systems such as Zero-Based Budgeting (ZBB) and the Planning, Programming, and Budget System (PPBS). It uses several key features from previous budget processes, and is designed to result in planning-driven budgets. Implementation of the process usually begins during the month of April, some fifteen months prior to the year for which the budget will be effective. The State Budget cycle is set on a fiscal year basis, which extends from July 1 to June 30 of the following year.

To formally initiate the process, the Office of Management and Budget (OMB) provides salary projection reports and technical budget instructions to the departments in August. Among other things, this enables the agencies to determine how their base budget should be arranged, including any desired reallocations, in the coming budget year. Any recommended changes identified later with the budget process are then applied to this base.

The ensuing planning process includes reviews of the Governor's program priorities, economic forecasts, demands assumptions, and analyses of selective program areas. General guidance is provided to each State agency in September by OMB, including preliminary budget targets.

Agencies prepare planning documents which describe (1) their ability to provide current services within the budget target (including projections of mandatory growth), (2) the agencies' priorities for reduction of current services if requested, and (3) priority packages representing either expansion of current programs or new programs. The Office of Management and Budget (OMB) reviews the planning documents with the agencies from November through mid January, and preliminary recommendations are agreed upon.

During the months of January and February, the Director of OMB reviews budget recommendations with the State Treasurer, the Governor, and the Governor's staff. Normally, the Governor makes the final decisions in February.

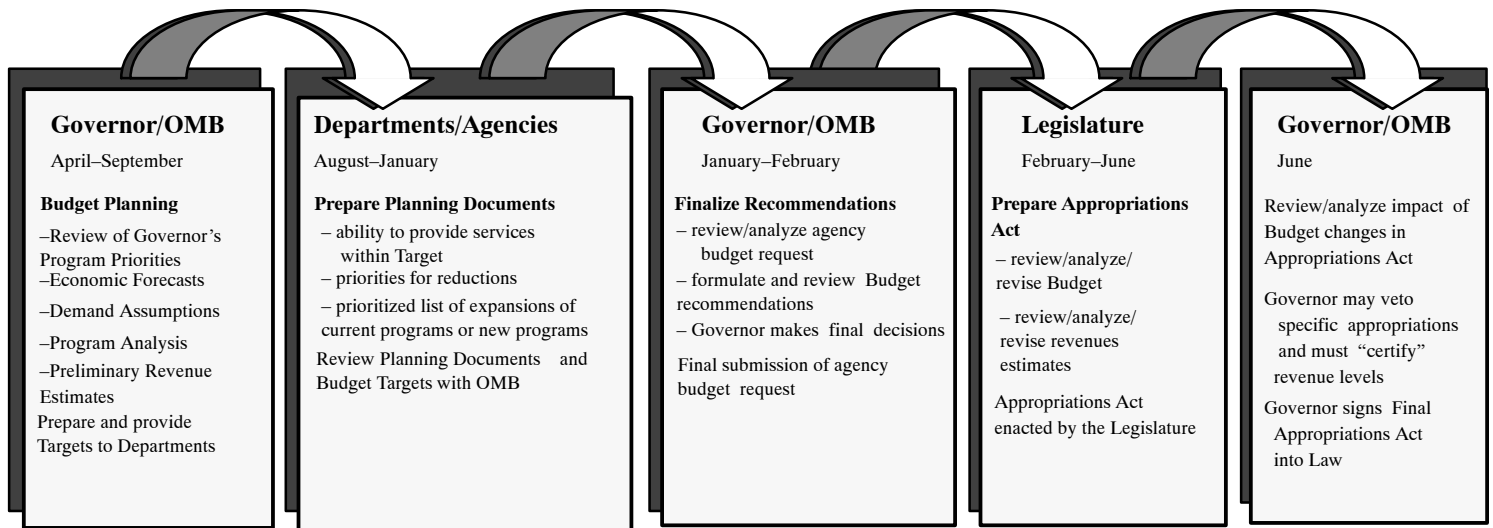
The planning portion of the process culminates in the final submission of the agency budget request to OMB in February, which is forwarded to the Legislature. The Budget Message, representing the Governor's recommendations on how revenues should be allocated, is delivered to the Legislature on or before February 24th of each year (unless superceded by legislation). From year to year, the Budget is the single most important policy statement that the Governor makes.

The annual review process for capital spending requests and recommendations, which runs somewhat parallel to the process described above, has several stages. All State departments requesting capital funding must submit a seven-year Capital Improvement Plan to the New Jersey Commission on Capital Budgeting and Planning. Each capital project request requires an operating impact statement. Departments must document whether a project will have an affect on operating budgets and must quantify such information. The Commission schedules public hearings for each agency, analyzes the capital requests, and recommends projects to the Governor. The Governor, in turn, selects projects to be recommended in the annual Budget.

The Legislature, through a series of hearings conducted by its Appropriations Committees, reviews the Budget and makes changes. The Legislature also reviews the revenue estimates included in the Governor's Budget and, based upon several additional months of actual revenue collections in the current fiscal year, makes adjustments to the Budget's revenue projections and surplus estimates.

The Budget, including changes made by the Legislative Committees, then must be approved by the Senate and the Assembly; and, according to the New Jersey Constitution, a balanced Budget must be approved and signed by the Governor before July 1. After the Legislature passes the Appropriations Act, the Governor has the power to veto specific appropriations (line items), or appropriation language segments, some of which may have been added by the Legislature as a result of its review. The line-item veto allows the Governor to reshape the final Budget and ensure that appropriations do not exceed the certified level of revenues. (As part of the final Appropriations Act, the Governor must "certify" the level of revenues in order to meet the constitutional requirement of a balanced budget.) The final approved Budget, which includes the Governor's line-item vetoes and certification of revenues, is the Appropriations Act. Once the budget is enacted, it becomes an effective tool for fiscal control and monitoring program effectiveness.

Throughout the course of the fiscal year, the Legislature has the authority to pass legislation that provides funding for programs and projects above and beyond those provided for in the Budget. The additional amounts of funding provided by these acts of the Legislature are referred to as "supplemental appropriations." The Director of Management and Budget also has statutory authority to authorize supplemental appropriations at any time during the fiscal year by virtue of authorizing budget language contained in the Appropriations Act. This is accomplished and documented by the issuance of Directory Letters from OMB.



HOW THE BUDGET IS ORGANIZED

The New Jersey State Budget is divided into five major sections, which provide information on a broad range of budget related topics, including anticipated state revenues, gubernatorial policies and new initiatives, and agency programmatic achievements. The major sections are described below:

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

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

Also included within this section is the *Major Highlights* of the fiscal year 2006 Budget, which discusses the major programmatic and operational impact of the budget proposals.

Additional summaries of major increases and decreases, and charts and graphs depicting significant programmatic or fiscal trends included within the FY 2006 Budget are also included within this section.

- 3.) The ***Summaries of Revenues, Expenditures and Fund Balances*** section provides an overview of the state’s economy and revenue outlook and the impact that anticipated economic trends will have on the state’s revenue estimates. The tables included within this section highlight the state’s major revenue sources, such as the income tax, sales tax, corporation tax, etc., and provide year–to–year comparisons and projections for the fiscal year 2006 budget year. Most of the schedules and exhibits in this section are displayed by *Fund*. For the purposes of state financial accounting, funds are accounting entities which segregate financial resources according to the purposes for which they may be used.

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

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

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

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

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

4.A.) Budget Recommendations – Overview

For fiscal 2006, the Budget displays all of a department’s non-debt appropriations in a single subdivision of the document. The separate sub-divisions for Direct State Services (i.e. funds to support operations), Grants-In-Aid, State Aid and Capital Construction are now shown together in a consolidated display. Appropriations for Dedicated Funds (e.g. Property Tax Relief Fund, Casino Revenue Fund, etc.) are also included in the consolidated departmental presentation. An aggregate view of appropriation recommendations affecting State Aid, the Casino Revenue Fund, etc., are presented in new summaries in the “Summaries of Appropriations” section.

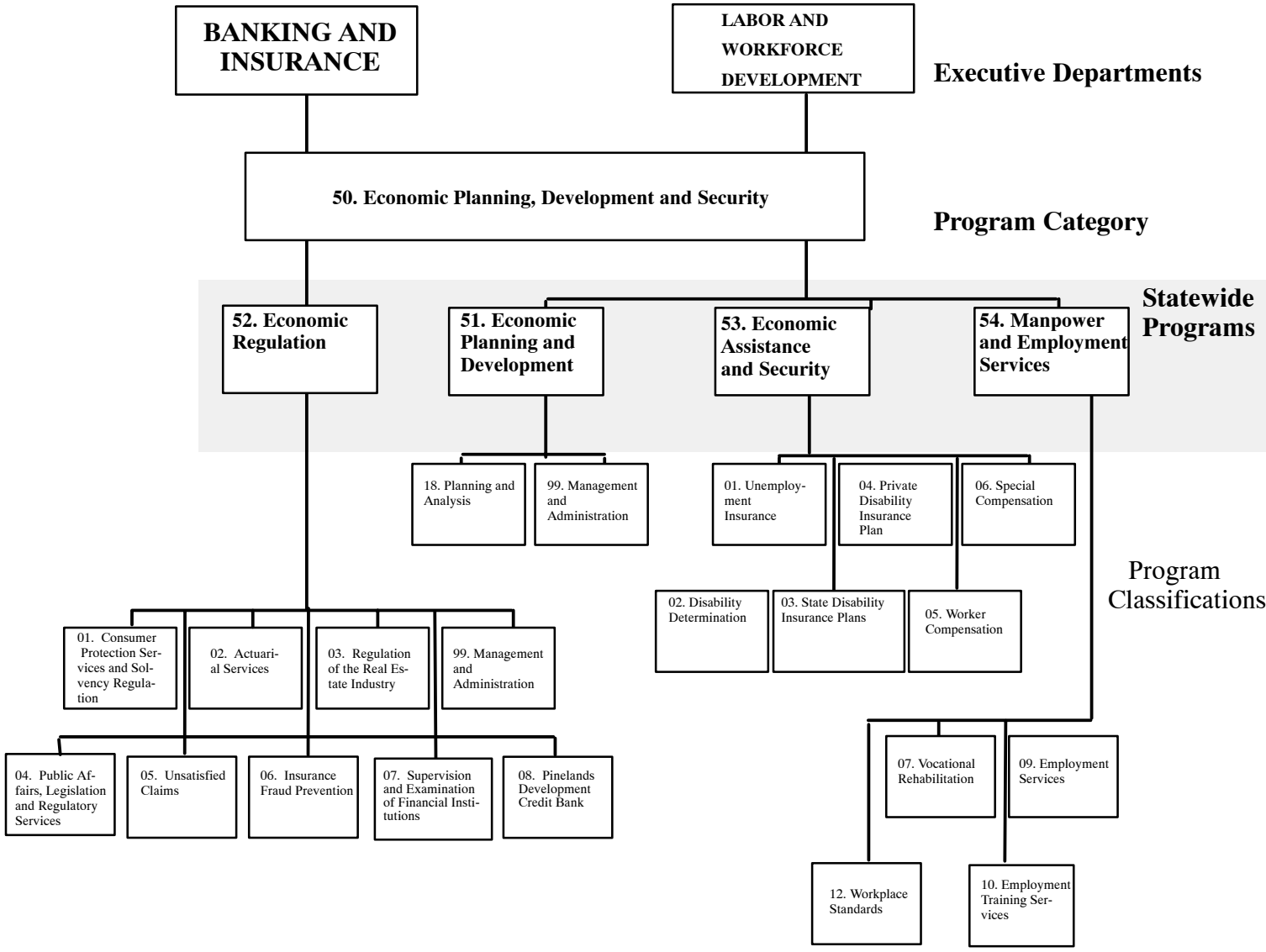
This consolidated presentation provides readers with a comprehensive view of all of a department’s operations, across all spending categories and funds and provides New Jersey citizens with a better understanding of the relationships between *all* of the recommendations affecting departmental programs.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

- d.) *Revolving and Other Funds* is the sub-division of the Budget that depicts programs or agencies not provided with direct appropriations, but rather operate from fees charged for services or commodities provided to other State agencies. Examples include print shops, laundries, and information processing services.
- 5.) The *Appendix* includes Statements of Estimated Revenues, Expenditures and Fund Balances of the State's Special Revenue, Capital Projects and Trust Funds (excluding Pension Trust Funds). The statements include the actual revenues and expenditures for the fiscal year ended June 30, 2004, presented in accordance with generally accepted accounting principles, as well as estimated amounts for fiscal 2005 and fiscal 2006.

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

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

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

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

BASIS OF BUDGETING

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

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

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

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

RELATIONSHIP TO THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

BUDGETARY CONTROL

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

YEAR END BALANCES

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

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10. PUBLIC SAFETY AND CRIMINAL JUSTICE
12. LAW ENFORCEMENT

OBJECTIVES

PROGRAM CLASSIFICATIONS

1. To prosecute all criminal appeals.

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

EVALUATION DATA

	Actual FY 2003	Actual FY 2004	Revised FY 2005	Budget Estimate FY 2006
PROGRAM DATA				
Criminal Justice				
Complaints, Inquiries, Other Matters (Closed)	3,343	5,571	6,000	6,000
PERSONNEL DATA				
Position Data				
State Supported	359	368	354	424

APPROPRIATIONS DATA
(thousands of dollars)

Year Ending June 30, 2004					Year Ending June 30, 2006				
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	Prog. Class.	2005 Adjusted Approp.	Requested	Recom- mended	
Distribution by Program									
22,507	4,646	712	27,865	27,121	Criminal Justice	09	21,691	28,291	28,291
22,507								1	28,291
690								5	625
447								7	477
2,321								1	4,631
2,321								1	4,631
17,559								1	23,691
								0	1,000
								0	1,000
4,948								0	3,600
4,948								0	3,600
<u>1,000</u>	<u>—</u>	<u>—</u>	<u>1,000</u>	<u>1,000</u>	<i>Total Capital Construction</i>		<u>—</u>	<u>—</u>	<u>—</u>
23,507	4,646	712	28,865	28,121	TOTAL STATE APPROPRIATIONS		<u>—</u>	<u>—</u>	<u>—</u>
Federal Funds									
59,655	14,486	-151	73,990	31,803	Criminal Justice	09	42,574	33,350	33,350
59,655	14,486	-151	73,990	31,803	<i>Total Federal Funds</i>		42,574	33,350	33,350
All Other Funds									
	1,136				Criminal Justice	09	34,850	34,760	34,760
	16,125 ^R	1,975	19,236	8,583	<i>Total All Other Funds</i>		34,850	34,760	34,760
	17,261	1,975	19,236	8,583					
83,162	36,393	2,536	127,091	68,507	GRAND TOTAL		99,115	96,401	96,401

Reading the Budget Tables

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

Notes — Direct State Services – General Fund

(a) The fiscal 2005 appropriation has been adjusted for the allocation of salary program.

Language Recommendations — Direct State Services – General Fund

The unexpended balance at the end of the preceding fiscal year in the Victim Witness Advocacy Fund account, is appropriated for the same purposes derived.

A statement of specific, measurable accomplishments related to the need, problem or opportunity the program is designed to address

Program Classification Account code.

Evaluation Data provides measurements of workload effectiveness and efficiency.

The Original and Supplemental column represents the original appropriation for fiscal year 2004 as enacted by the Legislature on July 1, 2003. This column also includes the total of all supplemental appropriations which were enacted by the Legislature and signed into law by the Governor during fiscal year 2004.

Reappropriations and Receipts column contains two separate items: Reappropriations, which represent funds that remained unexpended from a prior fiscal year and were made available for spending purposes in the budget year. Reappropriations are usually restricted to certain programs or accounts with multi-year obligations, such as Capital Accounts, where rehabilitation or construction projects typically take several years. Receipts represent dedicated taxes or fees which are credited to a specific account or agency. An example of receipts are funds collected for Hunters and Anglers' programs from license fees Receipts are indicated by a superscript "R".

Transfers and Emergencies are either Transfers, which represents monies which were either transferred between departments and agencies or between fund categories, or Emergencies, which represent an allocation of funds to an agency from the State Emergency Fund to meet unanticipated spending requirements. In the tables within the Budget Recommendation section, emergency transfers are indicated by a superscript "E".

Total Available is the total of the original and supplemental appropriations plus any reappropriations and receipts plus or minus transfers and emergency funds.

The Expended Amount represents total disbursements and obligations made in fiscal year 2004.

10. PUBLIC SAFETY AND CRIMINAL JUSTICE

12. LAW ENFORCEMENT

OBJECTIVES

1. To provide statewide law enforcement services.

PROGRAM CLASSIFICATIONS

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

EVALUATION DATA

PROGRAM DATA	Actual FY 2003	Actual FY 2004	Revised FY 2005	Budget Estimate FY 2006
Criminal Justice				
Complaints, Inquiries, Other Matters (Closed)	6,027	6,689	7,000	7,000
PERSONNEL DATA				
Position Data				
State Supported	3,158	3,236	3,216	3,387

APPROPRIATIONS DATA
(thousands of dollars)

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S) Supplemental	Reapp. & (R) Recpts.	Transfers & (E) Emergencies	Total Available	Expended	Prog. Class.	2005 Adjusted Approp.	Requested	Recommended
DIRECT STATE SERVICES								
Distribution by Fund and Program								
17,559	4,646	682	22,887	22,143	09	18,091	23,691	23,691
17,559	4,646	682	22,887	22,143		18,091^(a)	23,691	23,691
Total Direct State Services								
Distribution by Fund and Object								
Personal Services:								
152,359	5,514 ^R	3,315	161,188	144,517		142,686	154,537	154,537
152,359	5,514	3,315	161,188	144,517		142,686	154,537	154,537
Total Personal Services								
GRANTS-IN-AID								
Distribution by Fund and Program								
—	—	—	—	—	09	—	1,000	1,000
Total Grants-in-Aid								
Distribution by Fund and Object								
—	—	—	—	—	09	—	1,000	1,000
STATE AID								
Distribution by Fund and Program								
4,948	—	30	4,978	4,978	09	3,600	3,600	3,600
4,948	—	30	4,978	4,978		3,600	3,600	3,600
Total State Aid								
Distribution by Fund and Object								
4,948	—	30	4,978	4,978	09	3,600	3,600	3,600
CAPITAL CONSTRUCTION								
Distribution by Fund and Program								
1,053	1,177	(14)	2,216	665	06	7,425	15,741	5,831
1,053	1,177	(14)	2,516	665		7,425	15,741	5,831
Total Capital Construction								
Distribution by Fund and Object								
1,053	1,177	(14)	2,516	665	11	7,425	15,741	5,831
218,368	21,359	3,992	243,719	236,439		243,975	274,046	264,136
Grand Total State Appropriation								
OTHER RELATED APPROPRIATIONS								
Federal Funds								
59,655	14,486	(151)	73,990	31,803	09	42,574	33,350	33,350
59,655	14,486	(151)	73,990	31,803		42,574	33,350	33,350
Total Federal Funds								
All Other Funds								
—	1,136	1,975	19,236	8,583	09	34,850	34,760	34,760
—	17,261	1,975	19,236	8,583		34,850	34,760	34,760
295,785	108,360	21,821	425,966	347,051		403,717	428,317	418,407
GRAND TOTAL ALL FUNDS								

Notes — Direct State Services — General Fund

(a) The fiscal year 2005 appropriation has been adjusted for the allocation of salary program.

Language Recommendations — Direct State Services — General Fund

The unexpended balance at the end of the preceeding fiscal year in the Victim Witness Advocacy Fund account, is appropriated for the same purpose.

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

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

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

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

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

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

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

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

READER'S GUIDE

GLOSSARY

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

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

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

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

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

ALL OTHER POSITION — A position specifically approved and funded by non-state, non-federal sources in a salary object account.

ALLOTMENT — An allocation of a portion of an appropriation to make it available for encumbrance or disbursement by the agency to which appropriated, and usually applying to a period of time; e.g., a calendar quarter.

ANTICIPATED RESOURCES — For each fiscal year, is the sum of the estimated surplus at the end of the prior fiscal year, together with all estimated revenues for the General Fund from all sources, including taxes and license fees, other miscellaneous departmental and interfund transfers.

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

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

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

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

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

BEGINNING BALANCE — The resources available at the start of a state fiscal year that are carried over from the prior fiscal year.

BILL — A proposed law.

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

BOND — A funding tool representing a written promise to pay a specific sum of money in the future plus interest.

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

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

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

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

CAPITAL CONSTRUCTION — This category includes funds budgeted for:

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

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

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

CASINO REVENUE FUND — Accounts for the taxes imposed on the casinos and other related activities. Appropriations from this fund must be used for reductions in property taxes, utility charges and other specified expenses of eligible senior and disabled citizens.

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

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

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

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

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

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

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

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

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

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

GLOSSARY

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

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

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

EXPENDITURE ACCOUNT — An appropriation account in which expenditure transactions are recorded, normally termed an object account.

FEDERAL POSITION — A position specifically approved and funded by Federal Funds in a salary object account.

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

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

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

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

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

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

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

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

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

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

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

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

LANGUAGE RECOMMENDATIONS — Language located at the end of a statewide program, department or in the General Provisions section, that provides specific spending or budget authority and/or places limitations on such authority.

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

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

LINE OF CREDIT — The State's line of credit program, which was first implemented in 1995, provides the State with competitively bid, low interest cost funding for the procurement of the State's short term (3 yrs) equipment needs, specifically computers, furniture and vehicles.

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

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

MATCHING FUNDS — Provisions in a grant agreement that require the government or agency receiving the grant to commit a certain amount of funding to a program before funding is made available by the granting authority.

MATERIALS AND SUPPLIES — Tangible consumable items used for operations but not for the maintenance of machinery or equipment.

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

OBJECT ACCOUNT — Part of the chart of accounts to classify articles purchased or services obtained.

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

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

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

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

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

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

SERVICES OTHER THAN PERSONAL — The cost of purchased services that are primarily non-personal or of a contract nature under which no employer-employee relationship is established.

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

SPECIAL REVENUE FUNDS — Funds used to account for resources legally restricted to expenditure for specified purposes in accordance with enabling legislation.

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

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

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

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

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

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

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

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

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

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

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

SURPLUS REVENUE FUND — A reserve into which certain revenues are deposited when the amount collected exceeds the amount anticipated. The balance in this fund may be appropriated upon certification by the Governor that anticipated revenues are less than those certified or to meet emergencies. (Rainy Day Fund)

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

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

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

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

Summaries of Appropriations

This section includes a selection of tables and charts which summarize the Governor's Budget recommendations, and highlight significant changes and policy initiatives.



SUMMARIES OF APPROPRIATIONS

THE BUDGET IN BRIEF

GENERAL FUND

Resources

(\$ In Thousands)

Undesignated fund balance, July 1, 2005	111,584	
Revenues anticipated	17,204,752	
Total Resources		17,316,336
Recommendations		
Direct State Services	5,859,807	
Grants in Aid	7,828,853	
State Aid	2,241,296	
Capital Construction	1,089,420	
Debt Service	185,376	
Total Recommendations		17,204,752
Undesignated fund balance, June 30, 2006		111,584

SURPLUS REVENUE FUND

Resources

Undesignated fund balance, July 1, 2005	288,416	
Recommendations		
Transfer from or to General Fund		
Undesignated fund balance, June 30, 2006		288,416

PROPERTY TAX RELIEF FUND

Resources

Undesignated fund balance, July 1, 2005		
Revenues anticipated from Gross Income Tax	9,650,000	
Total Resources		9,650,000
Recommendations		
Grants in Aid	576,888	
State Aid	9,073,112	
Total Recommendations		9,650,000
Undesignated fund balance, June 30, 2006		

GUBERNATORIAL ELECTIONS FUND

Resources

Undesignated fund balance, July 1, 2005		
Revenues anticipated	1,500	
Total Resources		1,500
Recommendations		
Public Financing of Elections		1,025
Undesignated fund balance, June 30, 2006		475

CASINO CONTROL FUND

Resources

Undesignated fund balance, July 1, 2005		
Revenues anticipated	69,585	
Total Resources		69,585
Recommendations		
Regulation of Casino Gambling		69,285
Undesignated fund balance, June 30, 2006		300

CASINO REVENUE FUND

Resources

Undesignated fund balance, July 1, 2005		
Revenues anticipated	487,204	
Total Resources		487,204
Recommendations		
Programs for senior citizens and handicapped persons		487,204
Undesignated fund balance, June 30, 2006		

NOTES

BUDGET HIGHLIGHTS

Acting Governor Codey's \$27.4 billion proposed Fiscal 2006 Budget is an honest and responsible budget that has State government living within its means and meets the challenge of reining in government spending while at the same time not recommending any increase in the sales tax or income tax rates. Despite nearly a billion dollars in increases for mandatory entitlements, the proposed budget is \$614 million, or 2.2%, *below* the \$28 billion budget enacted in fiscal 2005. In contrast, the Fiscal 2005 Budget actually *increased* spending by 17% from the year before. In fact, the reduction proposed for fiscal 2006 is the largest spending cut in State history, both on a percentage basis and in its amount.

Regardless of how the comparison is made, the level of cost restraint in this Budget is truly historic. For instance, when the fiscal 2006 appropriation is compared to the *adjusted* appropriation for fiscal 2005, it is nearly \$1 billion or 3.5% less. From a dollar standpoint, this drop is approximately three times larger than its nearest predecessor.

Some of the major highlights of the proposed budget include:

- \$614 million reduction in spending is the largest reduction in history;
- 2.2% decline in appropriations is *four times larger* than the next closest year (.58%);
- Spending cuts exceed revenue increases by a five to one margin;
- Out-of-state travel has been prohibited;
- Number of State employees will be reduced by at least 500;
- The budgets of each Cabinet officer and the Governor's Office will be reduced by 10%;
- No borrowing to cover operating costs;
- Use of one-time revenue is reduced by 70%, and
- Ethics laws are strengthened to increase accountability.

Besides being honest, this budget is tough and gimmick-free.

This budget proposal makes great strides towards eliminating the structural imbalance that has plagued the State budget for the past decade while ensuring the continuity of fiscal support of programs and services

that meet the critical needs of the State's most vulnerable citizens and millions of other New Jersey residents. The significant actions in the new budget serve to mitigate two key components which have exacerbated fiscal stress over the past decade, namely the habitual reliance on non-recurring budget actions and the annual increase in spending. This budget also addresses long term budget pressures by restraining growth in areas such as employee and retiree benefits and promoting fairness and equity in the State's sales tax structure.

Year after year, New Jersey's budget process has been defined by feverous efforts to offset non-recurring revenues and fund mandatory entitlement and benefit increases. The dwindling options for one-time revenues, combined with an unrelenting pace of entitlement growth, has left New Jersey with insufficient resources to reliably fund important and necessary needs such as property tax relief, assistance for higher education, support for social service programs and many other programs that are important to the citizens of New Jersey.

The proposed budget significantly reduces the reliance on non-recurring budget actions by 70% from \$2.86 billion in the current budget to \$891 million in fiscal 2006.

The Fiscal 2006 Budget provides for \$2.4 billion in actions to reduce spending. Nearly \$1.5 billion of these actions are actual cost reductions, including \$272 million of spending that was added by the Legislature. The remainder of the \$2.4 billion is comprised of reductions due to under-spending in the current year, shifts to other funding sources and elimination of non-recurring expenditures.

Finally, despite the reduction of entitlements and cuts in bureaucratic spending, the Acting Governor must meet the constitutional mandate for a balanced budget by proposing targeted actions that will improve New Jersey's recurring revenue base without resulting in a broad-based impact on the income tax or the sales tax rate. These actions to enhance revenues include \$500 million from asset sales and \$150 million from the VLT's and other actions with no direct impact on taxpayers. Only \$505 million of this amount represents increases in taxes paid by individuals and businesses.

SUMMARIES OF APPROPRIATIONS

This means that for every dollar of revenue increased, there have been nearly \$5 of spending reductions.

State support for school districts, municipalities, higher education and the majority of the safety-net programs for vulnerable citizens have generally been kept at the current level. Discretionary increases in the proposed budget are minimal and focus on areas such as enhancing the State’s mental health system, expanding programs for the developmentally disabled and increasing support for ethics, additional State troopers and government accountability.

The multi-billion dollar budget gap that the Acting Governor must close is composed of two components—replacing \$2.9 billion in non-recurring revenue and funding approximately \$1.4 billion in growing budget mandates. Additional growth in areas such as school aid, aid to higher education, public employee pensions and growth in social service programs increases the budget gap to approximately \$4 billion to \$5 billion. Despite an expectation of continued economic growth in the next year, the State’s recurring revenues are only expected to increase by approximately \$900 million. Total recurring revenues are expected to be approximately \$26.1 billion. Therefore, even if State spending remained flat in fiscal 2006 and the State maintained the \$28.4 billion anticipated appropriation level from the current year, the State would still have a gap of \$2.3 billion that would need to be offset by spending reductions or revenue increases.

The budget divide is increased by mandatory funding needs of approximately \$1.4 billion for areas such as:

- Medicaid (\$289 million);
- Health coverage, post retirement medical, and other fringe benefits and employer related taxes for current and retired State and public college employees, as well as employer taxes for active teachers and post retirement medical coverage for retired school district and local employees (\$281.3 million);
- Pensions for State and public college employees as well as local teachers and other school employees (\$122.4 million);
- Negotiated salary increases for State and college employees (\$157.9 million);
- Debt service for the State’s school construction program and the 1997 Pension Bond (\$97.3 million);
- Growth in welfare programs; and the annualization of obligations from the current year (\$36.8 million).

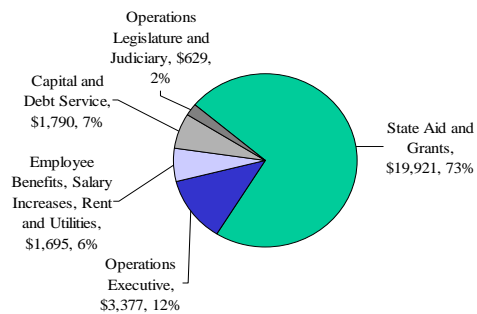
In addition, the State faces mandatory increases to comply with reform of the child welfare system and court mandated Abbott school funding responsibilities.

The budget gap grows wider when other spending demands, such as local school aid, municipal aid, operating support for higher education, expansion of community placements for developmentally disabled, and increases in State Police protection are recognized.

The challenge of balancing the State Budget is even more daunting upon a review of where budget revenue actually goes. The chart below indicates that nearly three-quarters of the money the State receives goes back out in State Aid to municipalities and school districts, direct property tax relief, health care and prescription drug coverage for seniors and the poor, support of higher education, and community programs for the disabled. Only 12% of the State’s spending is related to the operating budgets of the 16 State departments and the majority of this amount is spent on public safety (e.g., State Police, courts, and prisons), institutions for veterans, mentally ill and the developmentally disabled, highway maintenance, etc.

Where Does the Money Go – State Aid and Grants Represent 73% of Budget

(In Millions)



\$.73 cents of every dollar goes to Property Tax Relief and Grants in Aid

Reliance on Non-recurring Budget Actions Reduced by Approximately \$2 Billion

The use of non-recurring budget actions and financial “gimmicks” have been a staple of New Jersey budgets since the early 1990’s. For example, the State’s contribution to the various public employee pension systems was significantly reduced over time, culminating in the 1997 pension bond deal that allowed the State to temporarily skip pension payments and use this money to fund new and expanded programs. Now, the State is faced with the need to not only fund the

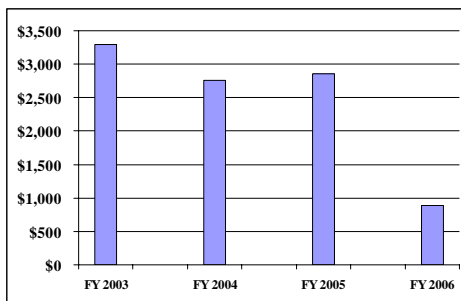
pension system but also to continue to fund the programs and enhancements that were created during this era.

As the stock market boomed in the late 1990's and early 2000, New Jersey policy-makers crafted budgets that boomed with it. With state income tax revenues reaching record levels, long term budget commitments, including new and expanded programs, were made with no expectation that the "good times" would end and revenues would recede. The bubble finally burst in fiscal 2002. State income tax collections actually fell by \$1.15 billion but the newly created programs remained intact. During this period, the State also began to rely on increased federal funds to support the State's obligation to nursing homes through accounting gimmicks that most officials knew would not continue into the future. More recent non-recurring budget actions include the accelerated use of the revenue the State was to receive from the national tobacco settlement and the securitization of motor vehicle fines and increased cigarette taxes to fund on-going state budget costs.

While non-recurring budget actions will always play some part in the State Budget; this spending plan takes a pivotal step in reducing the reliance on one-time revenues. As depicted in the chart below, the reliance on non-recurring budget actions is reduced from \$2.9 billion in the current year to only \$891 million in the proposed Fiscal 2006 Budget. As noted earlier, the proposed Budget reduces the reliance on non-recurring budget actions by 70%.

Nonrecurring Resources Down by 70%

(In Millions)



Based on planned revenue actions.

Controlling Growth in Entitlements

To understand the ongoing structural budget issues that the State faces, it is necessary to have a full appreciation of the extent of program entitlements and fixed costs. Whether through statutory or federal requirements, client increases resulting from normal population growth, or the powerful effects of inflation and market forces in areas such as healthcare and drugs, the State Budget assumes a large, ongoing commitment just to maintain the current level of service in programs such as Medicaid, Welfare, and Pharmaceutical Assistance for the Aged and Disabled (PAAD).

Controlling growth in entitlement programs can not occur overnight. Most of the actions proposed by the Acting Governor will result in limited short term benefits but will lead to significant benefits to taxpayers for a number of years. However, failure to start the process means that these benefits will never be realized.

Growth in certain entitlement programs such as Medicaid is driven by mandates from the federal government. The proposed budget provides \$3.6 billion for Medicaid and other health related programs for senior citizens and the poor. These programs, including PAAD, represent 13.1% of the State Budget and will increase by another 4.4% despite the implementation of program efficiencies.

A good case study of rapid cost growth is Employee Benefits, which is described in detail below.

Employee Benefits

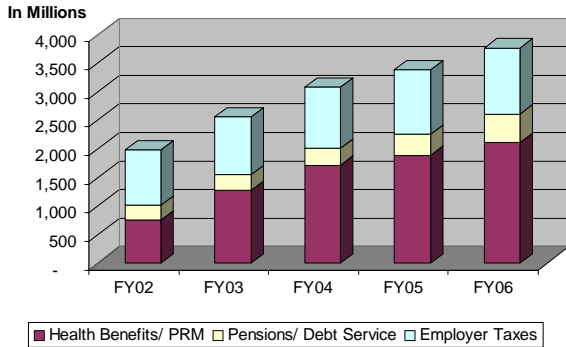
Within the State Budget, Employee Benefits is defined to include pensions, health benefits, post retirement medical costs, and employer payroll taxes. State appropriations support not only active and retired State employees, but also employees of senior public colleges and universities, school districts and certain local governments. Health benefits for active school district and local employees are not a State responsibility; however, under statute, the State funds the health insurance costs of retired teachers and certain public employees with 25 or more years of service prior to retirement. Even though the State does not negotiate teacher contracts, the State funds the cost of teacher federal social security taxes.

Due in part to the breadth of coverage provided, Employee Benefits has become one of the most intense growth areas in the State Budget. As depicted on the attached chart entitled "Employee Benefits-Actual and Projected Costs", the appropriation for these fixed costs grew by \$1.8 billion or 90% from approximately \$2

SUMMARIES OF APPROPRIATIONS

billion in fiscal 2002 to almost \$3.8 billion in fiscal 2006. Employee Benefits costs are projected to be 14% of the State's overall Fiscal 2006 Budget as compared to 8.8% just four years ago.

Employee Benefit Costs



This growth has occurred despite recent initiatives to implement management efficiencies or use available balances. The most prominent of these were a five-year phase-in for pension contributions, utilization of assets from the Benefit Enhancement Fund (BEF) for the future costs of the "n/55" benefit, and the use of post retirement medical (PRM) reserve funds for current costs. In the area of health benefits, savings measures included an increase in co-pays for doctor's visits/prescription drugs and the exclusion of new enrollees from the traditional health benefit plan. Similar to the pension situation, the State also reduced its health benefits appropriation by applying accumulated fund balances from the self-insured plans.

The fastest growing component has been health benefits for active and retired state employees and retired school district employees. In total, these costs to the State Budget comprise approximately \$2.1 billion (56%) of the projected \$3.8 billion in Employee Benefit expenses in fiscal 2006. This represents an increase of approximately \$220 million (11.8%) over the amount budgeted in fiscal 2005.

By statute, the State assumes all health benefit costs for eligible retired school district employees; payments for this group are expected to be nearly \$700 million for the next fiscal year or approximately 33% of the total \$2.1 billion appropriated for this purpose. The growth in health benefit costs is expected to continue unabated in fiscal 2006, rising an estimated 12% above the previous year, and that trend is expected to continue in the future due to significant increases in teacher retirements coupled with increasing health care outlays.

The cost of pensions for public employees is another area that must be brought under control. The 1997

pension bond deal and the meteoric growth in the stock market hid underlying problems with the State's pension systems. The problems were exacerbated by benefit increases approved in the late 1990's and early 2000's. The day of reckoning for the pension system is now upon the State. The actions taken over the past three years – phasing in the obligation of the system and using reserves that will not be available in the future – only delayed the inevitable full impact of New Jersey's pension obligations. The State Treasurer's actions to diversify the investment of pension assets will serve to increase the annual return but will only offset a portion of the multi-billion obligation that the State faces within the next few years.

As part of his Fiscal 2006 Budget proposal, Acting Governor Codey has stated that he will not sign any increase in retiree benefits unless it is funded. A special task force will be appointed to look at the benefits of State and local public employees.

Reducing the Operating Cost of State Government

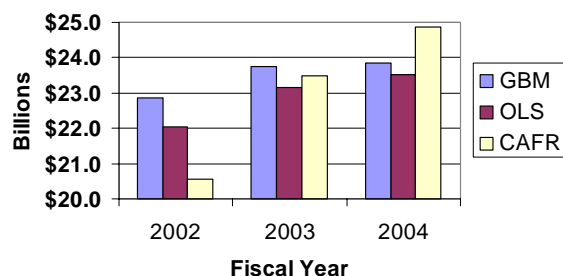
For the fourth year, the proposed budget reflects an overall decrease in the operating budgets of the 16 executive branch departments. Increases have been provided for the expansion of programs that will improve the integrity of government, the continued expansion of the Child Welfare Reform initiative, for additional State troopers and the replacement of trooper vehicles, and for the State's veteran's homes and the Department of Corrections.

Acting Governor Codey has prohibited all out-of-state travel, has directed each department and agency to evaluate the effectiveness of every program, and has directed that those programs that cannot demonstrate results be eliminated or consolidated. Through this evaluation and added scrutiny of employee levels in each department, the total number of State employees will shrink by at least 500.

Responsible Revenue Estimates

Since the Governor certifies the final revenue estimate in New Jersey, it is crucial that the results of that

**Revenue Estimate Contrast:
Fiscal 2002 - 2004**



SUMMARIES OF APPROPRIATIONS

process be rational, defensible, and as accurate as possible given the myriad of variables involved. From a historical perspective, the recent track record is clearly much improved. The attached chart entitled "Revenue Estimate Contrast: Fiscal 2002 – 2004," compares the revenue projections published in the Governor's Budget with that of the Office of Legislative Services (OLS) and the final audited revenues as represented in the Comprehensive Annual Financial Report (CAFR) over a three year period from fiscal 2002 to 2004. In fiscal 2002, prior to the change in Administrations, the estimate was \$836 million (4%) higher than that provided by OLS at a similar point in time, and was \$2.3 billion (11%) over the amount that was ultimately realized in the CAFR for that year. Of the latter, approximately \$2.1 billion, or over 90%, of the shortfall resided in Gross Income Tax collections, which were originally projected at \$8.9 billion but only materialized at \$6.8 billion, an unwelcome outcome that placed the State in a perilous fiscal position.

Contrast that approach with the past two fiscal years. The original revenue projection provided as part of the Fiscal 2003 Governor's Budget of \$23.7 billion was ultimately proven to be within \$200 million of the final CAFR revenues for that year (\$23.5 billion), a variance of less than 1%. In the Fiscal 2004 Governor's Budget, the total revenue estimate of \$23.9 billion proved to be conservative, as revenues materialized at a level \$1 billion higher than that. The original estimate was very close to what OLS projected at the time (\$23.5 billion), however. Most importantly, this considered approach avoided the mid-year fiscal crises that typified the overly-optimistic forecasts in the past.

For fiscal 2006, total revenues are anticipated to be \$27.4 billion, which is approximately \$91 million above the revised estimate for fiscal 2005, including new initiatives of \$1.3 billion. Base revenue for both the income and sales tax are projected to grow by 5.1%, a moderate pace that reflects an improved but reasoned outlook for payroll employment and economic activity.

Fiscal 2005 - Managing the Current Budget

Continuing the trend from last year, the fiscal 2005 budget is being managed without mid-year program reductions. Despite the fact that revenues are slightly below the original estimate at the time of the Appropriations Act and several supplemental appropriations are necessary, there are sufficient accounts with under-spending and a higher than expected opening balance to compensate for the revenue shortfall. Prudent revenue estimates and sound budgeting that has reduced the size of the supplemental

appropriations needed permit fiscal 2005 to close with a \$400 million surplus as originally expected.

Some of the larger supplemental appropriations projected for fiscal 2005 are summarized below.

- \$102 million – Education Opportunity Aid to Abbott school districts mandated by court decisions and based on final awards;
- \$28 million - Federal Community Care Waiver projected shortfall and a Federal IV-E disallowance;
- \$25 million – Employee contracts settled after July 1;
- \$15 million – State rental assistance;
- \$14 million – General Assistance cash assistance has increased beyond expectations over the prior months;
- \$13 million – Snow removal;
- \$9 million – Lottery advertising to enhance participation in the Lottery;
- \$10 million – State Police recruit class and radio upgrade.

Fiscal 2006 Budget

Acting Governor Codey's proposed Fiscal 2006 Budget of \$27.4 billion represents a decrease of \$1.0 billion below the adjusted appropriation of \$28.4 billion.

The vast majority of the spending increases included in this budget are mandatory in nature. Very few discretionary spending increases are recommended. Some of the major spending increases include:

- \$289 million increase for Medicaid including long term care services;
- \$204 million for local teacher fringe costs including pensions, post retirement medical and social security taxes paid by the State;
- \$140 million for salary increases for State employees as a result of contractual obligations;
- \$102 million for State employee health benefits, including retirees;
- \$94 million for child welfare reform and other increases for the Office of Children Services (which includes DYFS);
- \$84 million for increased costs for school construction;
- \$64 million for Higher Education fringes and salary funding;
- \$59 million for Education Opportunity Aid for Abbott Districts and the expected Abbott Preschool enrollment increase;

SUMMARIES OF APPROPRIATIONS

- \$53 million to address the gap between federal TANF funds and ongoing welfare program commitments;
- \$36.8 million to meet rising costs for the General Assistance and Supplemental Security Income programs;
- \$26.8 million to increase funding for community mental health funding in the Department of Human Services;
- \$25 million increase for the senior/disabled property tax freeze program;
- \$23.4 million to expand and annualize prior year commitments for the Developmentally Disabled;
- \$20 million for State employee pension increases;
- \$9.5 million for Higher Education Tuition Aid Grants.

Some of the major spending reductions include:

- \$1.2 billion reduction to homestead rebates/SAVER based on program changes and under-spending of current year appropriations (\$140 million);
- \$272 million of legislative additions in the fiscal year 2005 Budget are not continued in fiscal year 2006;
- \$150 million reduction due to an increased diversion of Unemployment Insurance funding to offset the State's charity care costs;
- \$57.5 million offset to the Medicaid State's Nursing Home costs due to increased federal funds including the nursing home providers assessment, for which the State recently received federal approval. Besides providing budget relief, the nursing facilities will receive a net increase to their rates of \$44 million;
- \$57 million due to efficiencies in Medicaid and Pharmaceutical Assistance programs including better monitoring of outpatient hospital costs, a \$1 co-pay for prescription drugs and \$3 for other selected services in Medicaid, changing refill requirements and the frequency of drug manufacturer price updates.
- \$50 million for employee savings including a 10% reduction to the commissioners' offices and other administrative accounts;

On the revenue side, the \$27.4 billion budget is supported by base revenues totaling \$26.1 billion and revenue enhancements of \$1.3 billion. Of the \$1.3 billion approximately \$760 million will not impact

taxpayers. The most prominent revenue enhancements are summarized below:

Revenues Not Impacting Taxpayers:

- \$500 million expected to be realized as the State examines all of its assets to determine which are still useful and productive and which assets can be sold;
- \$150 million is estimated to be realized from the introduction of video lottery terminals;
- \$55 million will be realized from simplified sales tax/amnesty and fines amnesty proposals;
- \$50 million from reducing the revenue loss in the UEZ program attributable to the inappropriate use of the program;

Other Revenue Initiatives:

- \$275 million will be realized from modifying the State sales tax to provide a more equitable tax treatment of similar products and recognizing the erosion of the sales tax base due to the impact of technology and a movement to a service economy;
- \$130 million from eliminating the existing property tax deduction for those taxpayers with incomes above \$200,000 and from eliminating the exclusion for up to \$20,000 in retirement income for taxpayers with over \$100,000 in income;
- \$50 million will be generated from a 2% gross receipts tax on the cable industry which will be structured to achieve equality in consumer services offered by the telecommunications industry;
- \$25 million from a change in the Transfer Inheritance Tax structure;
- \$25 million from a proposed change in the Realty Transfer Tax.

In addition, fund balances are recommended for transfer to the General Fund. Key initiatives include:

- \$250 million from the Unemployment Insurance diversion to offset the cost of Charity Care and Medicaid, an increase of \$150 million compared to FY2005;
- \$14 million from the Supplemental Workforce Fund for Basic Skills to support remedial courses at the State's county colleges, an increase of \$6 million compared to FY2005;

- \$10.5 million from the remaining balance in the Tobacco Settlement Fund due to a legal settlement of claims with HIP-New York ;
- \$10 million from the Workforce Development Fund to provide ongoing job training services to welfare clients;

(See Revenue Forecast and Initiatives section for further details on revenue-related items.)

Fiscal Year 2006 Budget Compared to Fiscal Year 2005 Budget

When viewed by category of funding, the recommended Fiscal 2006 Budget is allocated as follows:

- \$20 billion (73.7%) is either State Aid (\$11.4 billion, 41.4%) or Grants (\$8.8 billion, 32.2%);
- Direct State Services (DSS) totals \$5.9 billion (21.6%). When adjusted for required increases such as the prisoner health contract, Child Welfare Reform, and enhanced ethics programs, the DSS recommendation for Executive Branch Departments (i.e., without Interdepartmental, Judiciary, and the Legislature) declines by approximately \$122 million or about 4.5%;
- State Aid increases by \$407 million (3.7%);
- Grants decrease by \$1.3 billion or 12.4% largely because of changes to the Homestead Rebate/SAVER program;
- General Obligation debt service decreases by \$256 million due to a refinancing initiative.

(See the Summary of Major Increases and Decreases in the Financial Summaries section for the full listing of the recommendations in the Fiscal 2006 Budget.)

ACTING GOVERNOR CODEY'S PRIORITIES

State Government Integrity

Ethics

The process of governing requires, above all, moral conduct and behavior. For State government to effectively exercise authority and leadership over public policy, and to preserve its legitimacy, it must uphold ethical standards at the highest possible level. This forms the basis of the simple compact that citizens have with their governing officials: that the most difficult decisions of the day are made honestly, impartially, and with the utmost integrity, and that the day-to-day business of government is above reproach.

To restore confidence in State government, the Acting Governor has proposed a multi-pronged initiative, as outlined below.

Office of the Inspector General

By signing Executive Order #7 to create the new Office of the Inspector General (IG), Acting Governor Codey established New Jersey as only the ninth State to have a statewide Inspector General position. The Fiscal 2006 Budget recommends an appropriation of \$2.5 million for this new office, supporting a staff of 18. In accordance with pending legislation, the IG will be appointed by the Acting Governor to a five-year term, effectively providing a degree of independence that is critical for this oversight function. Earlier this year, the Acting Governor appointed Mary Cooper, a former State Deputy Attorney General, to this position. As IG, Ms. Cooper and her staff will investigate contracts and spending practices at all levels of government, including school boards and independent authorities, centralizing the review of expenditures and procurements to prevent fraud, abuse, and mismanagement. The emphasis of procurements is particularly important, as that is often viewed as an area of concern. Finally, the IG will provide performance reviews to determine if programs are working effectively and will consider the promise of new technology as a means to improve operational efficiency.

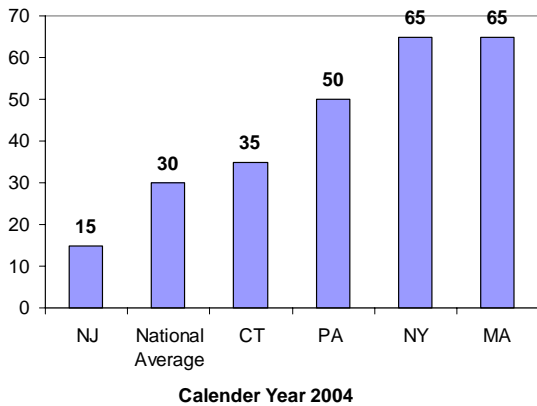
Commission on Ethical Standards

A funding increase of \$450,000 is provided to the Commission on Ethical Standards, raising the Commission's budget by nearly 70%, from \$700,000 in the current year to over \$1.1 million in fiscal 2006. This represents the largest increase, and the largest total budget, in the history of the Commission. This additional funding will be used for training and audits.

Acting Governor Codey has appointed a Special Counsel for Ethics Reform who will perform a complete audit of the existing statutes, rules, and codes of conduct governing ethical behavior. Swift action is expected, as the results of this review will be summarized in a report to the Acting Governor within 120 days identifying specific compliance measures that should be implemented. The Counsel, which was created through Executive Order #3, will also work with the Commission to devise a new, mandatory ethics training program for employees of the Executive Branch and independent authorities. Heretofore, ethics rules required training for only 1,086 of these staff, or 1.5% of the total, and procurement officers were excluded from that requirement. As noted on the attached chart entitled "Ethics Training Sessions", this level of effort was out of step with the balance of the country, as on

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Ethics Training Sessions



average New Jersey has offered far fewer annual training sessions than other states.

These measures are key to restoring public confidence in State government and removing the actual or perceived influence of money in politics.

State Commission on Investigation (SCI)

Securing the public trust requires a degree of vigilance and, most importantly, aggressive enforcement of existing guidelines on ethical behavior. In that regard, the Fiscal Year 2006 Budget provides an additional \$522,000 appropriation for the State Commission of Investigation (SCI), representing an increase of 11%. This increase raises the SCI's appropriation from the current \$4.4 million to \$4.9 million, the highest amount in the history of the Commission. The recommended increase will enable the Commission to expand its statutory mission to investigate and expose corruption, ethics irregularities, mismanagement and other forms of waste, fraud and abuse of taxpayers' dollars while also recommending new laws and remedies to protect the integrity of the governmental process in New Jersey.

Public Advocate

First and foremost, citizens with specific needs or problems must believe they can effectively connect to State government, and that their larger concerns are adequately represented as public policy decisions are made. As a major step in that direction, a new appropriation of \$2 million is recommended in the Fiscal 2006 Budget to re-establish the Department of the Public Advocate. Since the Department was abolished in Fiscal 1995, its various consumer protection, guardian and ratepayer advocate functions have been scattered throughout State government, diffusing its impact. Consistent with its original form in 1974, the Public Advocate will provide a cabinet-level presence

for consumers, children, the elderly, the poor, the mentally ill, and other "voiceless" citizens who often lack the influence to effectively press their case.

Specifically, the Public Advocate will investigate waste, mismanagement and inefficiencies that hinder services to these groups. Most importantly, it will mediate with other State departments on behalf of citizens, resolving disputes and troubleshooting problems involving government services. Though the Public Advocate will be empowered to legally compel other State agencies to bring about change, it will first seek to maximize cost effective techniques, such as alternative dispute resolution, which actually reduce or eliminate costly litigation.

In the past, the Public Advocate was credited with saving New Jersey consumers millions of dollars through its advocacy on utility and insurance rates and also prevailed in landmark cases that improved the environment, mental health services and housing.

Election Law Enforcement Commission (ELEC)

A supplemental appropriation of \$2 million was provided in August, 2004, to expand ELEC's Direct State Services budget from \$4.5 million to \$6.5 million, an increase of 44%. This appropriation will continue into fiscal 2006. This increase, which is the largest in the history of the Commission, will support a total of 36 new staff, nearly two thirds more than the 54 staff currently authorized. The Commission will use these new staff to help implement a series of new laws that were enacted in 2004 to improve election management and scrutinize campaign contributions and lobbying activities. The laws included the following:

- New prohibitions on campaign contributions from businesses actively involved with government contracts;
- Tightened standards on reporting requirements for campaign contributions;
- Required registration and reporting by professional campaign fund raisers;
- New Jersey Fair and Clean Elections Pilot Project;
- Increased monetary penalties for violating campaign contribution limits and reporting requirements;
- Extended financial disclosure requirements to lobbying conducted through ads and direct mail to the general public;
- Barred government officials from lobbying activities for one year after leaving office;
- Expanded definition of lobbyists to include those who influence government processes;

- Required ELEC to conduct random audits of records kept by legislative agents;
- Prohibited legislative agents from accepting contingency fees for influencing legislation.

Other Ethics Measures

- On December 6, 2004, Acting Governor Codey signed an Executive Order banning the State, including its departments, agencies, and independent authorities, from hiring bond underwriting firms that pay contingency fees to consultants.
- That measure was quickly followed with another on December 15, 2004, when the Acting Governor signed a bill to freeze campaign contribution limits to State and county political organizations and to leadership political action committees. Previously, campaign contribution limits were increased every four years by the Election Law Enforcement Commission based on a formula that measured the cost of campaigning. The new law eliminates that automatic adjustment and freezes contribution limits at their current level.
- The Acting Governor has also co-sponsored a bill that would enable localities and school boards to enact stronger pay to play bans.
- Acting Governor Codey supports an effort to codify into law former Governor McGreevey's Executive Order banning contributions from vendors that do business with State agencies.
- Most recently, on February 16, 2005 the Acting Governor called for an additional voting session for the Senate to consider legislation (A-1500/S-2052) authorizing a permanent ban on pay-to-play, essentially prohibiting campaign contributions by business entities seeking or holding State contracts in certain circumstances. This measure is a vital component of genuine ethics reform and is sorely needed.

Mental Health

Compassion, as well as the willingness to stand up for those who may not be able to stand up for themselves, are not only the foundation of government service; they are also the hallmarks of this Administration. Thus, despite severe budget constraints, it is with great care and concern that the Acting Governor seeks an additional \$40 million in the Fiscal 2006 Budget to recast the State's mental health system to provide services that are comprehensive, accessible, and consumer-driven.

Historically, the State's mental health services have churned in place, outside the limelight of other, more visible public programs. As a public issue, mental illness has resided at an unfortunate intersection: characteristically misunderstood, often unappreciated, and arguably under-funded, yet absolutely vital to the people it serves, many of whom are among our most vulnerable citizens.

And, along the way, subtle forces have exerted downward pressure on the quality of care. Population growth, economic stress, emergencies and military conflict have steadily increased the demand for mental health services, including community-based services, culturally-competent programs, hospital treatment, housing, and support programs. While the availability of services stagnated, inpatient treatment in local hospitals and the need for expanded community-based services increased significantly, thus straining an already fragile system of care.

The Acting Governor's new initiative is designed to ensure adequate and timely access to varied levels of care and to help patients advocate with regard to their benefits, housing and general rights. Emphasis will be placed on treatment, wellness, and recovery, as well as consumer and family-directed care. Instead of defaulting to an institutional setting, community-based alternatives will be thoroughly explored. To improve access to services, a central point of entry will be provided, and the availability of treatment experts who are culturally-competent, bilingual and capable of handling co-occurring disorders will become the norm, not the exception.

Most importantly, while some of our most vulnerable citizens need the care that the hospital system provides, the re-invigorated system will adopt the premise that the vast majority of patients can recover and participate in community life...where they can live, work, pay taxes and have meaningful relationships. The ultimate goal will be to re-integrate these patients by using the least restrictive setting possible.

Just over \$30 million (75%) of the \$40 million newly recommended for fiscal 2006 will be used by the Departments of Human Services, Health and Senior Services, Labor and Military and Veterans' Affairs to strengthen the State's mental health system, as detailed below:

Mental Health Programs:

- *Mental Health Screening Centers*
A total of approximately \$10 million in additional funding is recommended in fiscal

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2006 to expand mental health screening centers by 50%. The Screening Centers, located in all 21 counties, serve as the gateway to services at every level, including outpatient counseling, case management, self-help centers and even inpatient hospitalization. This initiative will add approximately 160 new master's level clinicians for emergency screening, including mobile outreach teams and enhanced, on-call resources for off-peak shifts when wait times spike. Staff recruitment will specifically target bilingual clinicians based on the needs of specific communities and will provide an improved ability to assess and treat co-occurring disorders. Most importantly, enhanced screening will provide mental health services on a 24/7 basis for individuals in crisis who cannot wait for a regular appointment.

- *Self-Help Centers*

An increase of approximately \$2.1 million is recommended in fiscal 2006 to expand outreach and programming capabilities at the 27 Self-Help centers in New Jersey. These centers are a key resource in the move toward a more consumer and family-centered approach to successful treatment and recovery. The new funds will be used to expand specialized therapies such as music, art and recreation, and for capital improvements to program facilities.

- *Post Traumatic Stress Disorder*

Based on prior military conflicts, approximately 15 to 25% of the returning veterans and their families will experience some form of Post Traumatic Stress Disorder. Currently, 250 veterans are waiting for counseling services. A total of approximately \$.5 million in new funding would help clear the existing waiting list and provide services for returning military personnel and their families and for those who have lost loved ones in battle.

- *Psychiatric Services*

Presently, the waiting list for an appointment with a psychiatrist or an advanced-practice psychiatric nurse for medication management and other psychiatric services can stretch up to six weeks. Thus, when a person is released from the hospital after being stabilized,

medication appointments may not be available in a timely fashion. In some cases, this can result in re-admission to a State psychiatric hospital, creating a cyclical pattern that is costly and otherwise avoidable. New funding of approximately \$2.5 million will provide an estimated 25,000 additional hours of counseling time from psychiatrists and/or advanced practice psychiatric nurses.

- *Support Services for Permanent Supportive Housing*

Case management, counseling, employment training and daily living skills are vital support services that help to ensure the long-term wellness and recovery of persons with mental illness in a permanent supportive housing setting. This Budget includes an additional appropriation of approximately \$5 million for these services, which will be made available to the first 500 persons who take advantage of the housing opportunities provided by the Governor's Housing Trust Fund (see description below).

- *Jail Diversion*

Nationally, 16% of prisoners suffer from a severe mental illness. A similar situation exists among inmates in New Jersey. Studies indicate that persons with mental illness often end up in prison due to an inappropriate charge, often of a non-violent or disorderly nature, when providing access to appropriate treatment and medications would have been the preferred form of treatment. In fiscal 2006, an estimated \$1.8 million in new funding is recommended to develop community treatment liaisons to the judicial community in the counties with the greatest need. This program is patterned after pending legislation introduced by Assemblyman Francis Blee. Based on statistical information, the counties with the highest pre-arrest/pre-adjudication numbers will be identified and community treatment liaisons to the judicial community will be developed based on their needs.

- *Governor's Council on Mental Health Stigma*

Stigma, which erodes confidence that mental disorders are real health conditions, is one of the greatest barriers to treatment today. This Budget proposes a new appropriation of roughly \$250,000 to establish the

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Governor's Council on Mental Health Stigma, with representatives from the fields of mental health, healthcare, the media, insurance, government, pharmaceutical industry, business, law enforcement, clergy and education, as well as consumers and family members. The group's mandate will be to develop a master plan to increase public awareness and understanding of mental disorders.

- *Office of Disaster Mental Health*

One of the lessons of September 11th was the importance of having readily available services to respond to the needs of victims of large-scale emergencies. A new appropriation of approximately \$250,000 is recommended to stabilize the current Office of Disaster Mental Health with the Division of Mental Health Services for that purpose.

- *Supportive Employment*

An individual with mental illness who has learned to manage his/her own illness must also provide for their own housing, education, and employment in order to become a fully-contributing member of society. Currently, there are approximately 1,600 consumers per year who benefit from supportive employment programs funded by the State. Expanding the current funding by an estimated \$1 million, from \$3.5 million to \$4.5 million, would enable approximately 450 additional individuals with mental illness to participate in this program, which successfully places a minimum of 50% of its participants in viable employment.

- *Bilingual and Culturally Competent Services*

Cultural competency in mental health and social services is a key component of quality care. Services and mental health professionals need to have the necessary language and cultural skills to support racial and ethnic minority groups in need of mental health services. A new investment of approximately \$1 million is proposed for fiscal 2006 to expand bilingual and culturally-diverse case management and outpatient services, specifically to serve the fastest-growing ethnic minority populations in New Jersey. Anecdotal data from community-based provider agencies and ethnic minority group associations as well as census data will be essential in identifying crucial service areas and populations.

- *Short-Term Care Facilities*

Families and persons with mental illness prefer to receive treatment as close to home as possible. Currently, an average of two out of every three persons determined to be in need of hospitalization at local screening centers is sent directly to a State psychiatric hospital. To encourage community hospitals to provide this care closer to home, the Fiscal 2006 Budget commits approximately \$1 million to implement a pilot program to provide inpatient psychiatric hospitalization in community Short Term Care Facilities for up to 30 days. This program will assess whether patients can be stabilized before they are sent to a more restrictive and costly place of care.

- *Residential Health Care Facilities*

An estimated \$2.2 million in additional State funding is proposed for fiscal 2006 to improve Residential Health Care Facilities (RHCF), or "boarding homes." An increase of \$50 per patient would be provided in the existing subsidy to RHF operators, along with an increase of \$10 for the consumers' personal needs allowance. This investment will assist in improving the facilities and overall quality of life for those persons residing in the RHCF's.

In addition, responsibility for the monitoring and inspection of these facilities will be shifted from the Department of Health and Senior Services to the Department of Community Affairs (DCA). DCA presently has jurisdiction over the regulation of rooming and boarding homes, facilities that are similar in nature to RHCF's. Using existing staff available within DCA's Division of Codes and Standards, this consolidation will provide a more efficient means of administering these inspections, eliminating overlap and duplication of effort.

- *Community Health Law Project*

The Fiscal 2006 Budget would provide an estimated \$600,000 to the Community Health Law Project (CHLP) which counsels persons with mental illness and their families on their entitlements and benefits and often represents persons with mental illness living in boarding homes. The CHLP will be expanded from 7 to approximately 10 counties. Approximately 90% of mental

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health patients are denied on their first submission of a benefits application to the federal government. CHLP has a 90%+ success rate of obtaining federal benefits for these people, however.

- *Specialized Case Management*

To provide opportunities for services in the least restrictive setting for those persons identified as “treatment resistant,” but who do not necessarily meet the terms for involuntary inpatient commitment, the Fiscal 2006 Budget will include approximately \$1.5 million for Special Case Management services to help these individuals recover in the community.

- *Pilot Re-entry Case Management Services*

Studies indicate that, for the mentally ill prisoner, re-entry treatment and related services after release are crucial to giving them the best possible chance to become productive members of society. The University of Medicine and Dentistry of New Jersey (UMDNJ) recently assumed responsibility for mental health patients currently incarcerated in New Jersey’s prisons. It is recommended that approximately \$800,000 be appropriated to pilot re-entry case management services, building on existing Intensive Case Management and Program for Assertive Community Treatment (PACT) services, with the provider directly coordinating with UMDNJ staff, beginning with pre-discharge planning. This will provide approximately 100 hours of case management for approximately 100 individuals recently discharged from prison. This new program will be a cooperative effort administered by the Department of Human Services, the State Parole Board, and the affected communities.

- *Governor’s Task Force on Mental Health*

Under the direction of the Acting Governor, the Task Force on Mental Health, established in Executive Order #1 on November 16, 2004, will continue to evaluate and monitor these activities as well as relates administrative directives and recommendations, concerning adult and children’s mental health services, throughout fiscal 2006.

College Loan Forgiveness for Mental Health Workers

A new appropriation estimated at \$3.5 million also is recommended for the College Loan Forgiveness Program for Mental Health Workers within the Higher Education Student Assistance Authority budget. An estimated 3,000 New Jerseyans graduate from four-year college programs each year with the intention of entering jobs in the social service industry. Unfortunately, after being employed for just one year in community-based provider agencies, 38% leave these jobs; in some of the more intense programs, the turnover rate can be as high as 80%. Most of the staff that leave these positions do so because they have difficulty paying off student loans, a problem exacerbated by the fact that the average starting salary of social service and mental health professionals in New Jersey is only \$25,000. Under the proposed program, up to \$5,000 of an individual’s outstanding loan amount could be forgiven (i.e., paid by the State) annually, and up to \$20,000 over a period of four years, for qualified college graduates. The program, which will be available to New Jersey residents who work in a State, county, or State-contracted, non-profit mental health or social service facility in the state, will ensure that our most vulnerable citizens receive continuous care from quality professionals.

Housing Trust Fund

Approximately half of all adults with mental health concerns presently live at home with aging parents and many of the state’s 8,000 chronically homeless people also suffer from some type of mental illness. Unfortunately, the wait for housing presently can last as long as five years. Besides bringing decency to their lives, the availability of decent housing will dramatically enhance the chance of recovery for these individuals.

To ensure that New Jersey’s most vulnerable citizens have a place to call home, a \$200 million Housing Trust Fund will be established in fiscal 2006 as an initial step in creating 10,000 permanent, affordable housing opportunities over a 10-year period. (These capital funds will be derived from bonding capacity remaining from the prior securitization of motor vehicle surcharge revenue in fiscal 2005.) This initiative, which will have no cost impact in fiscal 2006, will enable individuals with mental illness and the disabled to achieve their highest functional level in the least restrictive setting.

Postpartum Depression

In the Department of Health and Senior Services (DHSS), a new appropriation of approximately \$2 million is recommended for Postpartum Screening.

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Postpartum Depression (PPD) is a condition that describes a range of physical and emotional changes that many mothers experience after having a baby. The new appropriation will cover the cost of treating postpartum depression among uninsured women, establishing New Jersey as the first state in the nation to do so. In addition, an estimated \$2.5 million will be provided to DHSS for a postpartum education campaign. This new program will educate the public on postpartum depression, including its signs and symptoms, and will instruct women and their families on how to get needed help.

Traumatic Brain Injury

In addition, as part of the mental health initiative, an increase of approximately \$1.8 million is recommended in the Department of Human Services to serve more people with traumatic brain injury in a non-institutional setting. The federally approved Medicaid Traumatic Brain Injury Waiver provides home and community-based assistance services to adults who have suffered traumatic brain injury. At present, New Jersey has approval and funding for 300 slots for this particular waiver. The increase noted above will enable the Department of Human Services to fund an additional 50 slots, an increase of 17%.

Brisbane Closure

Under the terms of a legal settlement with Children's Rights, Inc., the Arthur Brisbane Child Treatment Center must be closed by December 31, 2005. The Child Welfare Reform Plan establishes a timetable for ceasing admissions for each population group at Brisbane. That Plan was initiated on September 30, 2004 and will continue until admissions stop on June 30, 2005.

The Plan also requires that former Brisbane residents receive services in a less restrictive, community-based setting. These community-based programs will be operated by non-profit agencies contracting with the Department of Human Services and will be based on the age of each child and the severity of their behavioral health issues.

A total of \$2.4 million was provided in fiscal 2005 for transitional costs associated with the depopulation of Brisbane. This funding is continued in fiscal 2006 along with \$5.6 million for community placements of children who otherwise would have been placed in Brisbane.

After Brisbane is closed, the facility will continue to be used to provide services to children with special needs. The exact nature and scope of those services will be

determined by the Department of Human Services during fiscal 2006.

State Purchases – Disability Vendors

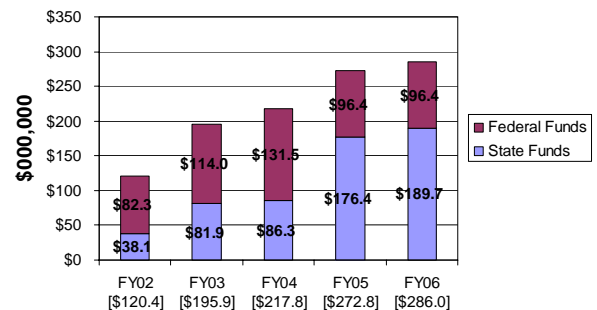
Presently, about one-third of 1% of total State purchases are made from developmentally disabled workshops. These purchases are made in accordance with the State Use Law for Rehabilitation Facilities, which encourages business between employment and training centers and State government agencies. In fiscal 2006, an administrative goal will be set to raise the percentage of State purchases from disability vendors or the Central Non-profit Agency (i.e., set-aside program) to a total of 3%.

Homeland Security

The tragic events of September 11, 2001, not only changed our lives, they fundamentally altered the priorities of government. To confront the enormity of the task that lay ahead, security became a top funding priority, and the State re-organized key services to combat the ongoing threat of terrorism.

As depicted on the attached chart entitled "New Jersey Homeland Security Funding," a total of \$1.1 billion has been made available for security programs in New Jersey since fiscal 2002, split almost equally between State (\$572 million) and federal (\$521 million) funds. Along the way, however, the federal portion has steadily declined as a percentage of the annual total, dropping from a high of 68% in fiscal 2002 to a projected 34% in fiscal 2006. The State has filled that vacuum, raising its level of effort by nearly 500% from approximately \$38

New Jersey Homeland Security Funding



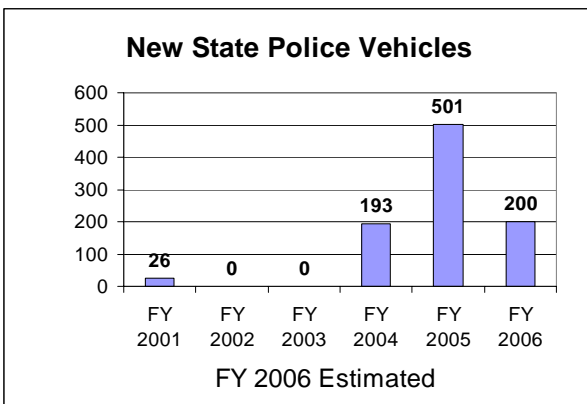
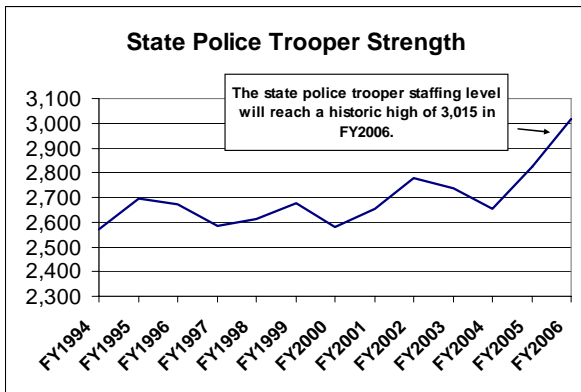
million in fiscal 2002 to a projected \$189 million in fiscal 2006, primarily by adding new surcharges on car rentals (\$2 per day, \$22 million per year beginning in fiscal 2004) and monthly telephone bills (\$.90 per phone line, \$115 million per year beginning in fiscal 2005) to an expanded level of General Fund support.

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The chart below outlines some of the new programs that were implemented since September 11th, 2001, and the corresponding State funding that is recommended in fiscal 2006:

Enhanced 911 Service – Wireless Calls	\$32.4 million
Municipal Aid – Homeland Security Grants	\$32.0
Bioterrorism/Disease Surveillance	\$12.3
Office of Counterterrorism	\$ 9.2
Nuclear Plant Security	\$ 4.8

As displayed on the chart below entitled “State Police Trooper Strength,” the State has also increased the State Police ranks by a projected 363 troopers (14%) from fiscal 2004 to fiscal 2006 at an annual cost of approximately \$12 million in salaries. This will provide a total of 3,015 troopers, the highest level in the history of the State Police. An accompanying chart entitled “New State Police Vehicles” displays a corresponding increase in State trooper cars during this time frame.



Equally impressive, however, is the amount of capital funds provided by the State, including Building Authority financing, to upgrade key emergency response facilities or to protect potential targets:

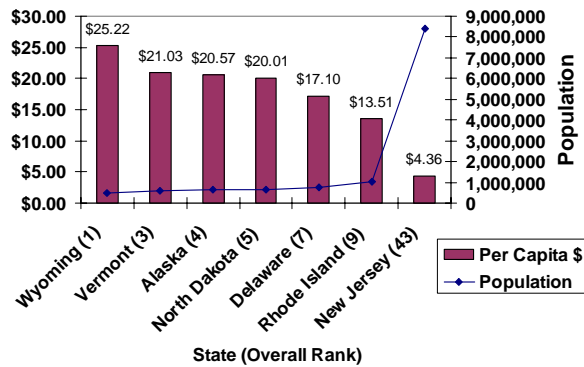
State Police Technology Center and Troop C Headquarters	\$84.0 million
State Police Emergency Operations Center	\$27.0
OIT Availability and Recovery Site	\$14.1
Statewide Security (since FY2002)	\$12.0

With the exception of Bioterrorism, however, none of these new programs received any federal support. In fact, federal funds provided to New Jersey for health and law enforcement programs declined by a total of \$35 million or 27% from fiscal 2004 (\$131.4 million) to fiscal 2005 (\$96.4 million). Most of this decline (\$32 million or 90%) was in the area of law enforcement, reflecting a \$16 million (40%) reduction in equipment and training grants for first responders in New Jersey as well as cuts to Urban Area Security Initiative (UASI) grants (\$13 million, 40%). The latter, which are designed to address the unique security needs faced by large cities, resulted in a reduction to the Jersey City UASI of \$10.3 million, or 60%, from \$17 million in fiscal 2004 to only \$6.7 million in fiscal 2005. The greater Newark UASI, which includes Essex, Bergen, Morris, Hudson, Passaic and Union counties, will receive only \$12.4 million in fiscal 2005, or \$2.6 million less than its previous \$15 million amount. Collectively, these two UASI areas represent nearly half the state’s population and its critical infrastructure sites.

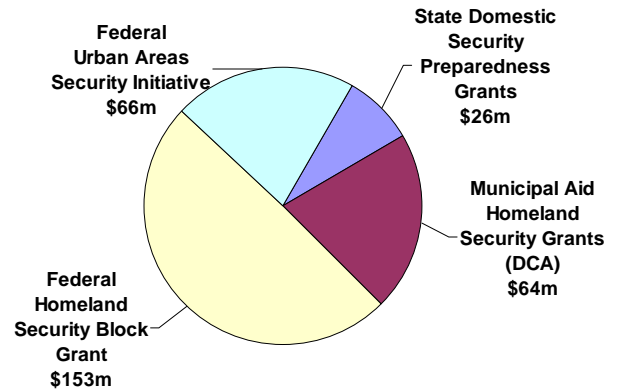
Generally, there are two underlying causes for the decline in federal funds to New Jersey. The UASI cuts noted above were implemented despite an increase in the total UASI funding of 24% in fiscal 2005, as the federal government directed more funds to the nation’s largest cities (e.g., New York, Washington, D.C.) at the expense of comparatively smaller urban areas. The federal government’s use of a population-based formula for distributing Homeland Security grants among the states was equally troubling. As shown on the attached chart entitled “Per Capita Allocation of Federal Homeland Security Funds,” rural states such as Wyoming and Vermont, which have far fewer potential terrorist targets, have received much higher funding on a per capita basis than New Jersey. In fact, New Jersey ranks 43rd in the nation in federal Homeland Security grants per capita despite having the highest concentration of at-risk infrastructure. Unfortunately, the funding provided has simply not been commensurate with the risks, placing a disproportionate funding burden on New Jersey taxpayers.

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Per Capita Allocation of Federal Homeland Security Funds



FY02 - FY06 Homeland Security Funding to Localities - \$309 Million



The State's lobbying efforts at the federal level may be bearing fruit, however. The proposed Federal 2006 Budget, released on February 7, 2005, would restructure State and local grants for first responders to target money to areas which face the greatest risk and potential vulnerability. It would scrap the current population-based formula and instead require states to compete for funds by demonstrating how their security plans mesh with national preparedness goals. It would also provide \$600 million nationally for a new grant program to protect key infrastructure, including ports and private industry, would lower the minimum percentage allocation to states from .75% to .25%, and increase UASI funding for cities. However, Congress must approve these changes by altering existing law, including the USA PATRIOT Act, which designates the current mandatory minimums for states.

Of the funding that is presently available, much of it has been forwarded to localities. In the aftermath of September 11th, many towns have struggled to keep pace with Homeland Security needs. The attached chart, entitled "Homeland Security Funding – Localities", highlights an estimated \$309 million that was passed through to local governments, representing roughly one-third of the \$1.1 billion in State and federal funds provided for Homeland Security from fiscal 2002 to fiscal 2006. This includes 80% of most federal grants for equipment and training as well as \$32 million in annual State funds for local property tax relief, offsetting security costs within local operating budgets.

Organizing Collaboratively to Maximize Resources

Under the best of circumstances, there is not enough funding available to bring every affected agency up to the level of preparedness that is required. To

successfully combat terrorism, cooperative solutions must be implemented. As opposed to the ways of the past, when hundreds of localities would purchase equipment and security services independent of one another, it is inherently more efficient to arrange mutual aid agreements between various units of governments. New Jersey has responded to this challenge by instituting historic organizational changes that drive budget decisions, leveraging available funds through the regionalization of services.

Over a year before the federal government established the new U.S. Department of Homeland Security, New Jersey created the Domestic Security Preparedness Task Force to coordinate the efforts of multiple departments, including Law and Public Safety, Health and Senior Services, Transportation, and Environmental Protection, to name a few. Operating largely out of public view, the Task Force has coordinated one of the most extensive interagency operations in State history. To drive home the importance of interagency cooperation, the Task Force has adopted a funding strategy that maximizes available resources by placing the highest priority on regional solutions and, to the extent possible, adopting a "follow the hazard" approach that recognizes the localities that face the greatest risk.

Some prime examples of interagency cooperation include:

- Detect and Render Safe Task Force – State and local collaboration providing bomb squads and explosive-detecting dogs on a regional basis.
- Rapid Deployment Force (RDF) – over 1,000 officers from 135 municipalities and counties, plus a contingent of State troopers, provide immediate response capability to potential terrorist incidents that could overwhelm a local police force; the RDF

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also has been deployed for special events, such as the Republican National Convention, the presidential inauguration, and to inspect trucks traveling into Manhattan during periods of heightened security alerts.

- Domestic Security Exercise Support Team - an interagency group that evaluates security capability in the field. For example, in April, 2005, New Jersey will participate in a congressionally-mandated, full-scale terrorism preparedness exercise referred to as TOPOFF 3, a week-long security exercise which will be international in scope, involving Canada and the United Kingdom as well as federal, state and local governments. New Jersey was chosen as the host venue on a competitive basis for the biological agent exercise (plague). The Support Team will identify existing gaps and weaknesses.
- Monmouth County assigned much of the equipment it purchased to a select few county or municipal responders who are positioned and staffed to rapidly transport the equipment anywhere in the county. This model has been replicated throughout the state.
- At the request of the United States Coast Guard and the United States Navy, State Police marine troopers now escort vessels carrying military and hazardous cargo containers.

Collaboration has also extended to the private sector, which owns up to 90% of the critical infrastructure in our state. The Task Force has developed best practices for security, covering issues such as background checks, mitigation measures, and communication protocols for crisis events, and tailored them to 20 different industry sectors (e.g., chemical/petroleum, healthcare and food). The corresponding public agencies serve as liaisons to their respective industries (e.g., Board of Public Utilities with the power industry), forwarding best practices to the Governor for approval. These suggestions are then disseminated to each company within a sector, and compliance is monitored biannually. In addition, the Office of Counter Terrorism routinely shares information with the private sector about potential threats using a high-speed notification system.

Two other key examples of regional, multi-agency solutions pressed by the Domestic Security Preparedness Task Force are summarized below.

School Security

In the summer of 2004, the extent of what is truly at stake in the war against terrorism became apparent in an attack on school children in Beslan, Russia, in which terrorists hid explosives and weapons in the school as part of a construction project. The shock was deepened by the subsequent news that floor plans for two New Jersey schools were found on a computer disk in Iraq. To ensure the safety of our children, Acting Governor Codey implemented a School Security plan. Each school in New Jersey will receive a comprehensive security checklist jointly prepared by law enforcement and educational officials, and the State Police will send trained security experts to ensure compliance at every school. In addition, every school construction site will be regularly inspected by security staff, and school personnel will be trained by federal and State security experts on how to recognize and react to potential terrorist activity. Finally, the NJ Domestic Security Preparedness Task Force will apply the lessons learned from the pre-existing Model Mall Initiative to investigate the use of new technology, such as “smart” surveillance cameras or identification cards, which are currently being evaluated by the State’s Homeland Security Technology Systems Center at the New Jersey Institute of Technology (NJIT).

Interoperable Communications

Another stark lesson of the September 11th disaster was the inability of first responders to effectively communicate. Using a combination of \$36 million in State and federal funds, including \$2 million provided in a supplemental appropriation signed by the Acting Governor in January, 2005, the State Police will upgrade their existing, obsolete analog radio system to a digital platform, ending the reliance on a single transmitter at a single tower which existed at the time of the World Trade Center attack.

While statewide coverage is expected by December of 2005, the North Jersey segment was recently completed and field tested with over 40 other law enforcement agencies, including the Port Authority, FBI, Coast Guard, county sheriffs, and local first responders. This technology, which was successfully used at the Republican National Convention and during previous threats against the financial industry in northern New Jersey, eliminates the need to patch together existing frequencies through a central dispatch point. That prior system produced a “party line” type connection in which many agencies were indiscriminately linked. Instead, the new system provides a targeted “private line”, essentially limiting communications to those first responders who are vital in any particular emergency. This system, which meets current standards established

by the federal Department of Homeland Security, makes maximum use of existing radio equipment while the State awaits a longer term solution that would standardize radio frequencies for all users.

As a counterpart in the health field, New Jersey is also the first state in the nation to have an interoperable radio system connecting the State's 84 acute care hospitals and the various emergency preparedness centers, ensuring reliable communications among health care providers and first responders if a terrorist event or natural disaster were to disrupt normal communications.

State Police – Homeland Security Branch

On February 26, 2004 the State Police announced the largest reorganization in the Division's history with the creation of a new Homeland Security Branch (H.S.B.). This reorganization placed all front-line defenses under one unified command, thus maximizing the Division's ability to coordinate statewide resources. As of January 2005, the HSB has a total of 1,137 staff, approximately one-quarter of the total available to the State Police.

Public Health Terrorism Preparedness

The Department of Health and Senior Services (DHSS) has stewardship responsibility for approximately \$45.3 million a year in state (\$12.3 million) and federal funds (\$33 million) for bioterrorism, disease surveillance, and health care preparedness. These resources enable DHSS to adequately prepare for emerging health threats that were rarely mentioned prior to the tragedy of September 11th.

In fiscal 2005, approximately \$14 million was forwarded to counties and cities (e.g., Newark, Paterson) designated as lead public health departments to enhance emergency preparedness planning and response, disease surveillance, health education, training, and mass vaccination, adding approximately 150 specialists to the local public health workforce.

To rapidly distribute antibiotics and vaccines during a biological or chemical attack, the Department developed a robust system for the storage and distribution of the federal Strategic National Stockpile, including a supplemental stockpile to meet our immediate needs until the federal assets arrive. In fiscal 2005 and 2006, \$3.5 million will be provided for this purpose. This includes the strategic placement of "CHEMPACKS", which are federally-controlled supplies of chemical antidotes located in select hospitals and secure government venues around the state.

The State's emergency medical services (EMS) and health care system, such as hospitals and community

health centers, require increased capacity to handle mass casualties. In response, nine hospitals have been designated as Medical Coordination Centers, responsible for coordinating medical activities on a regional basis (\$8.6 million). In addition, New Jersey was the first state in the nation to provide a round-the-clock Bioterrorism Rapid Response team as well as three regional EMS Task Forces comprised of advanced life support and paramedic staff who can mobilize quickly in the face of a crisis. Finally, the JEMTRAK project will provide a rail-based medical response capability, retrofitting several rail cars with equipment, medical supplies and trained health personnel to provide timely triage, emergency medical treatment and transport/medivac (\$1.4 million).

Laboratory testing services are a vital component of every state's preparedness efforts, and DHSS has aggressively pursued several capital projects to more efficiently handle specimens. Assuming final legislative approval in 2005, the NJ Building Authority will be authorized to provide \$139 million in financing for a new, 275,000 square foot, state-of-the-art Public Health, Agricultural and Environmental Laboratory. The facility should be fully commissioned in about four years. In the interim, DHSS has secured satellite lab space to support expanded environmental chemistry testing and has also expanded its current microbiology laboratory to provide an additional 3,000 square feet of lab space.

In addition, DHSS is also constructing a full use, 1,500 square foot Health Command Center, providing a key focal point for coordinating the public health response to an act of terrorism or other major health emergencies. The facility will be equipped with redundant, state-of-the-art communications equipment as well as an emergency power generator to ensure continuity of operations at a total cost of \$2.2 million.

Child Welfare Reform

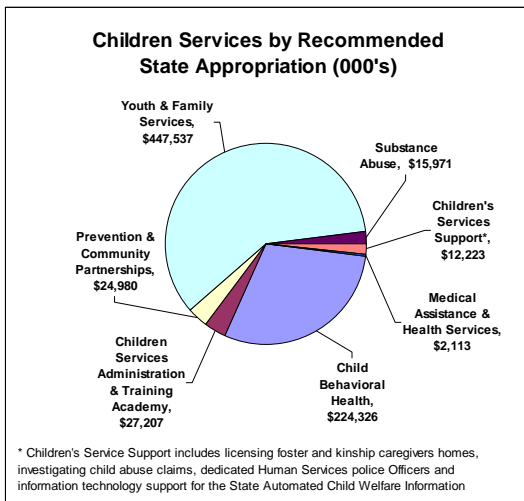
Following the tragic death of several children due to abuse or neglect, a federal class action lawsuit originally filed by Children's Rights, Inc., in 1999 was settled in June, 2003. The settlement created a Child Welfare Reform Panel whose role is to approve a reform plan developed by the State and to oversee the subsequent reform efforts implemented over an 18 month period. The plan, entitled *A New Beginning: Child Welfare Reform in New Jersey*, was approved by the Panel on June 9, 2004 and incorporated into the lawsuit.

The Fiscal 2006 Budget provides an additional \$55 million in State funds, increasing State appropriations from \$149.8 million in fiscal 2005 to \$204.8 million (37

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%) in fiscal 2006, to sustain and expand Child Welfare Reform efforts for the following initiatives:

- Reorganize Children Services:** All child welfare services within the Department of Human Services are restructured under the Office of Children Services, an umbrella “agency within the agency.” Within this new organization are the Division of Youth and Family Services, the Division of Child Behavioral Health, the Division of Prevention and Community Partnerships, and the Child Welfare Training Academy. By separating mental health, prevention and training services, DYFS will be able to focus exclusively on permanency and protective services for children. (See the attached chart entitled “Children Services by Recommended State Appropriation” for a breakout of State funding for Child Welfare among various divisions within the Department of Human Services.)



- Additional Caseworkers and Support Staff:** The Fiscal 2006 Budget provides funding for additional employees. These positions include additional case-carrying staff that will allow DYFS to move towards its goal of achieving caseload-to-staff ratios of 12-to-one for protective staff and 15-to-one for permanency staff.
- Rate Increases for Resource Families (i.e., Foster Care, Subsidized Adoption):** The Budget provides additional funding to increase the board rates for foster and subsidized adoption in order to close the gap between current rates and the U.S. Department of Agriculture’s estimated cost

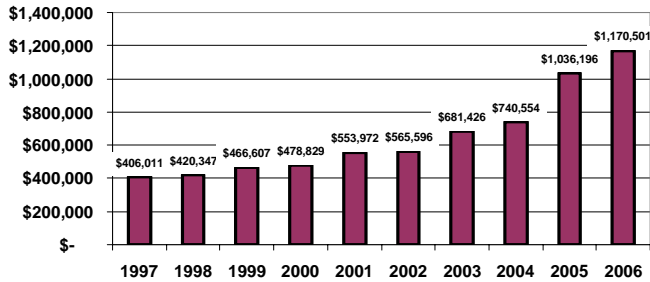
of raising a child in a two-parent, middle income family in the urban northeast by 15%.

- Division of Child Behavioral Health Services:** Funding is provided to reduce the inappropriate reliance on institutional settings by expanding child behavior health services, including intensive in-home services, mobile response and stabilization services, care management organizations, family support organizations and community-based treatment homes.
- Substance Abuse:** Additional funding is provided to create and support more substance slots for women who are involved or at-risk of involvement with the child welfare system and their children.
- Community Partnerships and Prevention Services:** With particular attention to the precursors of child abuse and neglect, including mental health, substance abuse and housing, the Fiscal 2006 Budget provides funding to support expanded community-based planning services including school-based youth programs to preserve and support healthy families.
- Child Welfare Training Academy:** The Fiscal 2006 Budget supports the continued development of the Child Welfare Training Academy, which provides training for resource families, community-based provider employees and all Office of Children Services staff.
- Statewide Automated Child Welfare Information System (SACWIS):** Operational support is continued for the development of SACWIS, which rolled out its first module November, 2004. An additional \$3.5 million is recommended in State capital to modify a component of an existing SACWIS system from another state so it may be used in New Jersey. This State funding will be matched by federal grants.

Beyond the growth associated with Child Welfare Reform efforts, the Fiscal 2006 Budget provides another \$24.5 million for Child Behavioral Health services and \$4.3 million in funding for various DYFS out-of-home placement categories. As depicted on the attached chart entitled “Protecting Children: Total Expenditures”,

the combined value of State and federal funds dedicated for protecting children in fiscal 2006 will be nearly \$1.2 billion, an increase of 13% over the amount provided in fiscal 2005.

**Protecting Children: Total Expenditures
Fiscal 1997 - 2006 (in thousands)**



Expenditures data includes all funds for the Office of Children Services; Office of the Child Advocate; Division of Law, Office of Child Welfare; and Office of Public Defender, Law Gaurdain Kinship Care.

Safety Net

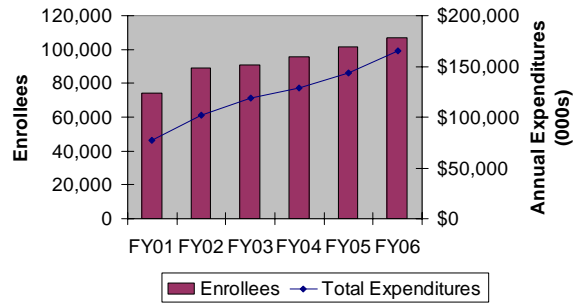
Medicaid, Family Care, and Kidcare

Through the Medicaid, FamilyCare, and KidCare programs, the Division of Medical Assistance and Health Services fulfills its commitment to provide health care to New Jersey’s most vulnerable citizens. The combined State cost of providing these services is projected to increase from \$2 billion in fiscal 2005 to \$2.2 billion in fiscal 2006. This increase of 8.4% is primarily attributable to utilization increases, medical inflation, and the rising cost of prescription drugs.

While the number of Medicaid-eligible residents is projected to remain relatively stable at 930,000, the number of children receiving health insurance through the KidCare Program is expected to increase by 10,000, or approximately 10% above the 100,000 children currently receiving health insurance benefits. As can be seen in the chart entitled “NJ KidCare Growth”, the Fiscal 2006 Budget continues support for this growing program with \$164 million in State and federal funds. All New Jersey children with a family income up to 350% of the federal poverty level, or income of \$65,975 for a family of four, will continue to be eligible for coverage under the program.

Due to fiscal constraints, the FamilyCare program will again be limited to those who are currently enrolled.

NJ KidCare Growth



Operational Efficiencies

In an effort to provide the highest possible level of benefits to the Medicaid population in this challenging fiscal year, operational efficiencies and client cost-sharing measures totaling \$25.8 million are recommended for fiscal 2006. These cost containment initiatives are quite similar to those implemented by most other states across the country, all of whom face the same type of Medicaid cost pressures as New Jersey has experienced. While New Jersey has avoided the more draconian cuts that some other states have found necessary, including large scale reduction of ancillary services, the measures proposed for fiscal 2006 are designed to eliminate duplication and increase program efficiency. Highlights include:

- Savings of \$20 million will be achieved through enhanced monitoring of Medicaid payments for outpatient hospital services.
- Individuals who receive chiropractic, home health, and physician services will share in the cost of their care, saving \$3.3 million. A nominal co-pay of \$3 per visit will be required from adult beneficiaries, excluding pregnant women.
- Recommended savings of \$1.5 million by switching to electronic information transfer wherever practical, thus reducing the cost for printing and postage, most of which will be obtained by transitioning to electronic transmittal of provider manuals and newsletters.
- Continued efforts to identify individuals currently enrolled in Medicaid who have duplicate coverage through a commercial company or the Medicare program, yielding a projected savings of \$1 million.

Prescription Drugs

Medicaid plans to spend in excess of \$1 billion in State and federal funds on fee-for-service and long term care prescription drugs in fiscal 2006. This amount

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excludes drugs provided through a Medicaid managed care plan or the FamilyCare program. To lessen the budget pressure created by the rapid increase in the cost and utilization of prescription drugs, and to preserve Medicaid programs for the greatest number of needy recipients possible, several cost-saving measures worth \$12.1 million are planned for fiscal 2006, as summarized below:

- In an effort to better control drug utilization and help offset cost increases, adult beneficiaries excluding pregnant women, will begin to share the costs of their prescriptions, in fiscal 2006, yielding a Medicaid savings of \$3 million. A nominal \$1 co-pay will be required at the point-of-sale for each prescription filled.
- Recommended savings of \$3.4 million will be achieved by reducing the frequency of pricing updates. Currently, prices paid to pharmacies are updated on a weekly basis. This initiative would change these updates to once a month.
- Changing the refill requirements for prescription drugs is expected to produce savings of \$2.8 million. Currently, a prescription may be refilled once it is 75% finished. This initiative would increase that requirement to 85%.
- Implementing a computer system edit to screen for and deny any prescription claim that exceeds the maximum allowance for the number of pills per prescription is anticipated to save \$1 million.
- Recommended savings of \$1 million will be generated by reducing costs for the prior authorization of pharmacy claims. Currently, claims that require prior authorization are reviewed by a commercial contractor. This initiative would shift this function to the State's School of Pharmacy.
- Another new claims system edit will prevent the dispensing of prescriptions for narcotic drugs to anyone taking methadone. The effects of a narcotic prescription are neutralized by methadone, rendering the pharmaceutical useless. Savings of \$500,000 is projected.
- Recommended savings of \$330,000 will be achieved through changes in payments for

injectable drugs dispensed in a physician's office and billed as a physician service. Currently, Medicaid reimbursement for these drugs is based on the Average Wholesale Price (AWP) minus 5%. This initiative will reduce Medicaid reimbursement to the lower of a physician's acquisition cost or AWP minus 12.5%. This proposal will also maximize drug rebate revenue by including drugs administered by physicians in the federal Medicaid Drug Rebate Program.

Managed Care

In addition to traditional fee-for-service medical coverage, 646,000 people (69%) of all Medicaid Clients receive health care coverage through five Health Maintenance Organizations (HMOs). The managed care program, which seeks to provide quality access and care management to Medicaid clients, is funded at \$593 million in the Fiscal 2006 Budget. Through the increased coordination of care provided by HMOs, Medicaid clients remain in better health and incur lower health care costs.

Developmental Disabilities-Community Programs

The Fiscal 2006 Budget proposes increases in State appropriations for several programs that benefit the developmentally disabled.

As part of the Division of Developmental Disabilities (DDD) ongoing Community Service Waiting List initiative, funding will be available to place 200 people from the existing Community Services Waiting List and Community Transition in group homes during fiscal 2006, an increase of 3%. The cost of these new placements and full year funding for costs deferred from fiscal 2005 totals \$12.6 million.

Real Life Choices, a new program that was recently implemented within DDD, provides in-home/respite services for people on the waiting list and for people living at home with parents or guardians. Real Life Choices reduces the Community Services Waiting List by providing home supports for disabled persons and their families as an alternative to residential placements. Funding of \$1.5 million is recommended for the annualized costs of clients that were added in fiscal 2005.

In addition, Developmental Center Enhancement funding of \$2.5 million is recommended to prevent the Woodbridge Developmental Center from losing federal certification/funding. These funds will be used to encourage the recruitment of nurses, update equipment,

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purchase contracted services, and provide community placements and work programs.

An additional \$7 million is recommended for approximately 200 emergency residential placements. Each year, DDD receives approximately 200 requests for immediate, emergency residential placements. The requests include people whose caregivers, usually elderly parents, are no longer able to provide care because of their own medical problems.

Charity Care

New Jersey hospitals are required by State law to provide services to those in need, regardless of their ability to pay. A share of the cost associated with this care is reimbursed by the State through the Charity Care program.

The Fiscal 2006 Budget provides a total of \$532.4 million in funding for Charity Care payments to hospitals. This reduced level is because of the lower than anticipated collections in the cosmetic surgery and ambulatory facility assessments. Of the total general fund contribution to the Health Care Subsidy Fund (HCSF), \$42.1 million will be used for Charity Care payments in fiscal 2006.

In addition to the General Fund contribution, it is anticipated that Charity Care will be funded by the following:

- \$200 million through a diversion of resources from the Unemployment Compensation Fund;
- \$155 million from the cigarette tax;
- \$55 million from an assessment on Health Maintenance Organizations (HMOs);
- \$42.6 million in federal revenue;
- \$25 million from an assessment on ambulatory medical facilities;
- \$7 million from an assessment on cosmetic surgery procedures;
- \$5.7 million from other revenue sources.

If revenues realized are greater than those anticipated from the ambulatory facility or cosmetic surgery assessments, the amount of charity care distributed will be proportionally increased. This level of support to the State's hospital industry ensures access to medical care for those in need.

Federal Qualified Community Health Centers

The Fiscal 2006 Budget recommends an increase of \$5 million, from an existing appropriation of \$21 million to

\$26 million, to enable existing Federally Qualified Health Centers (FQHC) to treat more uninsured patients and to develop new service locations in areas designated as Medically Underserved Areas (MUA) by the U.S. Department of Health and Human Services. Currently there are 20 community health centers operating 67 facilities throughout New Jersey. The funding increase proposed for fiscal 2006 will enable the Department of Health and Senior Services (DHSS) to open several new centers and thus provide quality healthcare to approximately 30,000 additional New Jersey residents.

In the absence of a universal health insurance program, the community health centers have become a major component of the nation's health care safety net. In many communities, community health centers are the only health care providers available. Given the disparities that have been identified among communities and ethnic groups, this initiative is critical to addressing the medical needs of these special populations. Specifically, FQHCs improve infant mortality rates and prenatal care, reduce low birth weight, and control chronic disease and disability. They also decrease the use of emergency room services for non-emergency purposes, a key cost control factor.

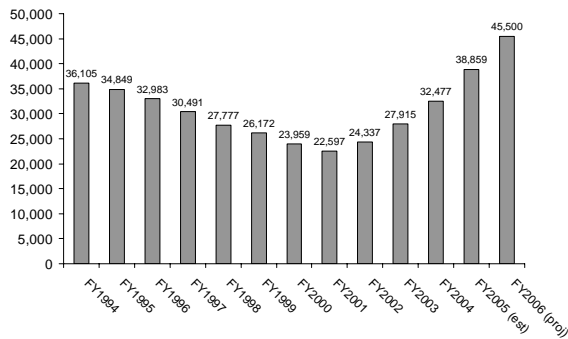
In addition, Federally Qualified Health Centers include a federal 340B Drug Pricing program which gives access to reduced prices for prescription drugs. Specifically, the 340B Drug Pricing program requires manufacturers to provide outpatient drugs at a reduced price, as defined by federal statute. This program should help to maximize the use of available resources within the State's FQHC program.

Welfare

The General Assistance (GA) program provides cash assistance for single people and childless couples who earn up to 100% of the federal poverty level as well as other singles and childless couples who are unable to work due to disability. As noted on the attached chart entitled "Regular General Assistance Caseload", the number of GA recipients increased by 44% (9,880) between fiscal 2001 (22,597) and fiscal 2004 (32,477), and the cost of providing benefits increased \$15.2 million (36%) in the same period, from \$42.5 million in fiscal 2001 to \$57.7 million in fiscal 2004. Based on trends observed over the last 18 months, annual recipient growth of more than 15% is expected in fiscal 2005 and fiscal 2006, and the associated cost of providing benefits is expected to grow by \$22.8 million during this period.

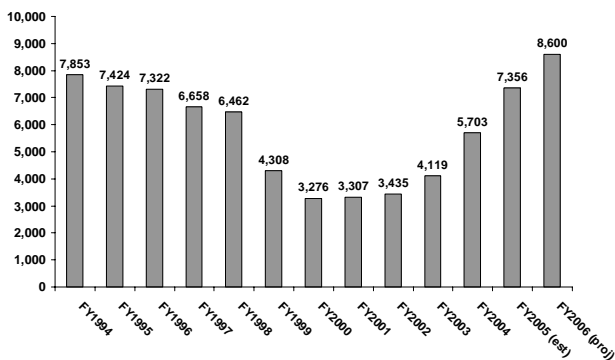
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Regular General Assistance Recipients, FY1994-2006



The GA program also provides emergency assistance services to its clients, including temporary rental assistance, payments for furniture, clothing, shelter and other essential needs. Due to increases in housing costs and a corresponding increase in the need for rental assistance, the number of GA emergency assistance recipients increased by approximately 73% (2,396) between fiscal 2001 (3,307) and fiscal 2004 (5,703). Due to increasing monthly grants, the cost of providing emergency assistance to this population more than doubled in this period, from \$25.1 million in fiscal 2001 to \$51.9 million in fiscal 2004. Additional growth of 53% (\$27.6 million) is expected between fiscal 2004 and fiscal 2006. This trend can be viewed in the attached chart entitled “General Assistance Emergency Assistance Caseload”.

General Assistance Emergency Assistance Caseload, FY1994-2006

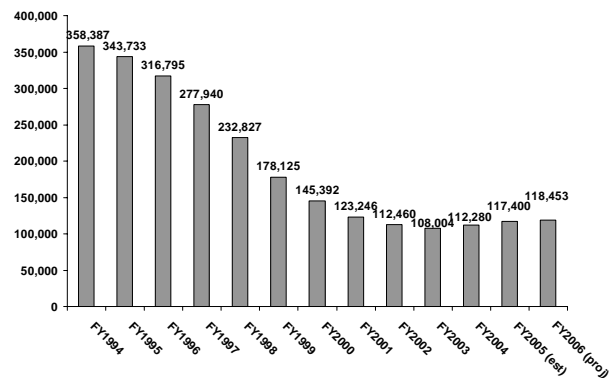


There are a number of reasons for the dramatic increase in GA caseloads, including the 2001-2002 recession, slow job growth in the current economic recovery, increased housing costs, and the fact that disadvantaged singles and couples become eligible for basic health coverage (available through the Division of Medical Assistance and Health Services) simply by receiving GA cash assistance.

The Temporary Assistance for Needy Families (TANF) program provides cash assistance for families whose

income is less than 250% of the federal poverty level. As noted on the attached chart entitled “TANF Recipients”, the total number of TANF recipients decreased by approximately 12% (15,242) between fiscal 2001 (123,246) and fiscal 2003 (108,004), generating budget savings of \$16.6 million in this period. Most of this decrease was attributable to the federal government’s 1996 welfare reform law which implemented cash benefit time limits and required welfare recipients to participate in work activities in order to move off of TANF cash assistance. In fiscal 2004, the TANF caseload increased by nearly 4%, the first annual caseload increase in more than 10 years, mainly due to slow job growth in the current economic recovery and a smaller number of TANF recipients leaving welfare for work. As a result, the associated cost increased by \$9.2 million. As shown on the attached chart, TANF caseloads are expected to rise by just over 4% in fiscal 2005 and then remain relatively flat in fiscal 2006. The increased cost between fiscal 2004 and 2006 is expected to be approximately \$10.0 million.

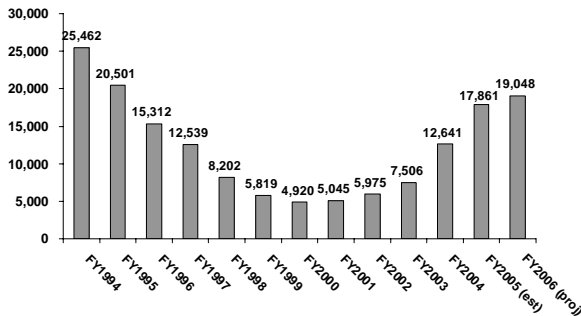
TANF Recipients, FY1994-2006



Similar to the GA program, TANF also provides emergency assistance services to its families, including temporary rental assistance, payments for furniture, clothing, shelter, and other essential needs. Due to increases in housing costs and a corresponding increase in the need for rental assistance, the number of TANF emergency assistance recipients increased by nearly 151% (7,596) between fiscal 2001 (5,045) and fiscal 2004 (12,641), and the cost to provide emergency assistance benefits increased by \$33.7 million in this period. (See attached chart entitled “TANF Emergency Assistance Recipients”). In fiscal 2001, approximately 1 out of every 20 TANF cash assistance recipients also received emergency assistance benefits; by fiscal 2004, that number was up to 1 out of every 9 TANF cash assistance recipients. The emergency assistance population is projected to continue to grow through fiscal 2006, generating \$4.5 million in budget growth.

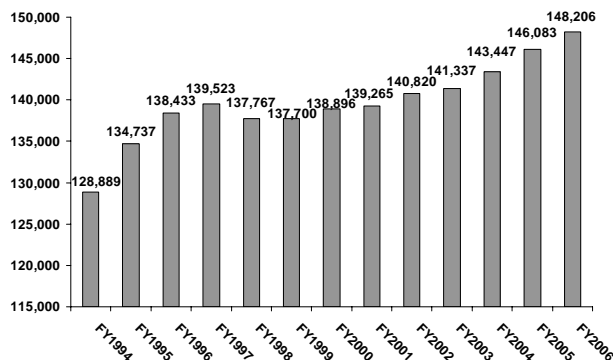
SUMMARIES OF APPROPRIATIONS

**TANF Emergency Assistance Recipients,
FY1994-2006**



The Supplemental Security Income (SSI) program provides cash assistance to New Jersey's economically disadvantaged disabled population. As depicted on the attached chart entitled "SSI Recipients", this population has grown steadily since fiscal 1999, including 3% growth between fiscal 2001 and fiscal 2004, which created \$7.6 million in additional costs. On an annual basis, this growth trend is expected to accelerate slightly, from a rate of about 0.7% per year from fiscal 2001 to fiscal 2004 to about 1.5% per year in fiscal 2005 and fiscal 2006, mainly due to the aging of New Jersey's population and the movement of GA – Unemployable recipients into SSI. Additional funds totaling \$3.6 million are expected to be needed to accommodate this caseload increase.

SSI Recipients, FY1994-FY2006



Health Care

Pharmaceutical Assistance to the Aged and Disabled (PAAD)

The recommended funding for the Pharmaceutical Assistance for the Aged and Disabled (PAAD) program in fiscal 2006 is approximately \$397.6 million, which is \$16.6 million (4%) less than the fiscal 2005 amount of \$414.2 million. As summarized below, this recommended appropriation includes several savings initiatives that offset projected fiscal 2006 budget

growth attributable to increased utilization and the rising cost of drugs:

- Typically, there is a six-month lag in the receipt of rebates from drug manufacturers. These rebates are based on the sheer size of the State's bulk purchase of drugs. The Fiscal 2006 Budget will assume that rebates that are not submitted to the State until fiscal 2007, but which are due and owing from expenditures made in fiscal 2006, will be attributed to the Fiscal 2006 Budget. This approach mirrors the standard practice that has been applied in the past in the State's Medicaid program. These rebates will offset the State appropriation for the PAAD program and thus yield an estimated savings of \$50 million in fiscal 2006.
- Reducing the frequency of pricing updates of prescription drugs will achieve an estimated savings of \$7.9 million. Currently, the PAAD and Medicaid programs update the reimbursement rates paid to pharmacies for prescription drugs on a weekly basis. This initiative would decrease the frequency of these price updates to once per month.
- The PAAD program will realize an estimated savings of \$4.5 million by changing the refill requirement for prescription drugs. Currently, a prescription may be refilled once it is 75% finished. This initiative would increase that requirement to 85%.
- The PAAD program will receive federal funding to help educate and transition PAAD beneficiaries to Medicare Part D. The Medicare Transitional Assistance Grant will be used to help offset PAAD State administrative costs. Estimated savings are \$5.3 million.

In addition, under the new federal Medicare Modernization Act of 2003, the PAAD program will provide a seamless transition for current recipients who will be enrolling into Medicare so no one will experience a loss of benefits.

Long-Term Care and Nursing Homes

The total recommendation for Nursing Home and alternative programs in the Fiscal 2006 Budget exceeds

SUMMARIES OF APPROPRIATIONS

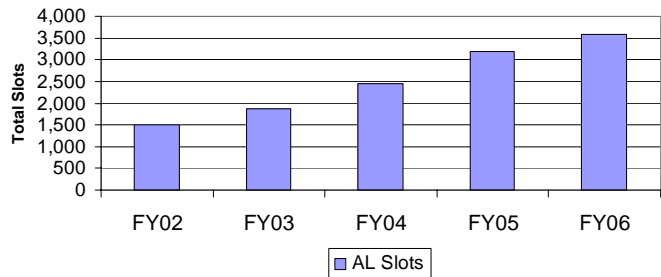
\$783 million in State funds. This recommendation includes several key savings initiatives which maximize federal revenues and control costs, thereby offsetting a total of nearly \$100 million of State appropriations that would otherwise be required to support Nursing Home and alternative operations. The major savings initiatives are outlined below:

- A provider assessment initiative, based on P.L. 2004, c. 41, implements a uniform assessment on all nursing facilities' providers that will generate new federal Medicaid matching funds. This initiative will provide \$51.5 million to offset increased costs funded by the State. The remaining revenue will be matchable under Medicaid, increasing the amount of federal matching funds which will be redistributed to the nursing facilities to improve caregiving.
- Nursing home rates will be rebased without providing an inflation factor adjustment, resulting in an estimated savings of \$23.4 million.
- Reducing nursing home reimbursements from 90% to 50% of the facility rate in instances where beds are reserved for residents who leave temporarily, is projected to yield a savings estimated at \$6.4 million.
- An enhancement of the existing peer grouping methodology which is used to reimburse county nursing facilities is expected to generate savings of \$6 million in fiscal 2006.
- Estimated net savings of \$765,000 may be realized through increased audits and recoveries of overpayments to nursing facilities. Additional staff have been added to support this initiative, which will ensure that nursing home rate recalculations are done in a more timely manner when overpayments occur.
- A \$3.00 co-payment on Medical Day Care services will be implemented. Estimated savings is \$3.2 million.

As depicted on the chart entitled "Growth of Assisted Living Slots," the Fiscal 2006 Budget supports an additional 375 slots for the Assisted Living program, bringing the total number of slots to 3,575, an increase

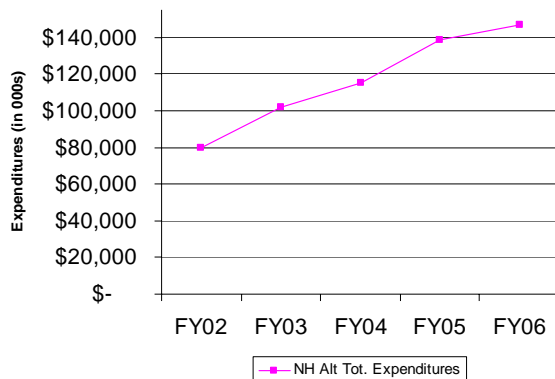
of 12% over fiscal 2005. Assisted Living provides a cost effective, community-based alternative to nursing home care for the Medicaid population. The program combines housing, personalized support, and health care services to those who need help with the daily activities but do not require nursing home care. Since fiscal 2002, the number of Assisted Living slots has increased by 138%.

Growth of Assisted Living Slots



The Fiscal 2006 Budget increases funding for programs that offer alternatives for nursing home residents to be supported in less costly, more appropriate services. (See the chart entitled "Growth of Nursing Home Alternatives".) These nursing home alternatives include Assisted Living, Community Care Alternatives, ElderCare, and Medical Day Care. The recommended Fiscal 2006 Budget approaches \$147 million for these four programs, which represents an increase of 83% above the fiscal 2002 appropriation of \$80 million.

Growth of Nursing Home Alternatives



Cancer Research

Cancer continues to be one of the leading causes of disease and death, prematurely taking the lives of 18,000 New Jersey residents each year. The Fiscal 2006 Budget reflects a continued commitment to eradicating cancer by providing \$32.3 million for cancer

research, prevention and treatment. Of this amount, \$23.3 million is targeted to support the Cancer Institute of New Jersey, including \$18.3 million in operating costs and \$5 million in capital for facility expansion. As the state's only comprehensive cancer center, the Cancer Institute provides access to life-saving screenings, precise diagnosis, and innovative treatments. In addition, the New Jersey Cancer Trial Connect website provides cancer patients with access to information about innovative, clinical research trials. The remaining amount of \$9 million is recommended for various cancer programs, such as the Commission on Cancer Research, cancer cluster investigations and cancer education and screening services through the New Jersey Cancer Education and Early Detection Program (NJCEED).

This appropriation continues a commitment that began in earnest in fiscal 2003. Since that time, the State has provided a total of \$123 million in cumulative appropriations for this important program beyond its original base amount.

Stem Cell Research

Stem cells are unique in their potential for easing human suffering. Most cells of the body – such as heart cells or skin cells – are committed to conduct a specific function. Stem cells are different, however, in that they are able to grow and develop into various specialized cell types. Researchers believe that stem cells, which may be derived from placental tissue, umbilical cord blood, or a range of adult tissues in addition to human embryos, will one day replace cells lost or damaged by devastating diseases such as Parkinson's, Alzheimer's, kidney and heart disease, as well as spinal cord and brain injuries. When transplanted, stem cells have the potential to repair damage and restore function. And by understanding how stem cells renew themselves for long periods, research may unlock the secret to the growth of cancer cells, which also multiply without apparent limit, and thus provide a benefit that does not require the therapeutic application of stem cells themselves.

But there is much work to be done before the potential gift of stem cell research is realized, before we can turn hope into an actual cure. In 2004, New Jersey took a historic step by creating the nation's first state-supported institute dedicated to stem cell research and medical treatment. Two major public research universities, the University of Medicine and Dentistry of New Jersey and Rutgers University, are working together to create the Stem Cell Institute of New Jersey in New Brunswick. The Institute will feature world-class research teams and a state-of-the-art research and

clinical treatment facility. An international search for a permanent Scientific Director of the Stem Cell Institute has begun.

As with any effort of this size and importance, resources are key. In his State of the State address, Acting Governor Codey committed \$150 million in bond funds that remained from a prior securitization to build the Stem Cell Institute. He also called for a \$230 million ballot initiative (General Obligation Bond Act) to fund stem cell research grants. Continuation funding of \$5.5 million is provided in fiscal 2006 for the initial planning and development of the Stem Cell Institute. These funds are in addition to the \$9.5 million previously appropriated.

Though other states are moving aggressively into this field, including initiatives totaling \$3 billion in California and \$1 billion in New York, the State of New Jersey holds a distinct advantage. Not only do we possess a unique combination of pharmaceutical infrastructure, biomedical research, and university expertise necessary to advance stem cell research, well over 50% of the therapeutic industry of the world is headquartered in New Jersey, and stem cells are clearly the future of therapeutics. This investment not only places New Jersey at the forefront of this exciting new field, it also represents a vital commitment to medical excellence for current residents and for generations to come.

Education

Including School Aid to localities, which is detailed in the Taxpayer Relief section of this document, over one-third of the Fiscal 2006 Budget, or \$9.3 billion of the \$27.4 billion total State appropriation, is provided for Education. Some of the more prominent programs are described below.

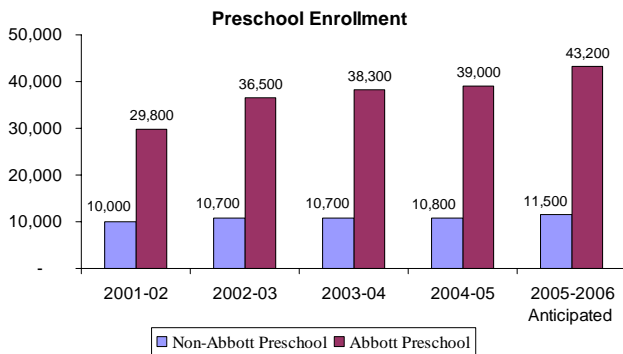
The Preschool Advantage

The importance of a quality education during a child's early years cannot be understated. In light of this, the State has maintained a firm commitment to enhance preschool services for our children. Through the joint efforts of the Departments of Education and Human Services, the State comprehensively integrates educational, social, and family programs to promote academic and social development. The quality of this effort has attracted national attention, as the National Institute for Early Education Research continues to rank New Jersey's Abbott program as one of the highest in the nation.

SUMMARIES OF APPROPRIATIONS

As the accompanying graph illustrates, the Department of Education expects preschool enrollment in the Abbott districts to grow to 43,200 for the 2005-2006 school year, an increase of approximately 45% since the program began in the 2001-2002 school year. If these enrollment levels are achieved, approximately 80% of all 3 and 4 year-olds in the Abbott districts will be enrolled in a high quality preschool program. To improve preschool quality while promoting fiscal accountability, the following initiatives are ongoing:

- Development of research-based program guidelines to encourage consistency across providers;
- A compliance program that will audit approximately 20% of providers and visit every district each year;
- Addition of fiscal specialists in each district to work with private providers and district programs on budget issues;
- Increased recruitment efforts to promote awareness of programs within Abbott communities;
- And offering a venue for providers, districts and the Departments of Education and Human Services to discuss issues and pose solutions.



Since fiscal 2003, a new form of State aid has been provided to fund the dramatic increase in preschool enrollment in the Abbott districts. The Fiscal 2006 Budget recommendation includes \$192.4 million for Abbott Preschool Expansion Aid, as well as \$108.4 million in the Department of Human Services for programs offered before and after-school for approximately 29,000 Abbott preschoolers.

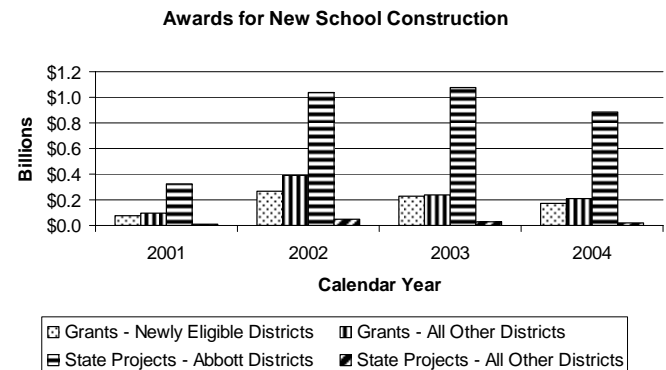
A second form of State preschool aid—Early Childhood Program Aid—supports an additional 42,823 preschoolers and kindergartners in 132 high poverty districts around the State. The Fiscal 2006 Budget

recommends \$330.6 million for this program. In fiscal 2005, a new category of early childhood State Aid, the Early Launch to Learning Initiative (ELLI), was introduced. The \$4 million recommended for this program in the Fiscal 2006 Budget will increase access to high quality preschool for four year-olds by creating new or expanded preschool programs in districts with low-income students.

School Construction

As defined by the Educational Facilities Construction and Financing Act of 2000, New Jersey's school construction program is the largest in the nation. Every district is eligible for school construction aid and all districts saw an increase in the percentage of State support, which now ranges from 40% to 100% of approved project costs.

The New Jersey Schools Construction Corporation (SCC), a subsidiary of the New Jersey Economic Development Authority, is dedicated exclusively to school construction. In calendar year 2001, the first year of the program, state projects focused on correcting health and safety issues in the Abbott districts. As the following graph illustrates, in calendar years 2002 through 2004, \$3.1 billion was dedicated to approved state projects and \$1.5 billion was awarded in grants. Of the 440 districts that have received grants since the program's inception, 189 districts (43%) were previously ineligible for any school construction aid. Finally, 112 districts have been approved to receive over \$415 million in debt service aid for school bonds issued before the new law took effect, thus decreasing reliance on local property taxes for that purpose. Of the districts receiving this retroactive debt service, 58 (52%) were previously ineligible for school construction aid.

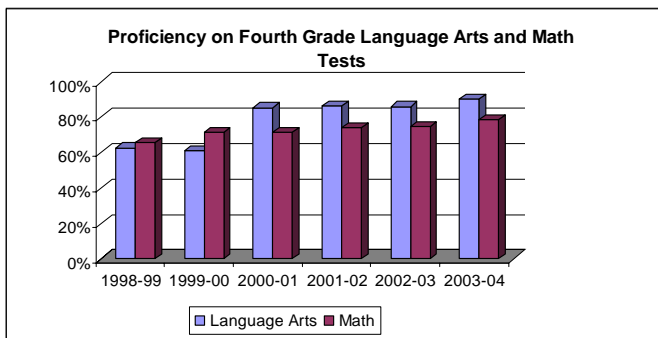


The overhauled school construction program provides a massive infusion of dollars into local school districts, helping districts keep pace with increasing enrollment and modernization needs while minimizing property tax growth. Six communities have been given the

opportunity to build Renaissance Schools and Demonstration Projects Schools that serve not only the students of the community, but their parents, seniors and other community members. These schools are designed to be the center of the community, offering parental support and adult classes. The SCC also provides training and financial tools to small businesses to maximize their participation in the construction of facilities and offers workforce programs to residents in the affected communities. The benefits of this investment will be reaped for decades, fulfilling our obligation to provide a quality learning environment for all of the State's children.

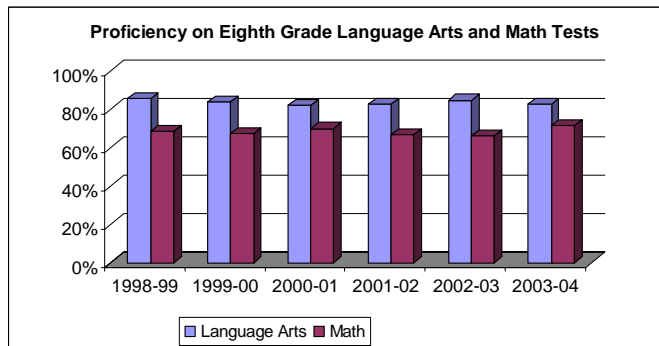
Statewide Assessment

New Jersey continues to recognize the far-reaching effect of investments to educate young students. In 1996, the New Jersey Board of Education adopted the Core Curriculum Content Standards (CCCS) which outlined the skills that New Jersey pupils should master by the end of the fourth and eighth grades. The CCCS also defined the graduation requirements for New Jersey's high school students by creating expectations for performance. In addition, the CCCS laid the foundation for three statewide assessment tests administered in grades 4, 8 and 11.



With the enactment of the No Child Left Behind Act in 2001, further alterations have been made to New Jersey's statewide assessment test for elementary school children in accordance with the mandate to administer annual tests in grades 3 through 8. To comply with the expectation that each state will provide assessments that test students' knowledge in the state's content standards and test cognitive skills in language arts, math and science, New Jersey has begun to develop a comprehensive testing program. As is evident by the following graphs, New Jersey students continue to achieve high levels of proficiency in both language arts and math, and are progressively approaching the federal goal of 100% proficiency. Students are steadily

achieving advanced levels of proficiency, especially in math, with approximately 30% of fourth grade students and nearly 25% of eighth grade students testing at advanced levels.



Social Promotion Initiative

While proficiency levels are on the rise, some students continue to require additional assistance in attaining the skills necessary to pass the statewide assessment tests. Recognizing the importance of identifying these students and developing criteria to determine when a student is ready to be promoted, the Administration has proposed a pilot program that will identify struggling students at an early grade. The program includes identification of students in need of assistance through scores on the third grade assessment test. These students will receive tutoring and summer school programs to provide the assistance needed. The fourth grade test, along with a number of measures including district tests, end-of-the-year assessments, teacher evaluations and classroom work, will be used to determine a student's readiness to move to fifth grade, rather than a high-stakes test alone. The Fiscal 2006 Budget includes \$1.5 million that will be distributed through a competitive grant process to provide funding for reading coaches and summer school.

Taxpayer Relief

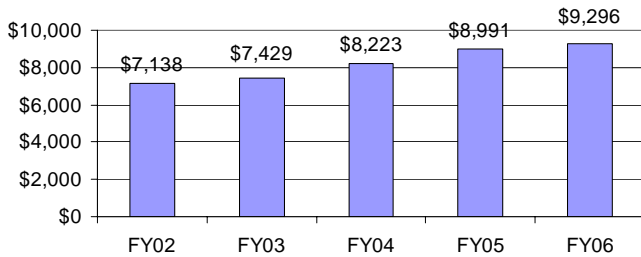
In fiscal 2006 the State will devote more than 42% of its \$27.4 billion budget to taxpayer relief in various forms. To reduce taxpayers' property tax burden, State funds are provided to school districts, local governments, and directly to taxpayers. In addition, the State provides funding from dedicated sources (for example, from energy tax receipts) and authorizes local governments to charge and retain non-property tax revenues to further reduce the local tax levy.

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School Aid

State Aid for school districts is the single largest purpose to which State funds are devoted with a total recommended amount of nearly \$9.3 billion for fiscal 2006, as seen in the accompanying graph. In recognition of the continued high priority given to education, the Fiscal 2006 Budget includes \$7.4 billion in direct aid to local districts.

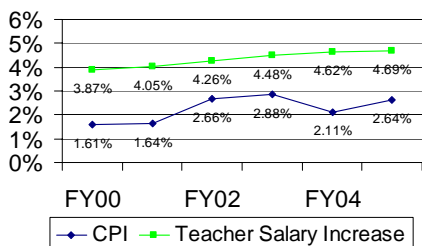
State Aid for Education
(Includes Pension Contributions)
In Millions



Fiscal 2006 school aid also includes \$267.8 million for the School Construction and Renovation program and \$119.7 million in School Building Aid. This represents an increase of \$82.2 million over the fiscal 2005 adjusted appropriation for these categories of aid. This funding will provide for State school construction debt service on new and existing bond issues, as well as aid for qualifying local debt issued for school construction.

The Budget provides \$1.5 billion in payments on behalf of local school districts for teachers' retirement benefits and the employer's share of social security payments. This represents an increase of \$211.1 million over the fiscal 2005 adjusted appropriation and shields property taxpayers from shouldering these costs. The large driver in the increased costs associated with these payments is the increase in teacher salaries, which is negotiated locally by each district's school board. The State average increase in teacher salaries has been well above the inflation rate in recent years. For example, as the following chart illustrates, in fiscal 2005, the average increase was 4.69% in comparison to the 2.64% increase in the New Jersey consumer price index.

Teacher Salary Increases vs. CPI Increases



Source: NJ School Board Association

The Fiscal 2006 Budget recommendation for most categories of Direct Aid is at the same level as in fiscal 2005, with reductions largely limited to the elimination of programs added in fiscal 2005. Funding for Abbott districts will grow to \$1.4 billion, an increase of \$49 million over fiscal 2005. These resources will ensure parity and support educational priorities in those districts.

Municipal Aid

Despite the tremendous budget constraints, the proposed Fiscal 2006 Budget increases formula aid to New Jersey's 566 municipalities by 0.1%. Total formula aid of \$1.6 billion reflects a \$753,000 increase in Energy Tax Receipts Property Tax Relief and level funding of Consolidated Municipal Property Tax Relief Aid.

Other formula and non-formula municipal grant programs are funded at a level of \$174 million. Included among these is an increase of \$500,000 for Payments in Lieu of Taxes (PILOT) to municipalities for State and nonprofit preserved open space. Open space PILOT payments to municipalities have grown from \$8 million in fiscal 2004 to \$9 million in the Fiscal 2006 Budget recommendation.

Also continued in fiscal 2006 are two grant programs, totaling \$14 million, which reward towns that streamline their costs and seek to create efficiencies - the Regional Efficiency Development Incentive Grants (REDI) program and the Regional Efficiency Aid Program (REAP):

Regional Efficiency Development Incentive Grants

The Fiscal 2006 Budget continues funding for REDI grants at \$4.2 million. Funding for REDI will be utilized to support the new SHARE program, Sharing Available Resources Efficiently. SHARE grants are available to municipalities, counties and fire and other special districts as well as nonprofit organizations that provide regional coordination of shared services. The SHARE program offers three assistance options: Implementation Assistance, Feasibility Studies and Regional Coordination Grants. Implementation Grants offer State reimbursement to help local government units implement new shared and regional services, and to assist with the consolidation of local units. Feasibility Study Grants assist local units in planning and developing new shared services through feasibility studies. Regional Coordination Grants offer State financial assistance to help local government units and/or public service non-profit organizations study, develop, and implement new shared and regional services.

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Regional Efficiency Aid Program

The REAP program rewards towns that have already consolidated services and reduced municipal spending. In fiscal 2006, fourteen municipalities will continue to receive aid under this program, which is budgeted at \$10 million.

The Fiscal 2006 Budget continues level funding for two municipal aid programs new in fiscal 2005, the Municipal Homeland Security Assistance Aid program and the Highlands Protection Fund.

Municipal Homeland Security Assistance Aid

The Municipal Homeland Security Assistance Aid program is funded at \$32 million in fiscal 2006. This program provides aid to municipal police departments to help offset growing and sudden costs associated with homeland security in the absence of federal aid. The grants range from \$25,000 - \$140,000 based on the population of the municipality.

Highlands Protection Fund

Per the provisions of the Highlands Water Protection and Planning Act, P.L.2004, c.120 (C.13:20-19), the Highlands Protection Fund is funded in the Budget at \$12 million. The funding compensates municipalities in the Highlands region for the loss of the developable value of their land due to new Highlands environment protections, provides planning assistance, and provides compensation for Pinelands municipalities. Specifically, the Highlands Protection Fund provides:

- \$2.2 million in municipal Watershed Moratorium Offset Aid;
- \$1.8 million in retroactive property tax stabilization aid to Pinelands municipalities;
- \$2.65 million in incentive planning grants to municipalities in the Highlands planning area that want to accept growth as receiving areas;
- \$1.75 million in grants to enable towns in the Highlands preservation area to bring their municipal plans into compliance with the Highlands Regional Master Plan; and
- \$3.6 million in property tax stabilization aid to Highlands municipalities.

The balance of the recommended fiscal 2006 municipal aid programs and their funding levels are:

- Legislative Initiative Block Grant program at \$34.8 million;
- Extraordinary Aid at \$31 million;
- Special Municipal Aid at \$24.3 million;
- Trenton Capitol City Aid at \$16.5 million;

Other Local Aid

In addition to the school and major municipal aid programs discussed above, the State provides other aid to counties and local government units through direct State Budget assistance and by granting authority to retain tax revenues.

State Assistance Programs

The most significant fiscal 2006 increase for such local aid programs is \$11.1 million for Aid to County Psychiatric Hospitals, which brings total annual State aid for this program to \$104.6 million. Other significant fiscal 2006 increases include Pension Contributions on Behalf of Local Governments (\$4.2 million), County College Aid (\$3.5 million), General Assistance Administration (\$2.2 million), and the Public Library Project Fund (\$1.7 million).

The budget continues level funding for other county-based aid programs, including County Solid Waste Debt Service (\$57.3 million), the County Prosecutor Funding Initiative (\$8.0 million), and County Environmental Health Act administration (\$3.5 million). Continuation funding of \$14.9 million is also provided to counties and municipalities for 911 Service Enhancement.

The following programs were funded in fiscal 2005 on a one-time basis and are therefore discontinued in fiscal 2006: Property Tax Assistance and Community Development (\$88 million), Statewide Livable Communities (\$16 million), Statewide Local Domestic Preparedness – Equipment Grants (\$10 million), Social Service Emergency Grants (\$10 million), the Local Library Grants supplemental program (\$4 million), and Local Tire Management (\$2.3 million). Similarly, the Stormwater Management Grants program, which provided \$12 million over two years to assist local government units in developing federally mandated stormwater management plans, is no longer required in fiscal 2006.

Local Revenue Programs

The state's 37 municipalities with Urban Enterprise Zones continue to benefit from retention of the 3% State sales tax charged within their boundaries. In fiscal 2005, it is estimated that these 37 municipalities will collect and retain \$80 million in sales tax revenues to support Zone development projects. This is expected to grow to \$84 million in fiscal 2006.

In both fiscal 2005 and 2006, municipal governments are expected to retain \$35 million from the hotel tax, up \$28 million from collections of \$7 million in fiscal

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2004. This State and local surcharge, which began in 2003, has been adopted by 147 municipalities to date.

Counties have benefited from a record level of county realty transfer fee revenue over the past few years, and this is expected to continue in fiscal 2005 and fiscal 2006. Annual county realty transfer fee is estimated at \$130 million in both years, as compared to \$55 million in fiscal 2003. This increase is the result of both the State-authorized surcharge for public health priority funds, beginning in fiscal 2004, and the strong growth in the state's real estate sector.

Direct Property Tax Relief

The Fiscal 2006 Budget will continue essential property tax relief programs by providing \$1.1 billion in rebates and State-funded tax deductions to New Jersey property taxpayers.

Homestead Rebates

The fiscal 2006 Homestead Rebate program, funded at \$478.5 million, will continue to provide property tax relief to over 600,000 senior or disabled homeowners and tenants with taxable incomes of \$100,000 or less. Due to severe fiscal constraints, non-seniors and higher income seniors will not be eligible for these rebates in fiscal 2006.

Beginning in fiscal 2005, the NJ SAVER program was folded into the Homestead Rebate program, and rebate amounts were raised significantly. Rebates are based on the amount by which property taxes exceed 5% of the taxpayer's income, and in fiscal 2006 the maximum rebate will be \$800 for senior homeowners and \$775 for senior tenants. Most seniors with incomes under \$70,000 will receive the maximum rebate amounts.

Senior Freeze

The Budget allocates \$98.4 million for the Senior and Disabled Citizens' Property Tax Freeze program, which freezes property taxes for low and middle income seniors. This increase of \$25 million (34%) over fiscal 2005 funding is expected to provide rebates to approximately 170,000 seniors in fiscal 2006, at an average check level of \$602. In fiscal 2005, some 150,000 seniors received rebates with checks averaging \$483 each. The Senior Freeze program provides seniors with reimbursement for any property tax increases assessed after a participant joins the program, so the per-person cost of the program increases as local property taxes increase. For fiscal 2006, the program's income eligibility thresholds have increased by 2.1%, from \$40,028 to \$40,869 if single and from \$49,082 to \$50,113 if married.

Property Tax Deductions

Veterans and qualified senior and disabled residents will continue to receive a \$250 property tax deduction on their local tax bills in fiscal 2006. The State will reimburse municipalities a total of \$109 million for the estimated 407,000 veterans, seniors and disabled residents expected to apply for this deduction in fiscal 2006.

The property tax deduction against State income tax liability will save middle income taxpayers an estimated \$335 million in fiscal 2006. This reflects a reduction of approximately \$85 million due to the proposed exclusion of high income taxpayers from this benefit.

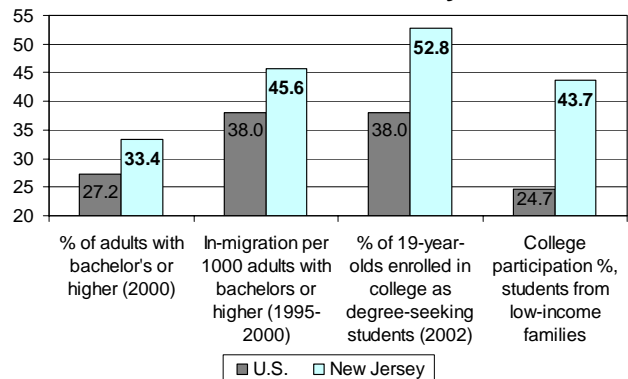
The New Jersey Earned Income Tax Credit (EITC) program provides families with 20% of their federal EITC benefit. In fiscal 2006, this benefit is estimated at \$113 million, of which \$18.4 million will be paid from the federal welfare block grant.

Other Budget Initiatives

Higher Education

One of New Jersey's greatest strengths is its highly-educated population (see chart entitled "College-Educated Population"). New Jersey ranks 8th in the nation in the percent of adults with a bachelor's degree or higher, and 4th in the number of individuals with a bachelor's degree or higher who migrated into the state. We rank 3rd in our children's "chance for college" – the percentage of 19-year-olds who are enrolled in college as degree-seeking students.

**College-Educated Population
U.S. vs. New Jersey**



Higher education benefits both the individual and society in a variety of ways. According to a study published by the College Board in October 2004, average earnings increase measurably with higher levels

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of education across all demographic groups in the United States. Research indicates that the average full-time year-round worker age 25 and older with a bachelor's degree earned \$49,900, 62% more than the average full-time worker with a high school diploma who earned \$30,800. Those with master's degrees earned average salaries of nearly \$60,000. The average approached \$80,000 for individuals with doctorates, while those holding professional degrees averaged more than \$95,000.

According to the College Board, society also benefits as educated individuals are less likely to be unemployed or live in poverty. Research has shown that, in addition to contributing more to tax revenues than others do, adults with higher levels of education are less likely to depend on social safety-net programs, generating decreased demand on public budgets. Higher levels of education also correlate with higher levels of civic participation, including volunteer work, voting, and blood donation.

This Budget provides \$2.05 billion in overall support of the State's higher education system in fiscal 2006, a \$49.4 million, or 2.5%, increase in funding over the fiscal 2005 level.

The State's senior public colleges and universities would receive \$1.42 billion in overall support in fiscal 2006, which is an increase of \$42.6 million, or 3.1%. Direct State support to the institutions declines slightly to \$857.2 million in fiscal 2006. The only reductions in direct State support to higher education are legislative additions that have been discontinued. There are no reductions to base appropriations. This modest decline of 1.9% is offset by a substantial increase in indirect support to the senior public institutions.

This Budget provides an increase of \$41.2 million in indirect support to senior public institutions through the continued payment of the fringe benefits for college and university personnel. In fiscal 2006, the State budget will provide \$541.8 million for these costs.

Funds totaling \$17.8 million will provide a portion of the negotiated cost-of-living increases (COLAs) for State-supported personnel at the senior public institutions.

The Budget also provides \$223.6 million in support of the State's county colleges. The increase of \$3.5 million will fund growing costs for debt service and fringe benefits.

The State's 14 independent colleges and universities will receive \$24 million in direct support during fiscal 2006, the same level of funding as in fiscal 2005. These

institutions serve an important role in providing higher education for more than 24,000 New Jersey residents.

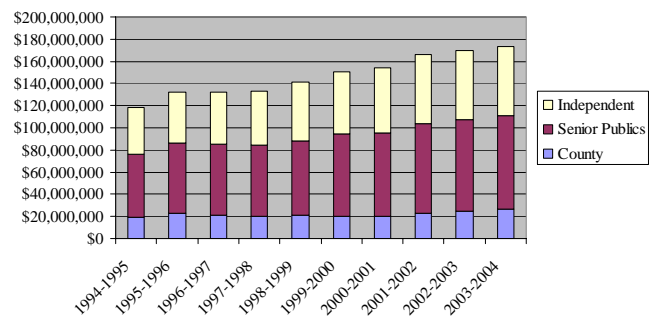
Student Financial Assistance

This Budget provides \$288.1 million for the various student financial assistance programs, including the Tuition Aid Grant programs, Educational Opportunity Fund programs, the NJSTARS program, and the new College Loan Forgiveness for Mental Health Workers program. This is an increase of \$11.0 million, or 4.0%, from the current level.

Tuition Aid Grants

New Jersey's student financial assistance programs are among the strongest in the nation. New Jersey's flagship Tuition Aid Grant (TAG) program provides more than twice the national average grant support per student (see chart entitled "New Jersey's Tuition Aid Grant (TAG) Funding Per Full-Time Equivalent Undergraduate Enrollment Compared to National Average, 2002 – 2003 Academic Year"). According to the Postsecondary Education *OPPORTUNITY* December 2004 research letter, New Jersey ranks first in the nation at 43.7% in college participation rates for students from low income families (see chart entitled "College-Educated Population"); the national average is 24.7%. New Jersey's need-based TAG program generously supports low income students at the State's senior public institutions, independent institutions, and county colleges (see chart entitled "Tuition Aid Grant (TAG) Program Funding, by Sector: Academic Years 1995 – 2004").

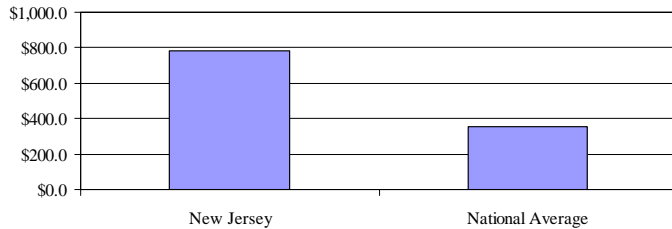
Tuition Aid Grant (TAG) Program Funding, by Sector: Academic Years 1995 - 2004



The Budget provides \$211.9 million for the Tuition Aid Grant program for full-time students, an increase of \$9.3 million. This increase will allow 1,000 more students to receive grants in fiscal 2006, and will provide award increases for the majority of students. A total of 54,800 students will receive TAG support during fiscal 2006.

SUMMARIES OF APPROPRIATIONS

New Jersey's Tuition Aid Grant (TAG) Funding Per Full-Time Equivalent Undergraduate Enrollment Compared to National Average, 2002 - 2003 Academic Year



In addition, this Budget provides \$4.5 million for the Part-Time TAG for County Colleges program that was initiated in fiscal 2004. The \$251,000 increase in the program will support 9,100 recipients in fiscal 2006, 500 more than in fiscal 2005.

New Jersey Educational Opportunity Fund

The New Jersey Educational Opportunity Fund (EOF) was created by law in 1968 to ensure meaningful access to higher education for those who come from backgrounds of economic and educational disadvantage. EOF funding totaling \$37.1 million in fiscal 2006 will assist low-income New Jersey residents who are capable and motivated, but lack adequate preparation for college study, through a variety of programs such as Opportunity Program Grants, Supplementary Education Program Grants, the C. Clyde Ferguson Law Scholarships, and the Martin Luther King Physician-Dentist Scholarships.

NJSTARS

To ensure that New Jersey's most academically talented students are not denied the opportunity to attend college, the NJSTARS (Student Tuition Assistance Reward Scholarship) program was established in fiscal 2005. NJSTARS guarantees that every New Jersey high school student who graduates in the top 20% of his or her high school class and wants to go to a New Jersey community college will have tuition and fees covered for two years. Based on a more accurate projection of expenditures for the program, funding of \$8 million is provided in fiscal 2006 for NJSTARS. There are no changes to program eligibility requirements.

College Loan Forgiveness for Mental Health Workers

This Budget will provide \$3.5 million in fiscal 2006 for a new College Loan Forgiveness Program for Mental Health Workers. This program will forgive \$5,000 annually, and up to \$20,000 over a period of four years, for qualified college graduates who agree to work in a state, county, or state-contracted non-profit mental health or social service facility within the state. This

new program is discussed in more detail in the Mental Health section of the Budget in Brief.

Capital Grants and Facility Support

Finally, the Budget provides \$81.2 million in State debt service support for various bonds issued by the Educational Facilities Authority that have provided more than \$1 billion in capital grants and facilities funding over the past decade for the higher education institutions.

In addition, the State recently increased the total authorization of the County College Capital Projects Fund Act (i.e., the "Chapter 12" program, P.L. 1971, c.12) to \$530 million. The State is supporting debt service costs on \$265 million, or 50%, of the funds under this Act for capital projects throughout the county college system.

Employee Benefits

All State employees and most employees of counties, municipalities, and school districts are members of one of the seven State retirement systems: the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF), the Police and Firemen's Retirement System (PFRS), Consolidated Police and Firemen's Pension Fund, State Police Retirement System (SPRS), Judicial Retirement System (JRS), and Prison Officer's Pension Fund. The law provides that all defined benefit pension plans are subject to actuarial valuation every year and actuarial experience studies every three years.

The recommended amount for State and higher education employee pensions in the Fiscal 2006 Budget totals \$475.7 million, including \$295.3 million of post-retirement medical costs, \$36.5 million of pension contribution costs for PFRS, \$120.7 million of pension contribution costs for the Alternate Benefits Program, \$8.0 million of pension contribution costs for the JRS, and \$12.9 million of pension contribution costs for the SPRS. Also, \$2.2 million is appropriated for pension funds and other specially legislated retirement provisions. Recommended appropriations for debt service payments on the pension obligation bonds for State and higher education employees total \$68.4 million in fiscal 2006.

The projected cost for health benefits in the Fiscal 2006 Budget, including medical, prescription drug, dental, and vision coverage for State and college employees is \$1.1 billion. This represents a net increase of \$117.9 million, or approximately 12.1%, above the fiscal 2005 adjusted appropriation of \$973.0 million. This growth is a result of anticipated rate increases for all State

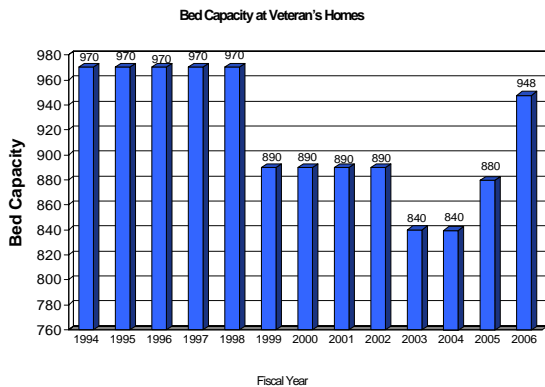
SUMMARIES OF APPROPRIATIONS

health plans, reflecting continued cost escalation in the health care industry.

Veteran's Programs

The Fiscal 2006 Budget recommends an increase of \$2.1 million to expand capacity at veterans' homes operated by the Department of Military and Veterans' Affairs (MAVA).

Specifically, an additional \$1.7 million is proposed in fiscal 2006 to annualize funding for the operation of a new, state-of-the-art Vineland Veterans' Memorial Home. This facility, which is scheduled to open in the summer of 2005, will provide a rated capacity of 300 beds, an increase of 30% (68) in the number of beds



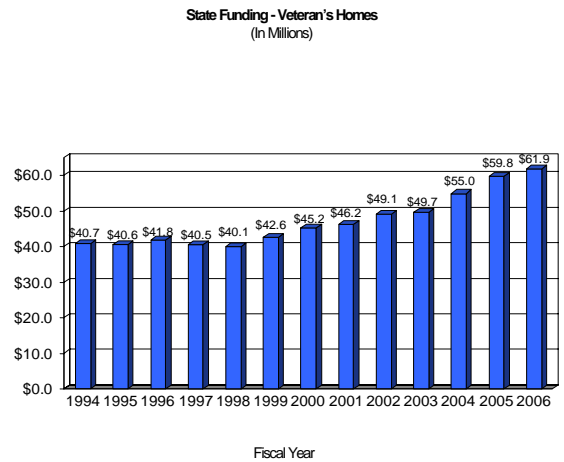
available to our most deserving citizens. (See the attached chart entitled "Bed Capacity at Veteran's Homes" for a 12-year history dating back to fiscal 1994.)

The Old Glory Wing is a Special Needs/Alzheimer's Unit that opened in April 2004. Since then, funding has been increased by \$3.3 million, including an additional \$455,000 recommended in fiscal 2006. The opening of the Old Glory Wing increased the rated capacity of the Menlo Park Veteran's Memorial Home by 15% (40 beds), from the current 272 to 312.

As displayed on the attached chart entitled "Funding for Veterans' Homes", total Direct State Services funding for the three state veterans' homes increased by \$12.2 million or 25% from fiscal 2003 (\$49.7 million) to 2006 (\$61.9 million).

In addition, the Post Traumatic Stress Disorder Grant Program is recommended to receive an additional \$500,000 to address an estimated waiting list of 250 veterans and to extend the length of the program for those who need these services for a longer period of time. This program enables veterans to receive

treatment and therapy trauma disorders related to combat and military service. The recommendation would raise available funding from the existing \$300,000 to \$800,000.



Arts and History

In fiscal 2006, \$27.2 million for arts and history programs will be offset by dedicated revenues derived from the State hotel and motel occupancy fee (P.L. 2003, c. 114). Included are the following:

- The New Jersey Cultural Trust has a fiscal 2006 appropriation of \$720,000, which is the same level of funding as in fiscal 2005.
- The New Jersey Historical Commission is recommended to receive a fiscal 2006 appropriation of \$4.4 million in grants, including \$3.8 million for the New Jersey Historical Commission's agency grants using revenue derived from the State hotel/motel occupancy fee.
- In fiscal 2006, the Council on the Arts will receive a grants appropriation of \$25.1 million. Of this total amount, the \$22.7 million that will support cultural projects is supported by the hotel and motel occupancy fee.

Other related accounts include the Battleship New Jersey Museum, for which an appropriation of \$1.5 million is recommended, and the Office of Faith-Based Initiatives which would receive an appropriation of \$3 million, the same amount as in fiscal 2005.

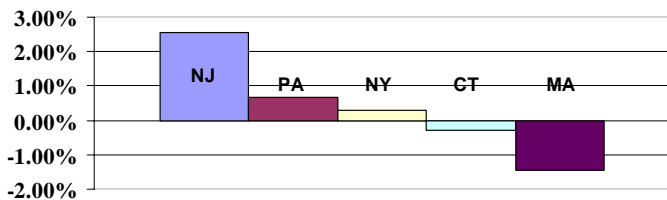
SUMMARIES OF APPROPRIATIONS

Economic Development

New Jersey’s fiscal and economic outlook is strong with the state outpacing neighboring states and most of the nation in job creation and business growth. Those gains were helped by investments in economic development initiatives, including the new Business Retention and Relocation Assistance Grants (BRRAGs) and the continuation of the State’s successful Business Employment and Incentive (BEIP) program.

As noted in the attached chart entitled “Regional Job Growth”, New Jersey’s job growth outpaced that of all surrounding states during the period from calendar year 2002 to 2004. Specifically, more than 90,000 jobs were created in New Jersey between December 2002 and December 2004. In fact, New Jersey’s job growth during this period was the fifth highest in the country.

Regional Job Growth
Dec. 2002 - Dec. 2004
 (% Change)



*These numbers represent a preliminary estimate through December 2004

Through January, 2005, New Jersey’s unemployment rate had been below the national rate for 20 consecutive months. This benefit was at least partially attributable to powerful job creation provided by programs such as the Transportation Trust Fund (i.e., \$2.6 billion in projects annually) and the School Construction program.

A key part of New Jersey’s success has been its strategic investment in programs that help spur economic development. The BEIP program remains the State’s best tool for job creation and is among the most innovative incentive programs offered by any state in the country. Last year, BEIP grants totaling \$146 million were awarded for 78 projects that will bring an estimated 11,853 new jobs and \$842 million of investments into the State of New Jersey.

To further expand economic development by helping companies to invest in their own operations and keep New Jersey jobs here, the State also created the \$20

million BRRAG program in Fiscal 2005. New Jersey companies are eligible for new tax credits when seeking to move or consolidate the location of 250 or more jobs. The credits help companies with the capital investment needed to expand and offset the cost of employee relocation.

In December, Pfizer Inc. announced it would invest more than \$500 million and retain 2,070 jobs in expansion plans in Morris Plains and Parsippany following a BRRAG approval. Novartis Pharmaceuticals Corporation, Celgene Corporation and Cadbury Adams USA LLC also agreed to relocate or expand operations after a grant approval.

With the influence of these programs, more New Jerseyans are working than at any other point in state history.

Other measures have expanded opportunities for the growth of science and technology businesses, a key sector in the New Jersey economy.

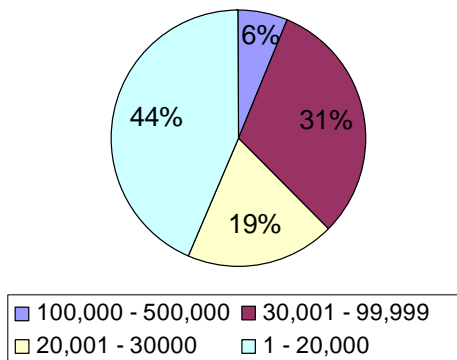
The Waterfront Technology Center at Camden will provide 100,000-square-foot facility has been designed exclusively to accommodate the work of established businesses and startups in the biosciences, microelectronics, advanced materials, information technology and other high-tech and life sciences fields.

Management Efficiencies

Enhanced 911 Consolidation Study

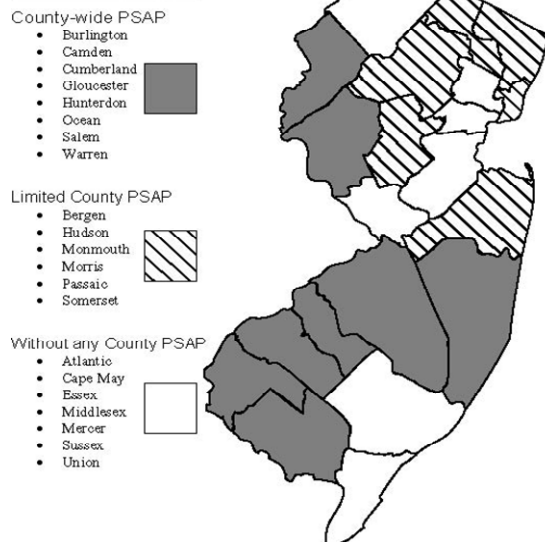
In fiscal 2005, the Legislature authorized a new surcharge of \$.90 per phone line per month to support the cost of upgrading the State’s 911 system to pinpoint the location of wireless emergency calls, as required by federal law. Presently, there are 318 public service answering points (PSAPs) operated by counties and localities across New Jersey, including 206 primary PSAPs and 112 secondary PSAPs for dispatching first responders. Nearly all of these units would require costly upgrades in 911 equipment and technology. These PSAPs range in size from large, county-operated facilities to small units. As depicted in the attached chart entitled “Primary PSAPs by Population Range”, 44% of the existing primary PSAPs are situated in localities with populations of 20,000 or less. From an organizational standpoint, PSAPs are arrayed in several different patterns, with some counties already having consolidated service at the county level while others rely on individual towns or some type of hybrid

**Primary PSAPs by Population Range
(206 Primary PSAPs)**



arrangement. To improve the efficiency of this system and maximize the use of available funding, the Office of Management and Budget (OMB) has commissioned a study by Rutgers University to determine whether a consolidation of PSAPs could reduce costs while still improving the level of service. Results of the study are anticipated during fiscal 2006.

**New Jersey
PSAPs by Type**



Cooperative Purchasing/Strategic Sourcing

The Department of Treasury will secure the services of a consultant to comprehensively analyze the State’s existing procurement methods and apply state-of-the-art decision support tools and best practices to realize the best price possible. Purchasing will be scrutinized on a statewide level to verify the amount that is being spent for goods and services and where new opportunities exist to leverage the State’s buying power. This

strategic approach to procurement has been adopted by many private sector firms, and other states such as Virginia, Connecticut, Texas, and Missouri are in varying stages of development. When the new system is in place, data will be regularly culled from the State’s procurement and accounting systems and compiled into management reports for strategic sourcing. This would include information on possible “piggybacking” opportunities with localities, which often have the same needs as the State for items ranging from rock salt to park playground equipment. Analysis will pinpoint instances where numerous suppliers are providing similar goods, often at varying prices, across State departments. It will also confirm, for the first time, the sheer size of various purchases, and thus provide a powerful tool for negotiating price reductions. And besides leveraging volume, significant cost savings are possible by standardizing purchases, maximizing rebates, managing suppliers, and improving administrative productivity. The ultimate goal is to move away from a fragmented procurement process that fails to take advantage of the market presence that the State and its localities presently command.

Consolidation of Warehouse/Records Space

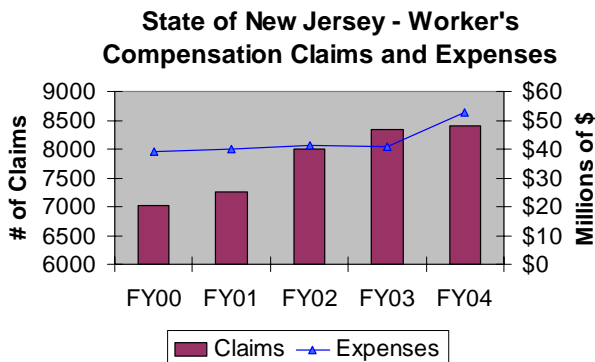
Many different State agencies are required to retain records and materials as part of their normal line of business. In the absence of central planning, this has gradually resulted in a haphazard array of costly month-to-month leases in facilities that are often ill-suited for the purpose. Currently, the State is paying approximately \$1.5 million annually to rent 180,000 square feet of warehouse space, and because of the physical inadequacies of these buildings the utilization of space is less than 50% of what is actually leased. Working in cooperation with the Division of Archives and Records Management (DARM) in the Department of State, the Department of Treasury will eliminate seven leased sites for records storage in fiscal 2006. Records that require occasional retrieval will be moved to DARM’s State-owned facility while materials that are rarely retrieved will be shifted to private facilities that offer attractive rates for long-term storage. In addition, office furniture will also be consolidated, providing the potential to reduce future expenditures by maximizing the use of existing inventory and increasing revenue from surplus sales. On a net basis, an immediate savings of \$400,000 is anticipated in the Central Rent budget in fiscal 2006, however that amount is expected to grow to over \$800,000 in fiscal 2007 as one-time costs (e.g., moving expenses) are satisfied and the benefits of central control begin to accrue.

SUMMARIES OF APPROPRIATIONS

Workers Compensation – Risk Advisor

As noted on the attached chart, Workers Compensation claims have risen precipitously in recent years, resulting in significant cost increases. From fiscal 2000 through fiscal 2004, annual claims increased by nearly 1,400 or 20%, and related costs increased by \$13.6 million or 35%, much of which was concentrated in large departments such as Human Services and Corrections which have extensive institutional operations. To help arrest this growth, the Department of Treasury’s Bureau of Risk Management (BRM) plans to secure the services of an experienced Risk Management Advisor. This firm will provide three basic services:

- Critically assess the functions of the Bureau;
- Recommend program improvements to the State Treasurer;
- Prepare an implementation plan and schedule.



Following the completion of the plan, the Department may elect to arrange for a plan administrator to carry out the recommended management initiatives. The goal is to reduce claims, improve early intervention and communication between the Bureau and the departments, streamline the administrative process (i.e., review and processing), identify claims “hotspots”, improve the State’s Back to Work program, and upgrade management reporting. The contract term for the study will be for 90 days, enabling BRM to take quick action on the recommendations during fiscal 2006. In addition, the gainsharing arrangement that was initiated in fiscal 2005 with the largest departmental generators of workers compensation claims will continue in fiscal 2006.

E-CATS – Time Reporting System

Through a unique interagency partnership, the State is gradually expanding the use of the Electronic Cost Accounting and Timesheet System (E-CATS), a web-based system which captures time and leave information

in a more accurate, flexible and detailed manner. To capture and report their time, most State agencies currently use TALRS (Time and Leave Reporting System), an antiquated, 15 year-old system that relies on mainframe technology. Given the TALRS file structure, administrative processing, system maintenance, and the creation of statewide time and leave reports are highly costly and labor intensive. To date, the Departments of Environmental Protection, Transportation, Labor and Workforce Development, and Personnel have adopted the E-CATS system. The system, which may be adapted for the particular administrative needs of each department, currently has additional capacity available and several additional agencies are actively considering the conversion.

Specifically, E-CATS provides the following benefits:

- Reduces system support and maintenance costs by more than 50%;
- Reduces manual processing at the agency level and provides real-time information by automating data reporting to the State payroll system;
- On-line approval of benefit time requests eliminates manual processing and record-keeping;
- Can be customized to accommodate each agency’s needs;
- Can be included in the State data warehouse, providing a full account of salary and non-salary information as well as activity costing;
- Generates statewide time and leave reports in a fraction of a time that is currently needed.

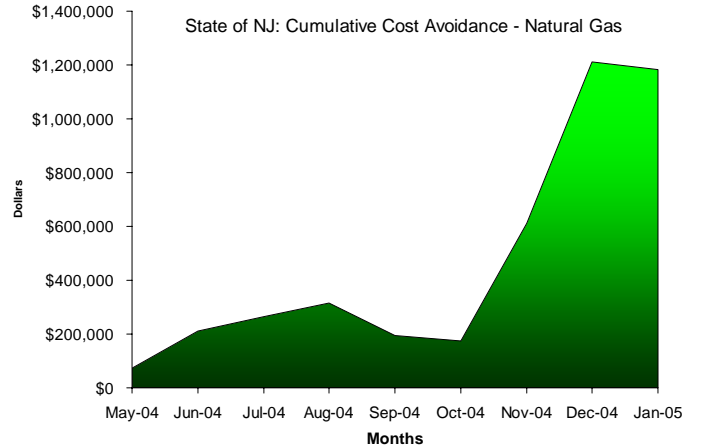
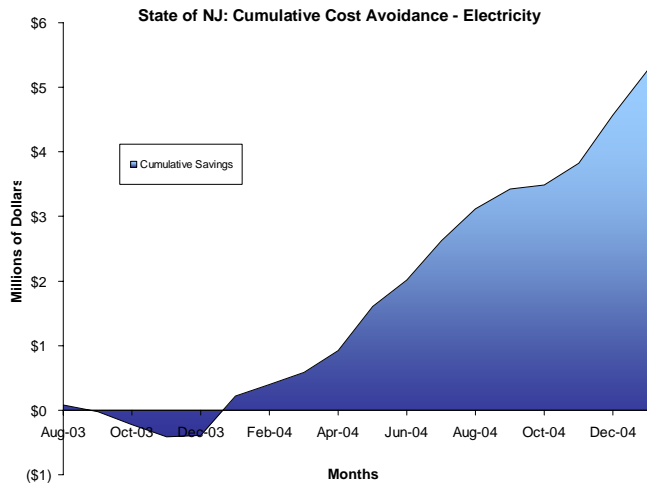
The ultimate goal is to replace the TALRS system entirely. As that occurs, the State should realize savings in mainframe charges, elimination of separate time and leave systems within the departments, printing and staff support costs on a statewide basis.

Local Energy Aggregation

The Acting Governor continues the recent effort to secure legislation that would help localities reduce the cost of energy by voluntarily aggregating in a cooperative bid under the auspices of the State. Under the State’s existing New Jersey Consolidated Energy Savings Program (NJCESP), the State joined with public universities, toll road authorities, and New Jersey Transit in its own cooperative venture, successfully driving down the cost of electricity and natural gas from the levels that each entity would have paid individually. Since its inception in fiscal 2001, the NJCESP has consistently provided cost avoidance or savings and,

SUMMARIES OF APPROPRIATIONS

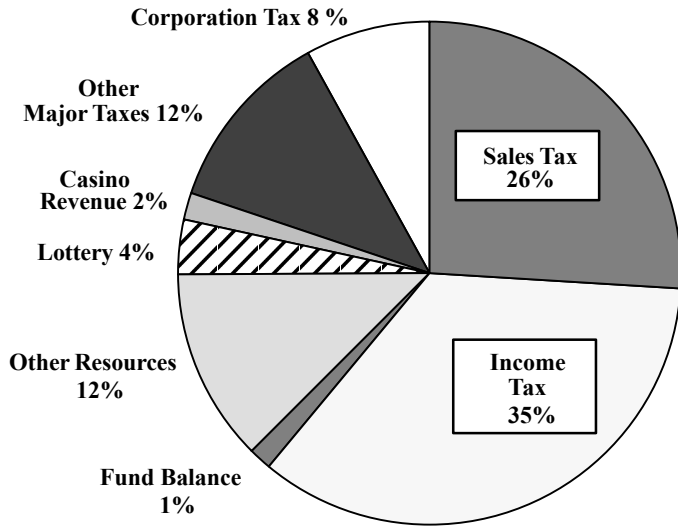
perhaps equally important, price certainty in the deregulated energy markets. As noted on the attached charts entitled “State of NJ: Cumulative Cost Avoidance – Electricity/Natural Gas”, the initial segment of NJCESP’s most recent contracts for electricity (i.e., first 18 months) and natural gas (i.e., first 9 months) yielded a cost avoidance totaling \$6 million. Since the current outlook indicates that energy pricing will remain high, additional savings is likely for the immediate future. Legislation is required to extend this benefit to counties, municipalities, and local authorities and commissions.



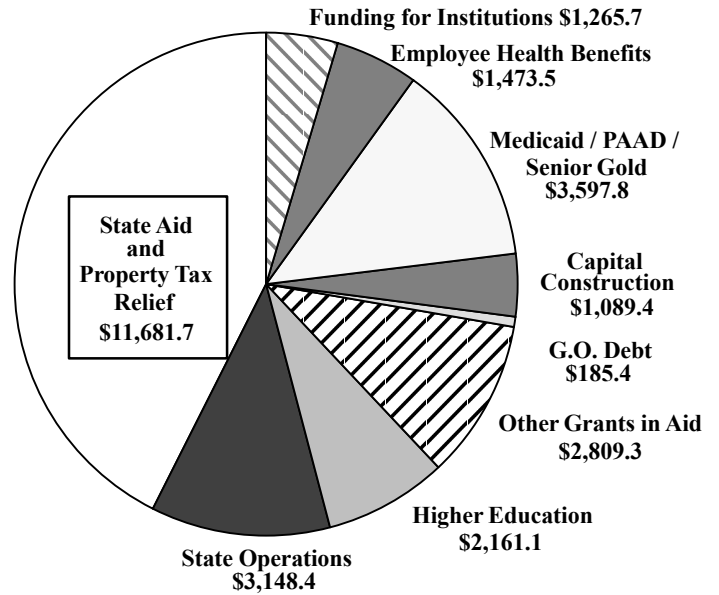
SUMMARIES OF APPROPRIATIONS

**RESOURCES AND RECOMMENDATIONS FOR FISCAL YEAR 2006
ALL STATE FUNDS**

Resources



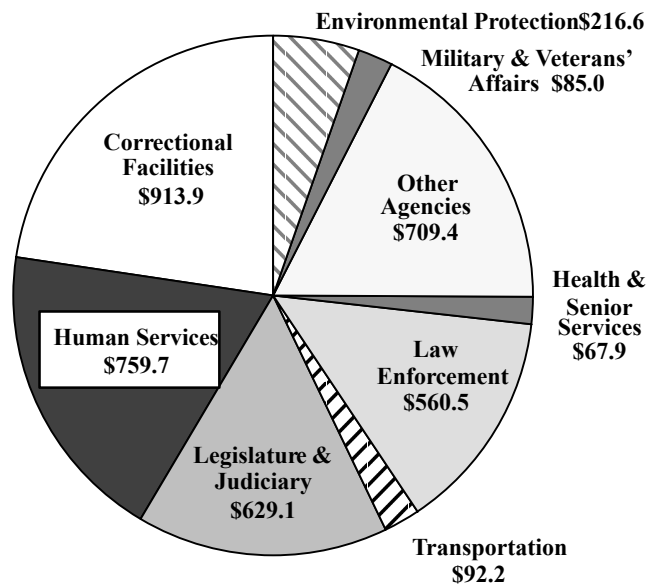
**Recommendations
(In Millions)**



**RESOURCES
(In Thousands)**

INCOME TAX	\$ 9,650,000
SALES TAX	7,175,000
CORPORATION and BANK TAX	2,211,000
LOTTERY REVENUE	970,000
CASINO REVENUE	487,204
OTHER MAJOR TAXES:	
Cigarette	\$ 612,000
Motor Fuels	580,000
Transfer Inheritance	545,000
Insurance Premium	443,000
Realty Transfer	405,000
Motor Vehicle Fees	294,320
Petroleum Products Gross Receipts	255,000
Alcoholic Beverage Excise	91,000
Tobacco Products Wholesale Sales	12,000
Public Utility Excise	9,000
OTHER RESOURCES	\$ 3,673,517
SUB TOTAL RESOURCES	\$ 27,413,041
ESTIMATED FUND BALANCE JULY 1, 2005	
General Fund	\$ 111,584
Surplus Revenue Fund	288,416
TOTAL	\$ 27,813,041

**STATE OPERATIONS
(In Millions)**



SUMMARIES OF APPROPRIATIONS

TABLE I
SUMMARY OF FISCAL YEAR 2005-2006 APPROPRIATION RECOMMENDATION
(In Thousands)

Table I shows the appropriations from all State sources by Fund. It highlights the percent change in appropriations between fiscal years.

	2005		2006	----- Change -----	
	Adjusted Approp.		Recommended	Dollar	Percent
GENERAL FUND AND PROPERTY TAX RELIEF FUND					
State Aid and Grants	\$ 20,538,882		\$ 19,720,149	\$ (818,733)	% (4.0)
State Operations					
Executive Branch	3,392,999		3,335,062	(57,937)	(1.7)
Legislature	74,567		75,106	539	0.7
Judiciary	552,326		554,026	1,700	0.3
Interdepartmental	1,696,541		1,895,613	199,072	11.7
Total State Operations	\$ 5,716,433		\$ 5,859,807	\$ 143,374	% 2.5
Capital Construction	1,120,529		1,089,420	(31,109)	(2.8)
Debt Service	441,533		185,376	(256,157)	(58.0)
TOTAL GENERAL FUND AND PROPERTY TAX RELIEF FUND	\$ 27,817,377		\$ 26,854,752	\$ (962,625)	% (3.5)
CASINO CONTROL FUND	69,285		69,285	0	0.0
CASINO REVENUE FUND	504,897		487,204	(17,693)	(3.5)
GUBERNATORIAL ELECTIONS FUND	8,870		1,025	(7,845)	0.0
GRAND TOTAL STATE APPROPRIATIONS	\$ 28,400,429		\$ 27,412,266	\$ (988,163)	% (3.5)

TABLE II
SUMMARY OF FISCAL YEAR 2005-06 APPROPRIATION RECOMMENDATIONS
(thousands of dollars)

Table II shows comprehensive prior year financial data, current year appropriations, and budget year recommendations by fund and major spending category.

Year Ending June 30, 2004									Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recom- mended				
					General Fund							
5,338,867	417,090	41,028	5,796,985	5,530,223	Direct State Services	5,716,433	5,866,352	5,859,807				
6,341,108	275,703	-80,008	6,536,803	6,444,461	Grants-in-Aid	7,834,189	8,024,597	7,828,853				
3,634,072	58,604	-6,404	3,686,272	3,614,431	State Aid	3,735,441	2,280,766	2,241,296				
1,150,038	166,432	-13,004	1,303,466	1,117,010	Capital Construction	1,120,529	1,089,420	1,089,420				
442,481	5	---	442,486	438,066	Debt Service	441,533	185,376	185,376				
16,906,566	917,834	-58,388	17,766,012	17,144,191	Total General Fund	18,848,125	17,446,511	17,204,752				
7,150,735	6,458	92,403	7,249,596	7,219,722	Property Tax Relief Fund	8,969,252	9,650,000	9,650,000				
64,637	1,966	---	66,603	65,340	Casino Control Fund	69,285	69,285	69,285				
447,200	127,945	---	575,145	573,476	Casino Revenue Fund	504,897	487,204	487,204				
---	---	---	---	---	Gubernatorial Elections Fund	8,870	1,025	1,025				
24,569,138	1,054,203	34,015	25,657,356	25,002,729	GRAND TOTAL STATE APPROPRIATIONS	28,400,429	27,654,025	27,412,266				

SUMMARIES OF APPROPRIATIONS

TABLE III
SUMMARY OF APPROPRIATIONS BY ORGANIZATION
(thousands of dollars)

Table III shows comprehensive prior year financial data, current year appropriations, and budget year recommendations by major spending category, governmental branch, and department.

Orig. & (S)Supple- mental	Year Ending June 30, 2004				2005 Adjusted Approp.	Year Ending June 30, 2006		
	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		Requested	Recom- mended	
<u>DIRECT STATE SERVICES</u>								
Legislative Branch								
10,694	2,162	800	13,656	11,326	Senate	11,644	11,644	11,644
17,305	2,260	1,600	21,165	18,623	General Assembly	19,155	19,155	19,155
26,933	5,000	---	31,933	30,895	Legislative Support Services	29,038	29,038	29,038
14,119	5,529	---	19,648	13,155	Legislative Commission	14,730	15,269	15,269
69,051	14,951	2,400	86,402	73,999	Total Legislative Branch	74,567	75,106	75,106
Executive Branch								
5,351	766	17	6,134	5,141	Chief Executive	5,537	4,972	4,972
9,384	2,090	352	11,826	11,266	Department of Agriculture	9,513	9,415	9,415
68,018	8,646	-2,500	74,164	66,696	Department of Banking and Insurance	68,837	67,837	67,837
34,771	20,874	-5,542	50,103	45,644	Department of Community Affairs	37,356	36,491	36,491
845,325	214	2,744	848,283	845,531	Department of Corrections	904,546	913,940	913,940
61,646	2,817	-2,537	61,926	56,855	Department of Education	63,206	69,374	69,374
219,133	27,271	5,821	252,225	236,091	Department of Environmental Protection	225,524	216,636	216,636
74,544	8,365	9,156	92,065	88,579	Department of Health and Senior Services	79,058	67,907	67,907
73,673	8,341	9,068	91,082	87,642	(From General Fund)	78,187	67,036	67,036
871	24	88	983	937	(From Casino Revenue Fund)	871	871	871
678,738	16,461	87,055	782,254	768,455	Department of Human Services	773,288	759,742	759,742
60,018	37,859	154	98,031	91,194	Department of Labor and Workforce Development	62,012	60,946	60,946
506,273	129,909	9,756	645,938	569,687	Department of Law and Public Safety	553,937	560,466	560,466
468,482	129,853	9,756	608,091	532,328	(From General Fund)	513,246	519,775	519,775
37,699	55	---	37,754	37,266	(From Casino Control Fund)	40,599	40,599	40,599
92	1	---	93	93	(From Casino Revenue Fund)	92	92	92
77,802	3,331	605	81,738	80,049	Department of Military and Veterans' Affairs	84,031	85,011	85,011
25,936	7,391	---	33,327	30,414	Department of Personnel	26,307	25,701	25,701
23,462	769	151	24,382	23,220	Department of State	32,617	31,631	25,086
102,331	7,266	-2,403	107,194	104,791	Department of Transportation	105,657	92,175	92,175
397,070	58,844	2,098	458,012	429,624	Department of the Treasury	430,426	408,208	408,208
370,132	56,933	2,098	429,163	401,550	(From General Fund)	401,740	379,522	379,522
26,938	1,911	---	28,849	28,074	(From Casino Control Fund)	28,686	28,686	28,686
1,373	35	---	1,408	1,404	Miscellaneous Commissions	1,395	1,403	1,403
3,191,175	332,908	104,927	3,629,010	3,454,641	Total Executive Branch	3,463,247	3,411,855	3,405,310
3,125,575	330,917	104,839	3,561,331	3,388,271	(From General Fund)	3,392,999	3,341,607	3,335,062
64,637	1,966	---	66,603	65,340	(From Casino Control Fund)	69,285	69,285	69,285
963	25	88	1,076	1,030	(From Casino Revenue Fund)	963	963	963
Inter-Departmental Accounts								
147,726	4,596	-2,639	149,683	149,221	Property Rentals	153,932	141,920	141,920
100,575	325	---	100,900	93,614	Insurance and Other Services	93,411	94,011	94,011
1,247,359	380	14,951	1,262,690	1,242,587	Employee Benefits	1,355,644	1,473,483	1,473,483
52,820	1,900	-20,220	34,500	26,122	Other Inter-Departmental Accounts	56,969	55,721	55,721
64,404	50,098	-72,142	42,360	6,941	Salary Increases and Other Benefits	7,500	97,624	97,624
29,193	1,876	447	31,516	31,301	Utilities and Other Services	29,085	32,854	32,854
1,642,077	59,175	-79,603	1,621,649	1,549,786	Total Inter-Departmental Accounts	1,696,541	1,895,613	1,895,613

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recom- mended
<u>DIRECT STATE SERVICES</u>								
Judicial Branch								
502,164	12,047	13,392	527,603	518,167	The Judiciary	552,326	554,026	554,026
502,164	12,047	13,392	527,603	518,167	Total Judicial Branch	552,326	554,026	554,026
5,404,467	419,081	41,116	5,864,664	5,596,593	Total Direct State Services	5,786,681	5,936,600	5,930,055
5,338,867	417,090	41,028	5,796,985	5,530,223	(From General Fund)	5,716,433	5,866,352	5,859,807
64,637	1,966	---	66,603	65,340	(From Casino Control Fund)	69,285	69,285	69,285
963	25	88	1,076	1,030	(From Casino Revenue Fund)	963	963	963
<u>GRANTS-IN-AID</u>								
Executive Branch								
436	220	469	1,125	930	Department of Agriculture	2,755	1,575	1,575
---	111	-111	---	---	Commerce and Economic Development	---	---	---
36,865	7,044	5,407	49,316	42,743	Department of Community Affairs	69,005	51,165	51,165
89,386	5,022	-32	94,376	92,161	Department of Corrections	113,599	114,504	114,504
9,443	---	-270	9,173	8,860	Department of Education	25,544	18,879	18,879
9,250	4,416	3,468	17,134	7,818	Department of Environmental Protection	16,250	---	---
1,030,967	132,001	-8,711	1,154,257	1,119,269	Department of Health and Senior Services	1,774,452	1,540,408	1,540,408
731,365	4,081	-8,623	726,823	693,357	(From General Fund)	1,416,982	1,209,696	1,209,696
299,602	127,920	-88	427,434	425,912	(From Casino Revenue Fund)	357,470	330,712	330,712
3,401,636	240,493	-19,407	3,622,722	3,609,017	Department of Human Services	3,715,938	3,995,737	3,995,737
3,282,899	240,493	-19,407	3,503,985	3,490,381	(From General Fund)	3,597,201	3,877,000	3,877,000
118,737	---	---	118,737	118,636	(From Casino Revenue Fund)	118,737	118,737	118,737
44,957	---	-4,074	40,883	40,883	Department of Labor and Workforce Development	45,694	46,694	46,694
42,517	---	-4,074	38,443	38,443	(From General Fund)	43,254	44,254	44,254
2,440	---	---	2,440	2,440	(From Casino Revenue Fund)	2,440	2,440	2,440
18,822	---	35	18,857	18,557	Department of Law and Public Safety	28,259	20,414	20,414
18,822	---	35	18,857	18,557	(From General Fund)	19,389	19,389	19,389
---	---	---	---	---	(From Gubernatorial Election Fund)	8,870	1,025	1,025
1,044	63	---	1,107	1,052	Department of Military and Veterans' Affairs	1,044	1,544	1,544
1,090,689	9,055	-35,911	1,063,833	1,046,194	Department of State	1,197,575	1,376,754	1,186,627
193,827	3,513	17	197,357	195,608	Department of Transportation	278,700	278,700	278,700
1,073,974	38	-25,781	1,048,231	1,026,288	Department of the Treasury	2,007,572	812,002	806,385
211,663	38	-10,781	200,920	197,477	(From General Fund)	244,861	235,114	229,497
862,311	---	-15,000	847,311	828,811	(From Property Tax Relief Fund)	1,762,711	576,888	576,888
7,001,296	401,976	-84,901	7,318,371	7,209,380	Total Executive Branch	9,276,387	8,258,376	8,062,632
5,718,206	274,056	-69,813	5,922,449	5,833,581	(From General Fund)	7,026,159	7,228,574	7,032,830
862,311	---	-15,000	847,311	828,811	(From Property Tax Relief Fund)	1,762,711	576,888	576,888
420,779	127,920	-88	548,611	546,988	(From Casino Revenue Fund)	478,647	451,889	451,889
---	---	---	---	---	(From Gubernatorial Election Fund)	8,870	1,025	1,025

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supplemental	Reapp. & (R)Recpts.	Transfers & (E)Emergencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recommended
GRANTS-IN-AID								
Inter-Departmental Accounts								
555,207	1,646	-9,695	547,158	545,447	Employee Benefits	618,535	661,772	661,772
200	---	-200	---	---	Other Inter-Departmental Accounts	102,925	14,925	14,925
---	---	---	---	---	Salary Increases and Other Benefits	---	17,773	17,773
67,495	1	-600	66,896	65,133	Aid to Independent Authorities	86,570	101,553	101,553
622,902	1,647	-10,495	614,054	610,580	Total Inter-Departmental Accounts	808,030	796,023	796,023
Judicial Branch								
---	---	300	300	300	The Judiciary	---	---	---
---	---	300	300	300	Total Judicial Branch	---	---	---
7,624,198	403,623	-95,096	7,932,725	7,820,260	Total Grants-in-Aid	10,084,417	9,054,399	8,858,655
6,341,108	275,703	-80,008	6,536,803	6,444,461	(From General Fund)	7,834,189	8,024,597	7,828,853
862,311	---	-15,000	847,311	828,811	(From Property Tax Relief Fund)	1,762,711	576,888	576,888
420,779	127,920	-88	548,611	546,988	(From Casino Revenue Fund)	478,647	451,889	451,889
---	---	---	---	---	(From Gubernatorial Election Fund)	8,870	1,025	1,025
STATE AID								
Executive Branch								
11,015	---	---	11,015	10,678	Department of Agriculture	11,085	11,727	11,727
980,065	35,581	-18,808	996,838	971,020	Department of Community Affairs	1,032,765	1,014,265	1,014,265
19,996	35,581	---	55,577	29,825	(From General Fund)	103,196	93,196	93,196
960,069	---	-18,808	941,261	941,195	(From Property Tax Relief Fund)	929,569	921,069	921,069
8,129,302	6,746	110,808	8,246,856	8,223,029	Department of Education	8,990,843	9,296,264	9,296,264
2,971,208	288	-18,601	2,952,895	2,937,891	(From General Fund)	2,886,705	1,320,241	1,320,241
5,158,094	6,458	129,409	5,293,961	5,285,138	(From Property Tax Relief Fund)	6,104,138	7,976,023	7,976,023
14,708	4	-300	14,412	14,366	Department of Environmental Protection	20,872	19,072	19,072
4,255	4	---	4,259	4,237	(From General Fund)	12,372	10,072	10,072
10,453	---	-300	10,153	10,129	(From Property Tax Relief Fund)	8,500	9,000	9,000
9,508	---	---	9,508	9,380	Department of Health and Senior Services	9,985	9,552	9,552
314,222	12,161	15,345	341,728	332,714	Department of Human Services	371,076	466,433	466,433
1,624	---	---	1,624	1,624	Department of Labor and Workforce Development	1,624	1,522	1,522
15,109	8,522	-1,100	22,531	11,457	Department of Law and Public Safety	18,120	8,030	8,030
16,827	---	---	16,827	16,541	Department of State	16,827	37,407	18,537
25,458	---	---	25,458	25,458	Department of Transportation	25,287	34,352	34,352
25,458	---	---	25,458	25,458	(From Casino Revenue Fund)	25,287	34,352	34,352
430,116	2,048	-4,946	427,218	414,533	Department of the Treasury	468,785	489,606	469,006
270,308	2,048	-2,048	270,308	260,084	(From General Fund)	304,451	322,586	301,986
159,808	---	-2,898	156,910	154,449	(From Property Tax Relief Fund)	164,334	167,020	167,020
9,947,954	65,062	100,999	10,114,015	10,030,800	Total Executive Branch	10,967,269	11,388,230	11,348,760
3,634,072	58,604	-6,404	3,686,272	3,614,431	(From General Fund)	3,735,441	2,280,766	2,241,296
6,288,424	6,458	107,403	6,402,285	6,390,911	(From Property Tax Relief Fund)	7,206,541	9,073,112	9,073,112
25,458	---	---	25,458	25,458	(From Casino Revenue Fund)	25,287	34,352	34,352
9,947,954	65,062	100,999	10,114,015	10,030,800	Total State Aid	10,967,269	11,388,230	11,348,760
3,634,072	58,604	-6,404	3,686,272	3,614,431	(From General Fund)	3,735,441	2,280,766	2,241,296
6,288,424	6,458	107,403	6,402,285	6,390,911	(From Property Tax Relief Fund)	7,206,541	9,073,112	9,073,112
25,458	---	---	25,458	25,458	(From Casino Revenue Fund)	25,287	34,352	34,352

SUMMARIES OF APPROPRIATIONS

Orig. & (S)Supple- mental	Year Ending June 30, 2004					Year Ending June 30, 2006		
	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recom- mended
<u>CAPITAL CONSTRUCTION</u>								
Legislative Branch								
---	108	---	108	74	Legislative Support Services	---	---	---
---	108	---	108	74	Total Legislative Branch	---	---	---
Executive Branch								
---	5,141	---	5,141	3,999	Department of Agriculture	---	---	---
---	10,372	3	10,375	4,269	Department of Corrections	500	5,000	5,000
---	1,465	---	1,465	324	Department of Education	---	1,050	1,050
140,074	60,217	-5,780	194,511	100,614	Department of Environmental Protection	116,453	82,463	82,463
620	312	---	932	216	Department of Health and Senior Services	---	---	---
5,600	24,848	---	30,448	11,878	Department of Human Services	10,400	11,600	11,600
4,346	19,257	500	24,103	5,913	Department of Law and Public Safety	---	4,805	4,805
165	1,464	---	1,629	920	Department of Military and Veterans' Affairs	2,627	175	175
---	2	---	2	---	Department of Personnel	---	---	---
---	1,634	-992	642	507	Department of State	1,000	---	---
805,000	539	-539	805,000	804,190	Department of Transportation	805,000	805,000	805,000
---	12,860	58	12,918	3,047	Department of the Treasury	---	---	---
---	2	---	2	---	Miscellaneous Commissions	---	---	---
955,805	138,113	-6,750	1,087,168	935,877	Total Executive Branch	935,980	910,093	910,093
Inter-Departmental Accounts								
194,233	28,211	-6,254	216,190	181,059	Capital Projects - Statewide	184,549	179,327	179,327
194,233	28,211	-6,254	216,190	181,059	Total Inter-Departmental Accounts	184,549	179,327	179,327
1,150,038	166,432	-13,004	1,303,466	1,117,010	Total Capital Construction	1,120,529	1,089,420	1,089,420
<u>DEBT SERVICE</u>								
Executive Branch								
68,053	5	-3,840	64,218	63,180	Department of Environmental Protection	63,240	28,943	28,943
374,428	---	3,840	378,268	374,886	Department of the Treasury	378,293	156,433	156,433
442,481	5	---	442,486	438,066	Total Executive Branch	441,533	185,376	185,376
442,481	5	---	442,486	438,066	Total Debt Service	441,533	185,376	185,376
24,569,138	1,054,203	34,015	25,657,356	25,002,729	GRAND TOTAL - STATE APPROPRIATIONS	28,400,429	27,654,025	27,412,266
16,906,566	917,834	-58,388	17,766,012	17,144,191	(From General Fund)	18,848,125	17,446,511	17,204,752
64,637	1,966	---	66,603	65,340	(From Casino Control Fund)	69,285	69,285	69,285
7,150,735	6,458	92,403	7,249,596	7,219,722	(From Property Tax Relief Fund)	8,969,252	9,650,000	9,650,000
447,200	127,945	---	575,145	573,476	(From Casino Revenue Fund)	504,897	487,204	487,204
---	---	---	---	---	(From Gubernatorial Election Fund)	8,870	1,025	1,025

SUMMARIES OF APPROPRIATIONS

TABLE IV
SUMMARY OF APPROPRIATIONS BY CATEGORY OR PURPOSE
(thousands of dollars)

Table IV shows prior year expenditures, current year appropriations, and budget year request & recommendations by Category or Purpose within fund and major spending category.

	2004	2005	2006	2006
	Expenditures	Adjusted	Requested	Recom-
		Appropriation		mended
General Fund--				
Direct State Services--				
Personal Services	2,617,965	2,671,732	2,808,725	2,808,437
Materials and Supplies	206,198	201,529	206,136	206,022
Services Other Than Personal	440,890	432,685	413,215	413,128
Maintenance and Fixed Charges	240,437	235,260	217,044	217,009
Improvements and Equipment	46,155	34,792	37,275	37,254
Employee Pension and Health Benefits	1,242,587	1,355,644	1,473,483	1,473,483
Human Services Programs	86,339	125,722	50,258	50,258
Other	649,652	659,069	660,216	654,216
<i>Total Direct State Services</i>	<u>5,530,223</u>	<u>5,716,433</u>	<u>5,866,352</u>	<u>5,859,807</u>
Grants-in-Aid--				
Employee Pension and Health Benefits	545,447	618,535	661,772	661,772
Rutgers, The State University	313,118	325,951	351,081	323,801
University of Medicine and Dentistry of New Jersey	152,125	209,476	241,112	196,476
New Jersey Institute of Technology	48,790	50,262	60,949	50,112
State Colleges	270,882	287,918	382,728	286,854
Other Higher Education Programs	75,401	102,601	105,678	97,342
Transit Subsidy	194,149	278,700	278,700	278,700
Student Aid-Scholarships and Grants	230,431	277,188	291,751	288,251
Support of Independent Higher Education Institutions	24,798	25,359	30,640	25,359
Correctional Facilities	92,161	113,599	114,504	114,504
Support of the Arts	18,472	28,900	25,830	25,830
Income Maintenance Management	229,188	259,766	241,672	241,672
Medicaid and Pharmaceutical Assistance to the Aged and Disabled	2,671,462	2,987,128	3,163,987	3,163,987
Children's Services	367,170	477,530	544,791	544,791
Services for the Developmentally Disabled	425,335	462,389	464,157	464,157
Mental Health Services	235,760	253,251	287,694	287,694
AIDS Control	17,194	40,840	33,840	33,840
Other Human Service Programs	47,900	44,594	54,215	54,215
Other	484,678	990,202	689,496	689,496
<i>Total Grants-in-Aid</i>	<u>6,444,461</u>	<u>7,834,189</u>	<u>8,024,597</u>	<u>7,828,853</u>
State Aid--				
Educational	3,141,170	3,087,607	1,559,271	1,519,801
Welfare	227,492	265,566	349,858	349,858
Health & Senior Services and Human Services	108,602	103,495	114,127	114,127
Payment to Counties and Municipalities	91,844	183,287	171,795	171,795
Other	33,699	73,486	73,715	73,715
Non State Funds	11,624	22,000	12,000	12,000
<i>Total State Aid</i>	<u>3,614,431</u>	<u>3,735,441</u>	<u>2,280,766</u>	<u>2,241,296</u>

SUMMARIES OF APPROPRIATIONS

	2004 Expenditures	2005 Adjusted Appropriation	2006 Requested	2006 Recom- mended
Capital Construction--				
Transportation	804,233	805,000	805,000	805,000
Environmental	100,571	116,453	82,463	82,463
Educational	324	---	1,050	1,050
Institutional	16,147	10,900	16,600	16,600
All Other	195,735	188,176	184,307	184,307
<i>Total Capital Construction</i>	<u>1,117,010</u>	<u>1,120,529</u>	<u>1,089,420</u>	<u>1,089,420</u>
Debt Service--				
Principal	265,463	267,145	13,671	13,671
Interest	172,603	174,388	171,705	171,705
<i>Total Debt Service</i>	<u>438,066</u>	<u>441,533</u>	<u>185,376</u>	<u>185,376</u>
<i>Total General Fund</i>	<u>17,144,191</u>	<u>18,848,125</u>	<u>17,446,511</u>	<u>17,204,752</u>
Property Tax Relief Fund--				
Homestead Rebates	531,497	1,762,711	576,888	576,888
Direct School Tax Relief	297,314	---	---	---
Educational	5,285,138	6,104,138	7,976,023	7,976,023
Payments to Municipalities	1,105,773	1,102,403	1,097,089	1,097,089
<i>Total Property Tax Relief Fund</i>	<u>7,219,722</u>	<u>8,969,252</u>	<u>9,650,000</u>	<u>9,650,000</u>
Casino Control Fund - Direct State Services--				
Enforcement	37,266	40,599	40,599	40,599
Administration	28,074	28,686	28,686	28,686
<i>Total Casino Control Fund - Direct State Services</i>	<u>65,340</u>	<u>69,285</u>	<u>69,285</u>	<u>69,285</u>
Casino Revenue Fund--				
Programs for Senior Citizens and the Disabled	573,476	504,897	487,204	487,204
<i>Total Casino Revenue Fund</i>	<u>573,476</u>	<u>504,897</u>	<u>487,204</u>	<u>487,204</u>
Gubernatorial Elections Fund - Grants-In-Aid--				
Public Financing of Gubernatorial General Election	---	8,870	1,025	1,025
<i>Total Gubernatorial Elections Fund - Grants-In-Aid</i>	<u>---</u>	<u>8,870</u>	<u>1,025</u>	<u>1,025</u>
GRAND TOTAL STATE APPROPRIATIONS	<u>25,002,729</u>	<u>28,400,429</u>	<u>27,654,025</u>	<u>27,412,266</u>

SUMMARIES OF APPROPRIATIONS

TABLE V
SUMMARY OF APPROPRIATIONS BY STATEWIDE PROGRAM
(thousands of dollars)

Table V shows detailed prior year financial data, current year appropriations, and budget year recommendations by fund, major spending category, and Statewide Program.

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S) Supplemental	Reapp. & (R) Recpts.	Transfers & (E) Emergencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recommended
GENERAL FUND								
Direct State Services								
10. Public Safety and Criminal Justice								
---	2,404	-2,404	---	---	11. Vehicular Safety	---	---	---
293,458	17,580	7,249	318,287	306,928	12. Law Enforcement	326,336	332,699	332,699
7,494	5,193	-61	12,626	11,063	13. Special Law Enforcement Activities	11,133	10,383	10,383
17,126	1,968	150	19,244	18,653	14. Military Services	18,093	16,943	16,943
502,164	12,047	13,392	527,603	518,167	15. Judicial Services	552,326	554,026	554,026
771,686	188	1,957	773,831	772,750	16. Detention and Rehabilitation	826,778	834,354	834,354
54,445	26	---	54,471	52,875	17. Parole	58,484	60,302	60,302
83,273	14	1,749	85,036	84,972	18. Juvenile Services	93,572	94,910	94,910
34,398	---	1,223	35,621	35,102	19. Central Planning, Direction and Management	35,531	35,356	35,356
1,764,044	39,420	23,255	1,826,719	1,800,510	Total Appropriation	1,922,253	1,938,973	1,938,973
20. Physical and Mental Health								
46,524	2,022	797	49,343	48,383	21. Health Services	50,838	43,688	43,688
5,134	6,052	-3,938	7,248	7,198	22. Health Planning and Evaluation	5,074	4,874	4,874
249,663	686	32,046	282,395	281,966	23. Mental Health Services	266,838	260,070	260,070
26,853	9,221	-879	35,195	27,045	24. Special Health Services	24,599	26,989	26,989
5,376	16	2,688	8,080	8,037	25. Health Administration	6,013	6,013	6,013
16,639	251	9,521	26,411	24,024	26. Senior Services	16,262	12,461	12,461
984	---	-110	874	874	27. Disability Services	1,071	1,071	1,071
351,173	18,248	40,125	409,546	397,527	Total Appropriation	370,695	355,166	355,166
30. Educational, Cultural and Intellectual Development								
648	---	-57	591	591	31. Direct Educational Services and Assistance	1,809	1,809	1,809
229,792	160	4,449	234,401	234,253	32. Operation and Support of Educational Institutions	220,138	213,744	213,744
8,694	937	-1,000	8,631	8,494	33. Supplemental Education and Training Programs	9,208	9,208	9,208
41,964	2,788	-2,832	41,920	37,848	34. Educational Support Services	41,190	47,958	47,958
15,776	8	352	16,136	15,211	35. Education Administration and Management	17,058	16,458	16,458
3,955	14	100	4,069	3,530	36. Higher Educational Services	3,930	4,080	3,930
13,973	2	51	14,026	14,018	37. Cultural and Intellectual Development Services	20,356	20,251	13,856
314,802	3,909	1,063	319,774	313,945	Total Appropriation	313,689	313,508	306,963

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recom- mended
					40. Community Development and Environmental Management			
22,260	20,782	-5,254	37,788	33,643	41. Community Development Management	23,786	23,734	23,734
60,465	2,110	4,439	67,014	65,689	42. Natural Resource Management	63,662	62,984	62,984
36,676	8,372	-145	44,903	40,184	43. Science and Technical Programs	40,169	36,243	36,243
51,424	14,380	-289	65,515	57,762	44. Site Remediation and Waste Management	46,577	45,013	45,013
32,919	1,705	-51	34,573	34,322	45. Environmental Regulation	35,870	35,126	35,126
19,858	2	1,031	20,891	20,849	46. Environmental Planning and Administration	20,349	19,875	19,875
19,031	702	836	20,569	18,525	47. Compliance and Enforcement	20,137	18,635	18,635
9,384	2,090	352	11,826	11,266	49. Agricultural Resources, Planning, and Regulation	9,513	9,415	9,415
252,017	50,143	919	303,079	282,240	Total Appropriation	260,063	251,025	251,025
					50. Economic Planning, Development and Security			
3,356	36	165	3,557	3,352	51. Economic Planning and Development	5,080	4,513	4,513
96,738	12,819	-2,259	107,298	96,426	52. Economic Regulation	98,407	97,407	97,407
64,275	19,564	-2,563	81,276	73,784	53. Economic Assistance and Security	66,732	66,732	66,732
20,295	22,942	478	43,715	39,830	54. Manpower and Employment Services	21,400	20,443	20,443
110,527	2	49,097	159,626	159,423	55. Social Services Programs	193,980	182,108	182,108
295,191	55,363	44,918	395,472	372,815	Total Appropriation	385,599	371,203	371,203
					60. Transportation Programs			
96,756	4,777	-9	101,524	99,219	61. State and Local Highway Facilities	99,252	85,770	85,770
5,575	85	10	5,670	5,572	64. Regulation and General Management	6,405	6,405	6,405
102,331	4,862	1	107,194	104,791	Total Appropriation	105,657	92,175	92,175
					70. Government Direction, Management and Control			
54,932	9,422	2,400	66,754	60,844	71. Legislative Activities	59,837	59,837	59,837
20,384	12,454	-3,687	29,151	28,533	72. Governmental Review and Oversight	20,287	22,406	22,406
162,986	22,941	-276	185,651	176,570	73. Financial Administration	186,260	157,333	157,333
1,762,277	81,965	-78,604	1,765,638	1,675,695	74. General Government Services	1,818,252	2,015,345	2,015,345
4,718	87	-475	4,330	4,185	75. State Subsidies and Financial Aid	4,590	4,472	4,472
52,626	2,907	9,324	64,857	63,257	76. Management and Administration	58,576	66,374	66,374
14,119	5,529	---	19,648	13,155	77. Legislative Commissions and Committees	14,730	15,269	15,269
2,072,042	135,305	-71,318	2,136,029	2,022,239	Total Appropriation	2,162,532	2,341,036	2,341,036
					80. Special Government Services			
126,591	108,477	1,610	236,678	174,760	82. Protection of Citizens' Rights	130,007	135,198	135,198
60,676	1,363	455	62,494	61,396	83. Services to Veterans	65,938	68,068	68,068
187,267	109,840	2,065	299,172	236,156	Total Appropriation	195,945	203,266	203,266
5,338,867	417,090	41,028	5,796,985	5,530,223	Total Direct State Services	5,716,433	5,866,352	5,859,807

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recom- mended
					Grants-in-Aid			
					10. Public Safety and Criminal Justice			
565	---	---	565	265	12. Law Enforcement	565	565	565
35	---	---	35	35	14. Military Services	35	35	35
---	---	300	300	300	15. Judicial Services	---	---	---
83,650	5,022	-32	88,640	87,065	16. Detention and Rehabilitation	83,605	81,105	81,105
5,736	---	---	5,736	5,096	17. Parole	29,994	33,399	33,399
18,257	---	25	18,282	18,282	18. Juvenile Services	18,824	18,824	18,824
---	---	10	10	10	19. Central Planning, Direction and Management	---	---	---
108,243	5,022	303	113,568	111,053	Total Appropriation	133,023	133,928	133,928
					20. Physical and Mental Health			
109,022	42	10,168	119,232	117,017	21. Health Services	193,151	174,606	174,606
73,269	---	-9,975	63,294	63,294	22. Health Planning and Evaluation	300,725	119,725	119,725
234,751	---	1,600	236,351	235,760	23. Mental Health Services	253,251	287,694	287,694
1,883,555	228,521	-5,913	2,106,163	2,104,320	24. Special Health Services	2,008,879	2,181,258	2,181,258
549,074	4,039	-8,816	544,297	513,046	26. Senior Services	923,106	915,365	915,365
82,572	---	---	82,572	80,708	27. Disability Services	90,792	103,213	103,213
2,932,243	232,602	-12,936	3,151,909	3,114,145	Total Appropriation	3,769,904	3,781,861	3,781,861
					30. Educational, Cultural and Intellectual Development			
417,402	963	6,970	425,335	425,335	32. Operation and Support of Educational Institutions	462,389	464,157	464,157
4,178	---	---	4,178	4,173	33. Supplemental Education and Training Programs	4,226	4,226	4,226
9,443	---	-270	9,173	8,860	34. Educational Support Services	25,544	18,879	18,879
1,170,532	9,048	-46,377	1,133,203	1,115,469	36. Higher Educational Services	1,278,653	1,463,837	1,268,093
22,532	7	41	22,580	22,580	37. Cultural and Intellectual Development Services	36,622	31,552	31,552
1,624,087	10,018	-39,636	1,594,469	1,576,417	Total Appropriation	1,807,434	1,982,651	1,786,907
					40. Community Development and Environmental Management			
15,850	6,996	6,025	28,871	26,071	41. Community Development Management	31,150	31,150	31,150
3,250	4,416	2,918	10,584	4,421	42. Natural Resource Management	10,250	---	---
6,000	---	300	6,300	3,147	43. Science and Technical Programs	6,000	---	---
---	---	250	250	250	46. Environmental Planning and Administration	---	---	---
436	220	469	1,125	930	49. Agricultural Resources, Planning, and Regulation	2,755	1,575	1,575
25,536	11,632	9,962	47,130	34,819	Total Appropriation	50,155	32,725	32,725
					50. Economic Planning, Development and Security			
26,648	111	-500	26,259	25,105	51. Economic Planning and Development	31,901	28,219	28,219
70,840	---	---	70,840	68,692	52. Economic Regulation	70,840	70,840	70,840
253,308	10,755	-28,034	236,029	229,188	53. Economic Assistance and Security	259,766	241,672	241,672
42,517	---	-4,074	38,443	38,443	54. Manpower and Employment Services	43,254	44,254	44,254
400,288	260	5,314	405,862	402,651	55. Social Services Programs	531,989	611,381	611,381
793,601	11,126	-27,294	777,433	764,079	Total Appropriation	937,750	996,366	996,366

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recom- mended
					60. Transportation Programs			
---	1,569	---	1,569	1,459	61. State and Local Highway Facilities	---	---	---
193,827	---	---	193,827	193,827	62. Public Transportation	278,700	278,700	278,700
---	1,944	17	1,961	322	64. Regulation and General Management	---	---	---
193,827	3,513	17	197,357	195,608	Total Appropriation	278,700	278,700	278,700
					70. Government Direction, Management and Control			
625,402	1,647	-10,495	616,554	613,080	74. General Government Services	811,750	799,743	799,743
10,500	42	-618	9,924	6,907	75. State Subsidies and Financial Aid	10,000	---	---
14,660	38	689	15,387	15,336	76. Management and Administration	18,064	714	714
650,562	1,727	-10,424	641,865	635,323	Total Appropriation	839,814	800,457	800,457
					80. Special Government Services			
12,000	---	---	12,000	12,000	82. Protection of Citizens' Rights	16,400	16,400	16,400
1,009	63	---	1,072	1,017	83. Services to Veterans	1,009	1,509	1,509
13,009	63	---	13,072	13,017	Total Appropriation	17,409	17,909	17,909
6,341,108	275,703	-80,008	6,536,803	6,444,461	Total Grants-in-Aid	7,834,189	8,024,597	7,828,853
					State Aid			
					10. Public Safety and Criminal Justice			
8,090	8,522	-1,100	15,512	4,674	12. Law Enforcement	11,090	1,000	1,000
7,019	---	---	7,019	6,783	13. Special Law Enforcement Activities	7,030	7,030	7,030
15,109	8,522	-1,100	22,531	11,457	Total Appropriation	18,120	8,030	8,030
					20. Physical and Mental Health			
2,400	---	---	2,400	2,272	21. Health Services	2,400	2,400	2,400
93,510	11,646	---	105,156	99,222	23. Mental Health Services	93,510	104,575	104,575
7,108	---	---	7,108	7,108	26. Senior Services	7,585	7,152	7,152
103,018	11,646	---	114,664	108,602	Total Appropriation	103,495	114,127	114,127
					30. Educational, Cultural and Intellectual Development			
1,539,963	288	501	1,540,752	1,538,774	31. Direct Educational Services and Assistance	1,265,061	650,148	650,148
4,860	---	---	4,860	4,846	33. Supplemental Education and Training Programs	4,860	4,860	4,860
1,426,385	---	-19,102	1,407,283	1,394,271	34. Educational Support Services	1,616,784	665,233	665,233
188,587	---	---	188,587	186,738	36. Higher Educational Services	184,075	201,623	181,023
16,827	---	---	16,827	16,541	37. Cultural and Intellectual Development Services	16,827	37,407	18,537
3,176,622	288	-18,601	3,158,309	3,141,170	Total Appropriation	3,087,607	1,559,271	1,519,801

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2005 Adjusted Approp.	Requested	Recom- mended	
40. Community Development and Environmental Management								
16,925	35,581	---	52,506	28,756	41. Community Development Management	16,925	16,925	16,925
---	---	---	---	---	44. Site Remediation and Waste Management	2,300	---	---
4,255	4	---	4,259	4,237	46. Environmental Planning and Administration	6,619	6,619	6,619
---	---	---	---	---	47. Compliance and Enforcement	3,453	3,453	3,453
11,015	---	---	11,015	10,678	49. Agricultural Resources, Planning, and Regulation	11,085	11,727	11,727
32,195	35,585	---	67,780	43,671	Total Appropriation	40,382	38,724	38,724
50. Economic Planning, Development and Security								
214,712	515	15,345	230,572	227,492	53. Economic Assistance and Security	265,566	349,858	349,858
1,624	---	---	1,624	1,624	54. Manpower and Employment Services	1,624	1,522	1,522
6,000	---	---	6,000	6,000	55. Social Services Programs	12,000	12,000	12,000
222,336	515	15,345	238,196	235,116	Total Appropriation	279,190	363,380	363,380
70. Government Direction, Management and Control								
84,792	2,048	-2,048	84,792	74,415	75. State Subsidies and Financial Aid	206,647	197,234	197,234
84,792	2,048	-2,048	84,792	74,415	Total Appropriation	206,647	197,234	197,234
3,634,072	58,604	-6,404	3,686,272	3,614,431	Total State Aid	3,735,441	2,280,766	2,241,296
Capital Construction								
10. Public Safety and Criminal Justice								
---	539	-539	---	---	11. Vehicular Safety	---	---	---
3,846	9,231	---	13,077	2,738	12. Law Enforcement	---	4,055	4,055
165	1,117	-17	1,265	677	14. Military Services	2,627	175	175
---	3,100	-234	2,866	2,559	16. Detention and Rehabilitation	500	---	---
500	10,026	500	11,026	3,175	18. Juvenile Services	---	750	750
---	7,272	237	7,509	1,710	19. Central Planning, Direction and Management	---	5,000	5,000
4,511	31,285	-53	35,743	10,859	Total Appropriation	3,127	9,980	9,980
20. Physical and Mental Health								
620	306	---	926	216	21. Health Services	---	---	---
---	10,785	---	10,785	2,766	23. Mental Health Services	---	---	---
---	6	---	6	---	25. Health Administration	---	---	---
620	11,097	---	11,717	2,982	Total Appropriation	---	---	---
30. Educational, Cultural and Intellectual Development								
---	7,586	---	7,586	4,191	32. Operation and Support of Educational Institutions	---	---	---
---	1,191	---	1,191	146	33. Supplemental Education and Training Programs	---	---	---
---	508	---	508	120	35. Education Administration and Management	---	1,050	1,050
---	1,013	-992	21	---	36. Higher Educational Services	---	---	---
---	537	---	537	488	37. Cultural and Intellectual Development Services	1,000	---	---
---	10,835	-992	9,843	4,945	Total Appropriation	1,000	1,050	1,050

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recom- mended
					40. Community Development and Environmental Management			
36,294	32,967	-4,780	64,481	43,149	42. Natural Resource Management	36,233	29,106	29,106
---	2	---	2	---	43. Science and Technical Programs	---	---	---
103,780	27,234	-1,000	130,014	57,465	44. Site Remediation and Waste Management	80,220	53,357	53,357
---	3	---	3	---	45. Environmental Regulation	---	---	---
---	13	---	13	---	46. Environmental Planning and Administration	---	---	---
---	5,141	---	5,141	3,999	49. Agricultural Resources, Planning, and Regulation	---	---	---
140,074	65,360	-5,780	199,654	104,613	Total Appropriation	116,453	82,463	82,463
					50. Economic Planning, Development and Security			
---	1	---	1	---	52. Economic Regulation	---	---	---
---	1	---	1	---	Total Appropriation	---	---	---
					60. Transportation Programs			
805,000	---	---	805,000	804,190	61. State and Local Highway Facilities	805,000	805,000	805,000
805,000	---	---	805,000	804,190	Total Appropriation	805,000	805,000	805,000
					70. Government Direction, Management and Control			
---	108	---	108	74	71. Legislative Activities	---	---	---
194,233	41,156	-6,196	229,193	184,125	74. General Government Services	184,549	179,327	179,327
5,600	6,243	---	11,843	4,979	76. Management and Administration	10,400	11,600	11,600
199,833	47,507	-6,196	241,144	189,178	Total Appropriation	194,949	190,927	190,927
					80. Special Government Services			
---	347	17	364	243	83. Services to Veterans	---	---	---
---	347	17	364	243	Total Appropriation	---	---	---
<i>1,150,038</i>	<i>166,432</i>	<i>-13,004</i>	<i>1,303,466</i>	<i>1,117,010</i>	<i>Total Capital Construction</i>	<i>1,120,529</i>	<i>1,089,420</i>	<i>1,089,420</i>
					Debt Service			
					40. Community Development and Environmental Management			
68,053	5	-3,840	64,218	63,180	46. Environmental Planning and Administration	63,240	28,943	28,943
68,053	5	-3,840	64,218	63,180	Total Appropriation	63,240	28,943	28,943
					70. Government Direction, Management and Control			
374,428	---	3,840	378,268	374,886	76. Management and Administration	378,293	156,433	156,433
374,428	---	3,840	378,268	374,886	Total Appropriation	378,293	156,433	156,433
<i>442,481</i>	<i>5</i>	<i>---</i>	<i>442,486</i>	<i>438,066</i>	<i>Total Debt Service</i>	<i>441,533</i>	<i>185,376</i>	<i>185,376</i>
16,906,566	917,834	-58,388	17,766,012	17,144,191	Total General Fund	18,848,125	17,446,511	17,204,752

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2005 Adjusted Approp.	Requested	Recom- mended	
					PROPERTY TAX RELIEF FUND			
					Property Tax Relief Fund - Grants-in-Aid			
					70. Government Direction, Management and Control			
862,311	---	-15,000	847,311	828,811	75. State Subsidies and Financial Aid	1,762,711	576,888	576,888
862,311	---	-15,000	847,311	828,811	Total Appropriation	1,762,711	576,888	576,888
<i>862,311</i>	<i>---</i>	<i>-15,000</i>	<i>847,311</i>	<i>828,811</i>	<i>Total Property Tax Relief Fund - Grants-in-Aid</i>	<i>1,762,711</i>	<i>576,888</i>	<i>576,888</i>
					Property Tax Relief Fund - State Aid			
					30. Educational, Cultural and Intellectual Development			
4,794,258	3,186	132,067	4,929,511	4,921,121	31. Direct Educational Services and Assistance	5,731,779	6,358,976	6,358,976
38,948	---	---	38,948	38,948	33. Supplemental Education and Training Programs	38,948	38,948	38,948
324,888	3,272	-2,658	325,502	325,069	34. Educational Support Services	333,411	1,578,099	1,578,099
24,862	---	---	24,862	24,042	36. Higher Educational Services	28,045	28,556	28,556
5,182,956	6,458	129,409	5,318,823	5,309,180	Total Appropriation	6,132,183	8,004,579	8,004,579
					40. Community Development and Environmental Management			
8,000	---	-300	7,700	7,682	46. Environmental Planning and Administration	8,500	9,000	9,000
2,453	---	---	2,453	2,447	47. Compliance and Enforcement	---	---	---
10,453	---	-300	10,153	10,129	Total Appropriation	8,500	9,000	9,000
					70. Government Direction, Management and Control			
1,095,015	---	-21,706	1,073,309	1,071,602	75. State Subsidies and Financial Aid	1,065,858	1,059,533	1,059,533
1,095,015	---	-21,706	1,073,309	1,071,602	Total Appropriation	1,065,858	1,059,533	1,059,533
<i>6,288,424</i>	<i>6,458</i>	<i>107,403</i>	<i>6,402,285</i>	<i>6,390,911</i>	<i>Total Property Tax Relief Fund - State Aid</i>	<i>7,206,541</i>	<i>9,073,112</i>	<i>9,073,112</i>
<i>7,150,735</i>	<i>6,458</i>	<i>92,403</i>	<i>7,249,596</i>	<i>7,219,722</i>	<i>Total Property Tax Relief Fund</i>	<i>8,969,252</i>	<i>9,650,000</i>	<i>9,650,000</i>
					CASINO CONTROL FUND			
					Casino Control Fund - Direct State Services			
					10. Public Safety and Criminal Justice			
37,699	55	---	37,754	37,266	12. Law Enforcement	40,599	40,599	40,599
37,699	55	---	37,754	37,266	Total Appropriation	40,599	40,599	40,599
					70. Government Direction, Management and Control			
26,938	1,911	---	28,849	28,074	73. Financial Administration	28,686	28,686	28,686
26,938	1,911	---	28,849	28,074	Total Appropriation	28,686	28,686	28,686
<i>64,637</i>	<i>1,966</i>	<i>---</i>	<i>66,603</i>	<i>65,340</i>	<i>Total Casino Control Fund</i>	<i>69,285</i>	<i>69,285</i>	<i>69,285</i>

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recom- mended
					CASINO REVENUE FUND			
					Casino Revenue Fund - Direct State Services			
					20. Physical and Mental Health			
871	24	88	983	937	26. Senior Services	871	871	871
871	24	88	983	937	Total Appropriation	871	871	871
					80. Special Government Services			
92	1	---	93	93	82. Protection of Citizens' Rights	92	92	92
92	1	---	93	93	Total Appropriation	92	92	92
963	25	88	1,076	1,030	<i>Total Casino Revenue Fund - Direct State Services</i>	963	963	963
					Casino Revenue Fund - Grants-in-Aid			
					20. Physical and Mental Health			
500	---	---	500	497	21. Health Services	529	529	529
299,102	127,920	-88	426,934	425,415	26. Senior Services	356,941	330,183	330,183
80,328	---	---	80,328	80,328	27. Disability Services	80,328	80,328	80,328
379,930	127,920	-88	507,762	506,240	Total Appropriation	437,798	411,040	411,040
					30. Educational, Cultural and Intellectual Development			
38,409	---	---	38,409	38,308	32. Operation and Support of Educational Institutions	38,409	38,409	38,409
38,409	---	---	38,409	38,308	Total Appropriation	38,409	38,409	38,409
					50. Economic Planning, Development and Security			
2,440	---	---	2,440	2,440	54. Manpower and Employment Services	2,440	2,440	2,440
2,440	---	---	2,440	2,440	Total Appropriation	2,440	2,440	2,440
420,779	127,920	-88	548,611	546,988	<i>Total Casino Revenue Fund - Grants-in-Aid</i>	478,647	451,889	451,889
					Casino Revenue Fund - State Aid			
					60. Transportation Programs			
25,458	---	---	25,458	25,458	62. Public Transportation	25,287	34,352	34,352
25,458	---	---	25,458	25,458	Total Appropriation	25,287	34,352	34,352
25,458	---	---	25,458	25,458	<i>Total Casino Revenue Fund - State Aid</i>	25,287	34,352	34,352
447,200	127,945	---	575,145	573,476	<i>Total Casino Revenue Fund</i>	504,897	487,204	487,204
					GUBERNATORIAL ELECTIONS FUND			
					Gubernatorial Elections Fund - Grants-In-Aid			
					10. Public Safety and Criminal Justice			
---	---	---	---	---	13. Special Law Enforcement Activities	8,870	1,025	1,025
---	---	---	---	---	Total Appropriation	8,870	1,025	1,025
---	---	---	---	---	<i>Total Gubernatorial Elections Fund</i>	8,870	1,025	1,025
24,569,138	1,054,203	34,015	25,657,356	25,002,729	GRAND TOTAL STATE APPROPRIATIONS	28,400,429	27,654,025	27,412,266

SUMMARIES OF APPROPRIATIONS

DEDICATED FUNDS

Summary of Appropriations by Department (thousands of dollars)

Year Ending June 30, 2004					Year Ending June 30, 2006		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2005 Adjusted Approp.	Requested	Recom- mended
Property Tax Relief Fund – Grants-in-Aid							
Department of the Treasury							
537,663	—	—	537,663	531,497	1,762,711	576,888	576,888
324,648	—	-15,000	309,648	297,314	—	—	—
<i>862,311</i>	<i>—</i>	<i>-15,000</i>	<i>847,311</i>	<i>828,811</i>	<i>1,762,711</i>	<i>576,888</i>	<i>576,888</i>
<i>862,311</i>	<i>—</i>	<i>-15,000</i>	<i>847,311</i>	<i>828,811</i>	<i>1,762,711</i>	<i>576,888</i>	<i>576,888</i>
Property Tax Relief Fund – State Aid							
Department of Community Affairs							
960,069	—	-18,808	941,261	941,195	929,569	921,069	921,069
<i>960,069</i>	<i>—</i>	<i>-18,808</i>	<i>941,261</i>	<i>941,195</i>	<i>929,569</i>	<i>921,069</i>	<i>921,069</i>
Department of Education							
3,522,325	3,186	132,167	3,657,678	3,649,299	4,508,278	5,137,995	5,137,995
58,423	—	-100	58,323	58,312	61,991	59,471	59,471
65,578	—	—	65,578	65,578	65,578	65,578	65,578
199,512	—	—	199,512	199,512	199,512	199,512	199,512
948,420	—	—	948,420	948,420	896,420	896,420	896,420
38,948	—	—	38,948	38,948	38,948	38,948	38,948
17,337	3,272	-2,458	18,151	17,750	25,169	25,169	25,169
305,952	—	-200	305,752	305,720	307,287	307,287	307,287
1,599	—	—	1,599	1,599	—	—	—
—	—	—	—	—	955	775	775
—	—	—	—	—	—	1,244,868	1,244,868
<i>5,158,094</i>	<i>6,458</i>	<i>129,409</i>	<i>5,293,961</i>	<i>5,285,138</i>	<i>6,104,138</i>	<i>7,976,023</i>	<i>7,976,023</i>
Department of Environmental Protection							
8,000	—	-300	7,700	7,682	8,500	9,000	9,000
2,453	—	—	2,453	2,447	—	—	—
<i>10,453</i>	<i>—</i>	<i>-300</i>	<i>10,153</i>	<i>10,129</i>	<i>8,500</i>	<i>9,000</i>	<i>9,000</i>
Department of the Treasury							
24,862	—	—	24,862	24,042	28,045	28,556	28,556
109,000	—	-2,898	106,102	106,102	109,000	109,000	109,000
25,946	—	—	25,946	24,305	27,289	29,464	29,464
<i>159,808</i>	<i>—</i>	<i>-2,898</i>	<i>156,910</i>	<i>154,449</i>	<i>164,334</i>	<i>167,020</i>	<i>167,020</i>
6,288,424	6,458	107,403	6,402,285	6,390,911	7,206,541	9,073,112	9,073,112
<i>7,150,735</i>	<i>6,458</i>	<i>92,403</i>	<i>7,249,596</i>	<i>7,219,722</i>	<i>8,969,252</i>	<i>9,650,000</i>	<i>9,650,000</i>

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2005 Adjusted Approp.	Requested	Recom- mended
					Casino Control Fund – Direct State Services			
					Department of Law and Public Safety			
37,699	55	—	37,754	37,266	Gaming Enforcement	40,599	40,599	40,599
37,699	55	—	37,754	37,266	<i>Total Department of Law and Public Safety</i>	40,599	40,599	40,599
					Department of the Treasury			
26,938	1,911	—	28,849	28,074	Administration of Casino Gambling	28,686	28,686	28,686
26,938	1,911	—	28,849	28,074	<i>Total Department of the Treasury</i>	28,686	28,686	28,686
64,637	1,966	—	66,603	65,340	Total Casino Control Fund	69,285	69,285	69,285
					Casino Revenue Fund – Direct State Services			
					Department of Health and Senior Services			
871	24	88	983	937	Programs for the Aged	871	871	871
871	24	88	983	937	<i>Total Department of Health and Senior Services</i>	871	871	871
					Department of Law and Public Safety			
92	1	—	93	93	Operation of State Professional Boards	92	92	92
92	1	—	93	93	<i>Total Department of Law and Public Safety</i>	92	92	92
963	25	88	1,076	1,030	Total Casino Revenue Fund – Direct State Services	963	963	963
					Casino Revenue Fund – Grants-in-Aid			
					Department of Health and Senior Services			
500	—	—	500	497	Family Health Services	529	529	529
29,558	—	500	30,058	28,502	Medical Services for the Aged	28,461	30,531	30,531
255,182	127,920	-500	382,602	382,643	Pharmaceutical Assistance to the Aged and Disabled	313,596	284,768	284,768
14,362	—	-88	14,274	14,270	Programs for the Aged	14,884	14,884	14,884
299,602	127,920	-88	427,434	425,912	<i>Total Department of Health and Senior Services</i>	357,470	330,712	330,712
					Department of Human Services			
80,328	—	—	80,328	80,328	Division of Disabilities Services	80,328	80,328	80,328
28,827	—	—	28,827	28,726	Purchased Residential Care	28,827	28,827	28,827
2,208	—	—	2,208	2,208	Social Supervision and Consultation	2,208	2,208	2,208
7,374	—	—	7,374	7,374	Adult Activities	7,374	7,374	7,374
118,737	—	—	118,737	118,636	<i>Total Department of Human Services</i>	118,737	118,737	118,737
					Department of Labor and Workforce Development			
2,440	—	—	2,440	2,440	Vocational Rehabilitation Services	2,440	2,440	2,440
2,440	—	—	2,440	2,440	<i>Total Department of Labor and Workforce Development</i>	2,440	2,440	2,440
420,779	127,920	-88	548,611	546,988	Total Casino Revenue Fund – Grants-in-Aid	478,647	451,889	451,889

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2004					Year Ending June 30, 2006		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2005 Adjusted Approp.	Requested	Recom- mended
					Casino Revenue Fund – State Aid		
					Department of Transportation		
25,458	—	—	25,458	25,458	25,287	34,352	34,352
					Railroad and Bus Operations		
25,458	—	—	25,458	25,458	25,287	34,352	34,352
					<i>Total Department of Transportation</i>		
25,458	—	—	25,458	25,458	25,287	34,352	34,352
					Total Casino Revenue Fund – State Aid		
447,200	127,945	—	575,145	573,476	504,897	487,204	487,204
					Total Casino Revenue Fund		
					Gubernatorial Elections Fund – Grants-In-Aid		
					Department of Law and Public Safety		
—	—	—	—	—	8,870	1,025	1,025
					Election Law Enforcement		
—	—	—	—	—	8,870	1,025	1,025
					<i>Total Department of Law and Public Safety</i>		
—	—	—	—	—	8,870	1,025	1,025
					<i>Total Gubernatorial Elections Fund</i>		
7,662,572	136,369	92,403	7,891,344	7,858,538	9,552,304	10,207,514	10,207,514
					Total Appropriation		

SUMMARIES OF APPROPRIATIONS

SUMMARY OF APPROPRIATIONS MAJOR INCREASES AND DECREASES

This table summarizes the major increases and decreases in the Fiscal 2006 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 Assistance Grant Program, Homestead Rebates, payments for State inmates housed in county jails, public transportation aid, and funding for 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. In addition to school aid, this category of expenditure includes the Consolidated Municipal Property Tax Relief program, the Municipal Block Grant program and other forms of municipal aid. It also includes funding for county colleges, local public assistance and county psychiatric hospital costs.

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

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

APPROPRIATIONS MAJOR INCREASES AND DECREASES (\$ In Millions)

	<u>Increases</u>	<u>Decrease</u>	<u>Net Change</u>
State Operations			
Salary Increase – State Employees	\$ 140.124		
State Employee Health Benefits	83.904		
Child Welfare Reform/DYFS	32.289		
State Retiree Medical	26.693		
Pensions – State Employees	20.028		
Prisoner Health Care	7.535		
Education Statewide Assessment	7.000		
Debt/Line of Credit	6.737		
Workers’ Compensation	5.600		
New State Trooper Classes and Salaries	4.417		
Fuel/Utilities and Household/Security	3.769		
Public Defender	3.438		
Employer Taxes	3.434		
Developmental Center Enhancement – Woodbridge	2.500		
Office of Inspector General	2.500		
Veterans’ Homes	2.130		
Public Advocate	2.000		
Drug Courts	1.700		
Parole Board Staffing Ratios	1.206		
Erosion of Federal Funds – Substance Abuse Treatment	1.157		
Law Enforcement Programs	1.031		
Implement the Patient Safety Act	0.600		
Gubernatorial Transition Costs	0.600		
State Commission on Investigation	0.522		

SUMMARIES OF APPROPRIATIONS

MAJOR INCREASES AND DECREASES (\$ In Millions)

	<u>Increase</u>	<u>Decrease</u>	<u>Net Change</u>
Juvenile Programs	0.503		
Mental Health Community Care Growth	0.500		
Commission on Ethical Standards Training and Audits	0.450		
Asian Longhorned Beetle	0.200		
CBT Dedication	0.023		
Legislative Commissions	<u>0.017</u>		
Subtotal – State Operations Increases	<u>\$ 362.607</u>		
Employee Actions		\$ (50.000)	
Non–Recurring Costs		(21.281)	
Central Rent		(12.012)	
Cash Management Reserve Fund		(12.000)	
Virtual Library		(6.000)	
Brisbane Closure January 2006		(5.543)	
Tort Claims		(5.000)	
Women’s Health Awareness Reduction		(5.000)	
Department of Health and Senior Services Efficiencies		(4.861)	
Division of Smart Growth		(4.500)	
Department of Human Services Efficiencies		(3.245)	
Cardiovascular Program		(2.000)	
Department of Treasury Efficiencies		(1.664)	
Department of Corrections Efficiencies		(1.646)	
Department of Labor Efficiencies		(1.066)	
Jersey City Armory		(1.000)	
Statewide E–911 Emergency Telephone System		(0.795)	
Department of Community Affairs Efficiencies		(0.769)	
Chief Executive Efficiencies		(0.550)	
New Jersey Network Efficiencies		(0.500)	
Department of Personnel Efficiencies		(0.500)	
Teacher Preparation – Shift to Federal Funds		(0.500)	
Department of Law and Public Safety Efficiencies		(0.450)	
Department of Agriculture Efficiencies		(0.298)	
Other (Net)		<u>(35.610)</u>	
Subtotal – State Operations Decreases		<u>\$ (176.790)</u>	
Net Change (State Operations)			<u>\$ 185.817</u>
Grants–In–Aid			
Medicaid/General Assistance Health Care	\$ 217.304		
Nursing Homes and Alternatives	71.724		
Child Welfare Reform/DYFS	61.491		
Employee Health Benefits – Higher Education	33.973		
Mental Health Community Care Growth	26.300		
Senior Tax Freeze	25.000		
Developmental Disabilities Annualization and Additional Placements	23.418		
Portion of Salary Increase – Senior Public Colleges and Universities	17.773		
Business Employment Incentive Program	13.992		
Tuition Aid Grants	9.585		
Brisbane Bridge Fund	5.543		
General Assistance/Food Stamp Case Management	5.076		
Federally Qualified Health Centers	5.000		
Pensions – Higher Education	4.893		
Retiree Health Benefits – Higher Education	4.573		
College Loan Forgiveness Program for Mental Health Workers	3.500		

SUMMARIES OF APPROPRIATIONS

MAJOR INCREASES AND DECREASES (\$ In Millions)

	<u>Increase</u>	<u>Decrease</u>	<u>Net</u> <u>Change</u>
Corrections Programs	3.405		
Early Childhood Intervention Program	3.000		
Greystone Redirection II	2.600		
Postpartum Education Program	2.500		
Assisted Living – 375 Additional Slots	2.500		
Residential Health Care Facilities Growth	2.200		
Postpartum Screening	2.000		
Traumatic Brain Injury Waiver Additional Slots	1.800		
Social Promotion Initiative	1.500		
Supported Employment Services	1.000		
Post Traumatic Stress Syndrome	0.500		
Gubernatorial Election Costs	0.425		
<i>Subtotal – Grants–In–Aid Increases</i>	\$ 552.575		
Homestead Rebate/SAVER Program Changes		\$ (1,070.823)	
Charity Care – Unemployment Insurance Diversion Increase		(150.000)	
Homestead Rebate/SAVER Underspending		(140.000)	
Property Tax Assistance and Community Development Grants		(88.000)	
Nursing Home Provider and IGT Alternative Savings		(57.500)	
Cancer Programs		(28.000)	
Medical Assistance Operational Efficiencies		(23.880)	
Federal Community Care Waiver FY05 Shortfall		(20.103)	
Hospital Assistance Grants		(20.000)	
Statewide Livable Communities		(16.000)	
Family Development Shift to Other Funds		(15.000)	
University of Medicine and Dentistry of New Jersey		(13.000)	
Change Frequency of Drug Manufacturer Price Updates – PAAD/Medicaid		(11.387)	
Social Services Emergency Grants		(10.000)	
Gubernatorial Elections Fund		(8.270)	
Federal IV–E Disallowance FY05		(8.000)	
New Jersey After 3		(7.500)	
PAAD/Medicaid Refill Requirements to 85%		(7.300)	
Selected Medicaid Services \$3 Copay		(6.500)	
CBT Dedication		(6.000)	
AIDS Drug Distribution Program Formulary Changes		(5.000)	
Local Library Grants		(4.000)	
Federal Financial Participation for Abbott Services		(4.000)	
Cultural Projects		(4.000)	
Pharmaceutical Assistance to the Aged and Disabled/Senior Gold		(3.627)	
New Jersey Competitiveness Fund		(3.000)	
\$1 Copay per Medicaid Prescription		(3.000)	
Newark Museum		(2.570)	
County Jail Back–up – Decrease in Population		(2.500)	
AIDS Prevention Promotion		(2.000)	
NJSTARS		(2.000)	
NJ Caring for Caregivers Initiative		(2.000)	
Food Innovation Research Center		(1.800)	
Essex County – South Mountain Arena Renovations		(1.800)	
New Jersey Commerce, Economic Growth and Tourism Commission		(1.760)	
Ewing Township – Municipal Purposes		(1.500)	
Camden Aquarium Management Agreement		(1.500)	
Boys and Girls Clubs of New Jersey		(1.500)	
Battleship NJ Museum		(1.500)	

SUMMARIES OF APPROPRIATIONS

MAJOR INCREASES AND DECREASES (\$ In Millions)

	<u>Increase</u>	<u>Decrease</u>	<u>Net Change</u>
Department of Health and Senior Services Efficiencies		(1.480)	
Department of Agriculture Efficiencies		(1.180)	
New Jersey Community College Strategic Partnership		(1.000)	
Larc School – Bellmawr		(1.000)	
Debt/Line of Credit		(0.884)	
Nutley Township – Park Development		(0.840)	
Big Brothers / Big Sisters		(0.750)	
Kean University – Visual Arts/Medical Science Teaching Positions		(0.750)	
NJ Commission on Science and Technology (Manufacturing Extension Program)		(0.600)	
Hispanic Business Owners Outreach Program		(0.600)	
Prosperity New Jersey		(0.522)	
Employer Taxes – Higher Education		(0.509)	
New Jersey Symphony Orchestra		(0.500)	
Teacher Recruitment		(0.415)	
Grant to ASPIRA		(0.400)	
Nursing Camp Grants		(0.360)	
United Way 2–1–1 System		(0.350)	
Rutgers University Programs		(0.350)	
New Jersey Collaborating Center for Nursing		(0.345)	
Watson Institute for Public Policy		(0.314)	
War Memorial – Marriott Operations		(0.300)	
Camden Optometric Eye Center		(0.300)	
Summer Academy for Professional Development		(0.250)	
Waterloo Village		(0.250)	
New Jersey Transfer Initiative		(0.217)	
New Jersey Commission on Science & Technology – Conference Cost Share		(0.200)	
Save Ellis Island		(0.200)	
NJIT – Smart Shunt Research		(0.150)	
Other (Net)		(49,444)	
Subtotal – Grants–In–Aid Decreases		<u>\$ (1,820.780)</u>	
Net Change (Grants–In–Aid)			<u>\$ (1,268.205)</u>

State Aid

Teachers' Pension and Annuity Fund	\$ 94.516
Post Retirement Medical – Teachers' Pension and Annuity Fund	94.444
School Construction and Renovation Fund	83.789
Family Development Block Grant – State Supplement	52.551
Education Opportunity Aid	49.029
Local School Districts Teacher Social Security Payments	31.000
General Assistance and Supplemental Security Income Caseload	29.541
Education Cash Flow Payment	12.050
County Psychiatric Hospitals	11.065
Abbott Preschool Expansion Aid	10.000
Debt/Line of Credit	9.577
Elderly and Handicapped Transportation – Casino Revenue Dedication	9.065
Aid to County Colleges	3.459
Local Police and Fire Pension Contribution	3.458
General Assistance County Administration	2.200
School Breakfast Additional Schools	0.642
Subtotal – State Aid Increases	<u>\$ 496.386</u>

SUMMARIES OF APPROPRIATIONS

MAJOR INCREASES AND DECREASES (\$ In Millions)

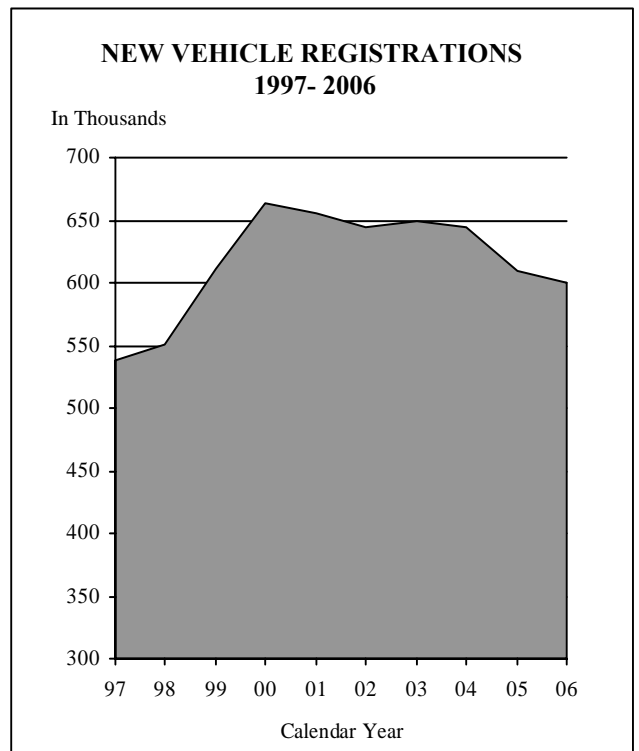
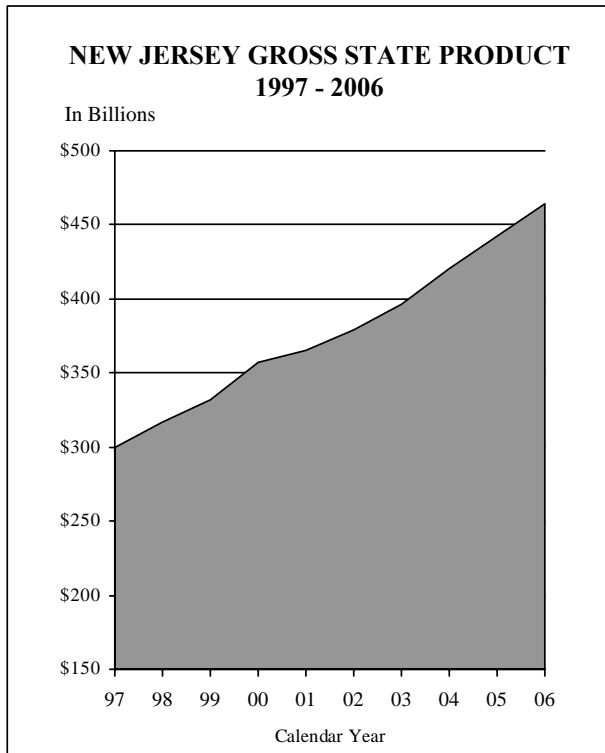
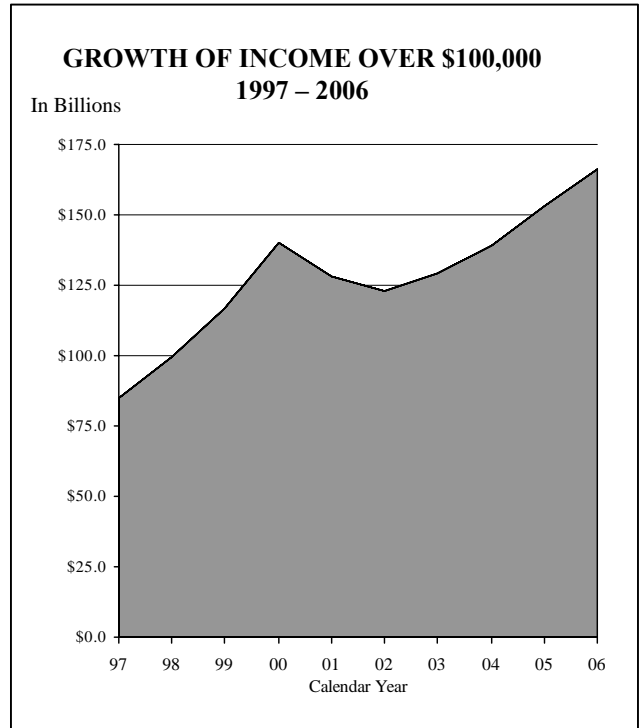
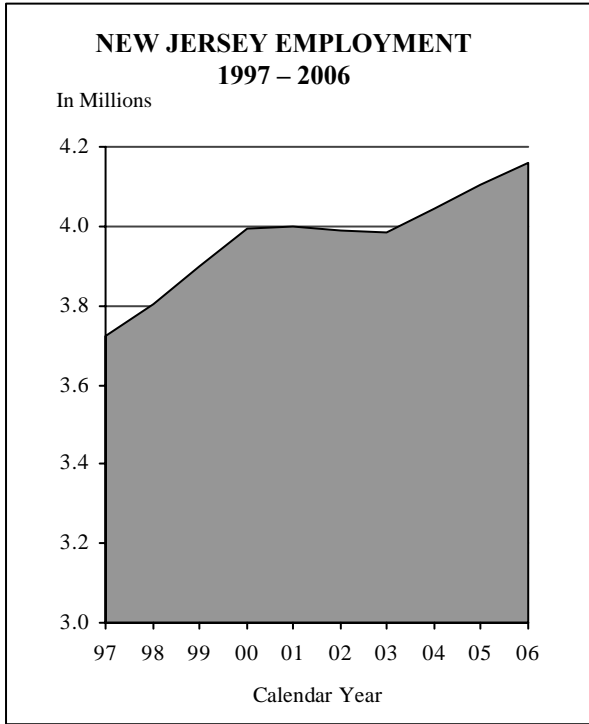
	<u>Increase</u>	<u>Decrease</u>	<u>Net Change</u>
State Aid			
High Expectations for Learning Proficiency	\$	(17.000)	
Above Average Enrollment Growth		(12.000)	
Early Launch to Learning Initiative (ELLI)		(11.000)	
Statewide Local Domestic Preparedness Equipment Grant Program		(10.000)	
Extraordinary Aid		(10.000)	
County Colleges Supplemental Workforce Fund Offset		(6.000)	
Special Municipal Aid		(5.000)	
Englewood Implementation		(4.000)	
Nonpublic School Capital		(3.000)	
Taxpayer Hero Grants		(2.500)	
Positive Achievement and Cost Effectiveness		(2.500)	
Unknown District of Residence		(2.400)	
Local Tire Management Program		(2.300)	
North Bergen School District – Facilities Leasing		(1.900)	
Other Education Aid		(1.593)	
School District of Trenton – Security		(1.500)	
Regional Efficiency Aid Program		(1.000)	
Montclair Board of Education – Minority Student Achievement Network		(1.000)	
Settlement School		(1.000)	
Lawrence Township (Mercer) School District Extraordinary Aid		(0.750)	
Montclair Board of Education – Desegregation Aid		(0.500)	
County Offices on Aging – Federal Medicaid Match		(0.433)	
Additional School Building Aid		(0.180)	
EIRC – P20 Program		(0.125)	
County Special Services Restoration Aid		(0.120)	
Other (Net)		<u>(17.094)</u>	
Subtotal – State Aid Decreases		<u>\$ (114.895)</u>	
Net Change (State Aid)			<u>\$ 381.491</u>
Capital Construction			
Critical Fire, Life and Health Safety – Prisons	\$	5.000	
Garden State Network Security and Communication Center		3.950	
New Jersey State Police Emergency Operations Center		3.555	
Statewide Security Enhancements		3.000	
Availability and Recovery Site (OARS)		1.400	
State Police Radio System Sites Upgrades		0.500	
Veterans Homes HVAC Improvements		<u>0.175</u>	
Subtotal – Capital Construction Increases		<u>\$ 17.580</u>	
CBT Dedication	\$	(26.863)	
Paramus Veterans Home and WWII Memorial		(2.627)	
Liberty Science Center		(2.000)	
NJN Microwave Technology		(1.000)	
Bayside Locking System		(0.500)	
Other (Net)		<u>(15.699)</u>	
Subtotal – Capital Construction Decreases		<u>\$ (48.689)</u>	
Net Change (Capital Construction)			<u>\$ (31.109)</u>

SUMMARIES OF APPROPRIATIONS

MAJOR INCREASES AND DECREASES (\$ In Millions)

	<u>Increase</u>	<u>Decrease</u>	<u>Net Change</u>
Debt Service			
Refunding Savings		\$ (249.575)	
General Obligation Debt Service		<u>(6.582)</u>	
<i>Subtotal – Debt Service Decreases</i>		<u>\$ (256.157)</u>	
<i>Net Change (Debt Service)</i>			<u>\$ (256.157)</u>
GRAND TOTAL	<u>\$ 1,429.148</u>	<u>\$ (2,417.311)</u>	<u>\$ (988.163)</u>

Economic Growth (1997 – 2006)



The Fiscal 2006 Budget

(In Millions)

	FY2005 Adjusted Approp.	FY2006 Budget	% Change
Opening Surplus	\$ 863	\$ 400	(53.7)
Revenues			
Income	9,055	9,650	6.6
Sales	6,520	7,175	10.0
Corporate	2,162	2,126	(1.7)
Other	<u>9,560</u>	<u>8,462</u>	(11.5)
Total Revenues	\$ 27,297	\$ 27,413	0.4
Lapses	<u>640</u>	<u> </u>	
Total Resources	<u>\$ 28,800</u>	<u>\$ 27,813</u>	(3.4)
Appropriations			
Original	\$28,027	\$27,413	(2.2)
Supplemental	<u>373</u>	<u> </u>	
Total Appropriations	<u>\$28,400</u>	<u>\$27,413</u>	(3.5)
Fund Balance	<u>\$ 400</u>	<u>\$ 400</u>	

SUMMARIES OF APPROPRIATIONS

FY 2005 Supplemental Appropriations

(In Thousands)

Additional Abbott v. Burke Aid	\$ 102,052
Employer Taxes	37,649
Salary Increases for Recently Negotiated FOP and State Police Contracts	24,580
Community Care Waiver-Federal Shortfall	20,103
Rental Assistance Program	15,000
General Assistance Caseload Increase	14,046
Snow Removal	13,402
State Police Recruit Class and Radio System Upgrades	10,000
Advertising to Enhance Lottery Revenues	8,809
Federal IV-E Disallowance	8,000
Workers Compensation Claims	8,000
DYFS Residential Increase	6,600
Cancer Institute of New Jersey	6,000
Senior Tax Freeze	6,000
Additional School Aid	5,700
AIDS Treatment	5,000
Tort Claims Payments	5,000
Extended Polling Hours	3,300
Primary/Comprehensive Stroke Centers	3,000
Statewide Cord Blood Bank	2,500
Brisbane Child Treatment Bridge Fund	2,437
Increased Permitting and Enforcement for Highlands	2,166
Election Law Enforcement Commission Oversight	2,000
Camden Economic Recovery	1,500
Other Supplementals	60,324
	<u>\$ 373,168</u>

SUMMARIES OF APPROPRIATIONS

Mandated Growth

(In Thousands)

Medicaid Including Long-Term Care	\$289,028
Salary Increases State Employees	140,124
State Employees' Active and Retirees Health Benefits	110,597
Teachers' Pension and Annuity Fund	94,516
Local Teachers' Post Retirement Medical	94,444
Child Welfare Reform/DYFS	93,780
School Construction and Renovation	83,789
Family Development Block Grant - State Supplement	52,551
Education Opportunity Aid (Abbott Districts)	49,029
College Employees' Active and Retirees Health Benefits	40,369
General Assistance and Supplemental Security Income Administration and Caseload	36,817
Teacher Social Security	31,000
Mental Health Community Care Growth	26,800
Senior/Disabled Citizens' Property Tax Freeze	25,000
Pensions State Employees	20,028
Salaries Higher Education	17,773
BEIP Debt Service	13,992
Pension Bond Debt Service	13,508
Education Cash Flow Payment	12,050
County Psychiatric Hospitals	11,065
Abbott Preschool Enrollment Increase	10,000
Tuition Aid Grants	9,585
Annualized Costs of Developmental Disabilities Waiting List and Institutions	9,516
Casino Revenue Dedication for Transportation	9,065
Prisoner Health Care	7,535
Statewide Assessment Program	7,000
Pensions Colleges	6,011
Workers' Compensation	5,600
Brisbane Bridge Fund	5,543
Annualized Cost of Trooper Classes and Salaries	5,364
Medicaid Fiscal Agent	4,000
State Employer Taxes	3,434
Early Intervention Program	3,000
Greystone Annualized	2,600
Pool Attorney Rate Increase Annualized	2,600
Annualized Cost of Opening Old Glory and Vineland	2,130
Pensions Local Police and Fire	1,989
Drug Court Annualized	1,700
Local Police and Fire Post Retirement Medical	1,469
Other	5,052
Total	<u><u>\$1,359,453</u></u>

SUMMARIES OF APPROPRIATIONS

Total Direct State Services

By Department

(In Thousands)

Department	FY2005	FY2005	FY2006	Change	
	Appropriation	Adjusted Appropriation	Current Recommendation	from Adjusted Appropriation	%
				\$	
Base Operations					
Chief Executive	\$ 5,267	\$ 5,537	\$ 4,972	\$ (565)	-10.2%
Agriculture	9,123	9,513	9,415	(98)	-1.0%
Banking and Insurance	66,703	68,837	67,837	(1,000)	-1.5%
Community Affairs	35,581	37,356	36,491	(865)	-2.3%
Corrections	724,438	761,746	763,298	1,552	0.2%
Education	42,934	46,981	46,149	(832)	-1.8%
Environmental Protection	210,197	225,524	216,636	(8,888)	-3.9%
Health & Senior Services	83,423	79,058	67,907	(11,151)	-14.1%
Balance of Human Services	36,830	38,413	38,413	-	0.0%
Child Welfare	73,462	96,776	52,066	(44,710)	-46.2%
Central Office	11,401	35,201	44,215	9,014	25.6%
DD	228,173	217,239	210,845	(6,394)	-2.9%
Medicaid	23,255	24,599	26,989	2,390	9.7%
Mental Health	254,375	266,838	260,070	(6,768)	-2.5%
Labor	60,242	62,012	60,946	(1,066)	-1.7%
Law & Public Safety	153,306	163,579	161,749	(1,830)	-1.1%
JJC	81,596	89,122	89,760	638	0.7%
Military & Veterans' Affairs	23,678	24,251	23,101	(1,150)	-4.7%
Personnel	25,448	26,307	25,701	(606)	-2.3%
State	13,715	15,801	14,770	(1,031)	-6.5%
NJN	6,146	6,446	5,946	(500)	-7.8%
State Library	10,245	10,370	4,370	(6,000)	-57.9%
Transportation	87,907	105,657	92,175	(13,482)	-12.8%
Treasury	299,251	343,144	312,988	(30,156)	-8.8%
Misc. Executive Commissions	1,390	1,395	1,403	8	0.6%
Total Executive Branch	\$ 2,568,086	\$ 2,761,702	\$ 2,638,212	\$ (123,490)	-4.5%
Legislature	\$ 68,217	\$ 70,167	\$ 70,184	\$ 17	0.0%
Judiciary	504,877	525,130	525,130	-	0.0%
Sub Total Operations-Base	\$ 3,141,180	\$ 3,356,999	\$ 3,233,526	\$ (123,473)	-3.7%
Required Increases					
Corrections and JJC					
Medical Contract Costs	\$ 146,350	\$ 147,250	\$ 155,792	\$ 8,542	5.8%
Education					
Statewide Assessment	16,225	16,225	23,225	7,000	43.1%
Human Services					
Child Welfare Reform	149,812	94,222	127,144	32,922	34.9%
Law & Public Safety					
State Police	271,455	296,107	302,678	6,571	2.2%
Ethical Standards	661	679	1,129	450	66.3%
DMAVA					
Veteran's Homes	58,113	59,780	61,910	2,130	3.6%
Treasury					
Office of the Inspector General	-	-	2,500	2,500	-
Public Advocate	-	-	2,000	2,000	-
Public Defender	84,818	87,282	90,720	3,438	3.9%
Legislature					
SCI Increase	4,400	4,400	4,922	522	11.9%
Judiciary					
Drug Court	27,196	27,196	28,896	1,700	6.3%
Subtotal Required Increases	\$ 759,030	\$ 733,141	\$ 800,916	\$ 67,775	9.2%
Interdepartmental					
Other	\$ 55,469	\$ 56,969	\$ 55,721	\$ (1,248)	-2.2%
Pension, Health Benefits & PRM	856,542	845,799	961,260	115,461	13.7%
Taxes	472,196	509,845	512,223	2,378	0.5%
Insurance & Other	80,411	93,411	94,011	600	0.6%
Rent	177,517	183,017	174,774	(8,243)	-4.5%
Salary Program	137,280	7,500	97,624	90,124	1201.7%
Subtotal Interdepartmental	\$ 1,779,415	\$ 1,696,541	\$ 1,895,613	\$ 199,072	11.7%
Total	\$ 5,679,625	\$ 5,786,681	\$ 5,930,055	\$ 143,374	2.5%

SUMMARIES OF APPROPRIATIONS

Funding for Property Tax Relief

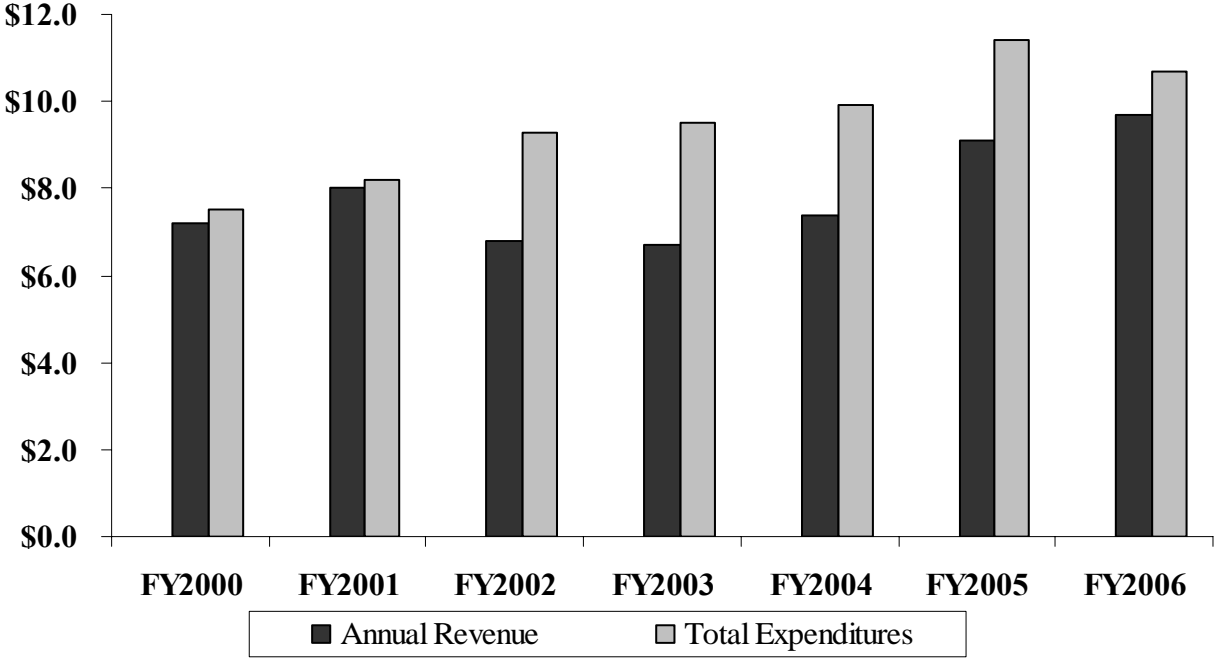
(In Millions)

<u>Programs</u>	<u>FY2005 Adjusted Approp.</u>	<u>FY2006 Budget</u>	<u>\$ Change</u>
School Aid	8,990.8	9,296.3	\$305.4
Municipal Aid	1,815.0	1,797.8	(17.2)
Other Local Aid	886.7	782.0	(104.7)
Direct Taxpayer Relief	<u>2,261.7</u>	<u>1,020.9</u>	<u>(1,240.8)</u>
Subtotal Direct Aid	<u>\$13,954.2</u>	<u>\$12,896.9</u>	<u>(\$1,057.4)</u>
Pension Savings	169.7	167.7	(2.0)
Police and Firemen's Pension Savings	<u>199.1</u>	<u>154.8</u>	<u>(44.3)</u>
Subtotal Pension Savings	<u>\$368.8</u>	<u>\$322.5</u>	<u>(\$46.3)</u>
Hotel Revenue	<u>\$35.0</u>	<u>\$35.0</u>	<u>\$0.0</u>
Realty Transfer Fee - County Share	<u>\$130.0</u> *	<u>\$130.0</u> *	<u>\$0.0</u>
Grand Totals	<u><u>\$14,488.0</u></u>	<u><u>\$13,384.4</u></u>	<u><u>(\$1,103.7)</u></u>

*Reflects base revenue of \$90 million plus \$40 million from 25 cent fee increase.

*Property Tax Relief Programs/
Income Tax Revenues*

(In Billions)



SUMMARIES OF APPROPRIATIONS

FISCAL 2006 TAXPAYER RELIEF (In Millions)

PROGRAM DESCRIPTION	FY2005 Adjusted Approp.	FY2006 Budget	\$ Change	% Change
School Aid				
Direct Aid	\$7,374.1	\$7,386.2	\$12.1	0.2%
School Building Aid	305.3	387.5	82.2	26.9%
Teachers' Retirement Benefits & Social Security	1,311.5	1,522.6	211.1	16.1%
Subtotal School Aid	\$8,990.8	\$9,296.3	\$305.4	3.4%
Municipal Aid				
Consolidated Municipal Property Tax Relief Aid	\$835.4	\$835.4	\$0.0	0.0%
Energy Receipts Property Tax Relief Aid	787.7	788.5	0.8	0.1%
Special Municipal Aid	29.3	24.3	(5.0)	(17.1%)
Legislative Initiative Block Grant Program	34.8	34.8	0.0	0.0%
Extraordinary Aid	41.0	31.0	(10.0)	(24.4%)
Trenton Capitol City Aid	16.5	16.5	0.0	0.0%
Highlands Protection Fund Aid	12.0	12.0	0.0	0.0%
Regional Efficiency Aid Program (REAP)	11.0	10.0	(1.0)	(9.1%)
Open Space - Payments in Lieu of Taxes	8.5	9.0	0.5	5.9%
Taxpayer Hero Grants	2.5	0.0	(2.5)	(100.0%)
Regional Efficiency Development Incentive Grants (REDI)	4.2	4.2	0.0	0.0%
Municipal Homeland Security Assistance	32.0	32.0	0.0	0.0%
Subtotal Municipal Aid	\$1,815.0	\$1,797.8	(\$17.2)	(1.0%)
Other Local Aid				
County College Aid	\$220.1	\$223.6	\$3.5	1.6%
Transportation Trust Fund - Local Project Aid	145.0	150.0	5.0	3.4%
Aid to County Psychiatric Hospitals	93.5	104.6	11.1	11.8%
Property Tax Assistance and Community Development	88.0	0.0	(88.0)	(100.0%)
General Assistance Administration	23.8	26.0	2.2	9.2%
Urban Enterprise Zones - Sales Tax Dedication	80.0	84.0	4.0	5.0%
County Solid Waste Debt	57.3	57.3	0.0	0.0%
DCA - Housing and Neighborhood Assistance	16.7	16.7	0.0	0.0%
Statewide Livable Communities	16.0	0.0	(16.0)	(100.0%)
Library Aid	20.8	18.5	(2.3)	(11.0%)
Pension Contributions on behalf of Local Governments	68.7	72.9	4.2	6.1%
911 Enhancement	14.9	14.9	0.0	0.0%
Statewide Local Domestic Preparedness - Equipment Grants	10.0	0.0	(10.0)	(100.0%)
Social Service Emergency Grants	10.0	0.0	(10.0)	(100.0%)
County Prosecutors	8.0	8.0	0.0	0.0%
Stormwater Management Grants	6.0	0.0	(6.0)	(100.0%)
County Environmental Health Act	3.5	3.5	0.0	0.0%
Local Tire Management Program	2.3	0.0	(2.3)	(100.0%)
Highlands Council	2.0	2.0	0.0	0.0%
Subtotal Other Local Aid	\$886.7	\$782.0	(\$104.7)	(11.8%)
Direct Taxpayer Relief				
Homestead Rebates / SAVER				
Eligibility and Benefit Level Changes	\$1,549.3	\$478.5	(\$1,070.8)	(69.1%)
Under-spending	140.0	0.0	(140.0)	(100.0%)
Senior/Disabled Citizens' Property Tax Freeze	73.4	98.4	25.0	34.1%
Municipal Reimbursement--Veterans' Tax Deductions	86.0	86.0	0.0	0.0%
Municipal Reimbursement--Senior/Disabled Citizens' Tax Deductions	23.0	23.0	0.0	0.0%
Property Tax Deduction Act	390.0	335.0	(55.0)	(14.1%)
Subtotal Direct Taxpayer Relief	\$2,261.7	\$1,020.9	(\$1,240.8)	(54.9%)
Pension Savings				
School District Pension Savings	\$36.9	\$36.5	(\$0.4)	(1.1%)
Municipal Pension Savings	44.6	44.1	(0.5)	(1.1%)
Other Local Pension Savings	88.2	87.1	(1.1)	(1.2%)
Police & Firemen's Retirement System	199.1	154.8	(44.3)	(22.3%)
Subtotal Pension Savings	\$368.8	\$322.5	(\$46.3)	(12.6%)
Hotel Municipal Revenue	\$35.0	\$35.0	\$0.0	0.0%
Realty Transfer Fee - County Share	\$130.0	\$130.0	\$0.0	0.0%
GRAND TOTAL - TAXPAYER RELIEF	\$14,488.1	\$13,384.4	(\$1,103.8)	(7.6%)

SUMMARIES OF APPROPRIATIONS

School Aid

(In Millions)

	FY2005 Adjusted Approp.	FY2006 Budget	\$ Change
Formula/Supplemental Programs	\$6,928.5	\$6,977.5	\$49.0
Abbott Preschool Expansion	182.4	192.4	10.0
Nonpublic School Aid	100.1	100.1	-
Other Aid	163.1	116.1	(46.9)
Total Direct School Aid	\$7,374.1	\$7,386.2	\$12.1
Teachers' Pension and Annuity Fund	\$0.0	\$94.5	\$94.5
Post Retirement Medical	607.0	685.4	78.4
Debt Service on Pension Obligation Bonds	79.8	86.9	7.2
Teachers' Social Security	624.8	655.8	31.0
Total Direct State Payments for Education	\$1,311.5	\$1,522.6	\$211.1
School Construction and Renovation Fund	\$184.0	\$267.8	\$83.8
Debt Service Aid	121.3	119.7	(1.6)
Total School Building Aid	\$305.3	\$387.5	\$82.2
Total School Aid	\$8,990.8	\$9,296.3	\$305.4

SUMMARIES OF APPROPRIATIONS

STATE AID FOR LOCAL SCHOOL DISTRICTS
CONSOLIDATED SUMMARY
GENERAL FUND AND PROPERTY TAX RELIEF FUND
(In Thousands)

---Recommended Fiscal Year 2006---

	Expended Fiscal 2004	Adjusted Appropriation Fiscal 2005	Requested Fiscal 2006	General Fund	Property Tax Relief Fund	Total
Formula Aid Programs:						
Core Curriculum Standards Aid	\$3,079,584	\$3,080,318	\$3,080,318	\$497,089	\$2,583,229	\$3,080,318
Supplemental Core Curriculum Standards Aid	251,768	251,768	251,768	0	251,768	251,768
Early Childhood Aid	330,630	330,630	330,630	0	330,630	330,630
Instructional Supplement	15,621	15,621	15,621	0	15,621	15,621
Demonstrably Effective Program Aid	199,512	199,512	199,512	0	199,512	199,512
Stabilization Aid	111,626	111,626	111,626	0	111,626	111,626
Stabilization Aid 2	2,491	2,491	2,491	0	2,491	2,491
Stabilization Aid 3	11,402	11,402	11,402	0	11,402	11,402
Additional Supplemental Stabilization Aid:						
Large Efficient Districts	5,250	5,250	5,250	0	5,250	5,250
High Senior Citizen Concentrations	1,231	1,231	1,231	0	1,231	1,231
Regionalization Incentive Aid	18,295	18,295	18,295	0	18,295	18,295
Categorical Aids:						
Adult Education Grants	28,721	28,721	28,721	0	28,721	28,721
Bilingual Education	65,578	65,578	65,578	0	65,578	65,578
Special Education	896,420	896,420	896,420	0	896,420	896,420
County Vocational Education	38,948	38,948	38,948	0	38,948	38,948
Pupil Transportation Aid	305,652	307,187	307,187	0	307,187	307,187
School Choice	6,537	7,969	7,969	0	7,969	7,969
Aid for Enrollment Adjustments	16,456	16,456	16,456	0	16,456	16,456
Consolidated Aid	130,127	130,127	130,127	0	130,127	130,127
Above Average Enrollment Growth	0	12,000	0	0	0	0
Additional Formula Aid	0	90,000	90,000	0	90,000	90,000
Less:						
Stabilization Aid Growth Limitation	(73,576)	(73,576)	(73,576)	0	(73,576)	(73,576)
Growth Savings - Payment Change	(14,250)	(14,500)	(2,450)	0	(2,450)	(2,450)
Subtotal, Net T&E Budget	\$5,428,023	\$5,533,474	\$5,533,524	\$497,089	\$5,036,435	\$5,533,524
School Construction and Renovation Fund	108,463	183,991	267,780	267,780	0	267,780
Debt Service Aid	126,601	121,272	119,679	119,679	0	119,679
Subtotal, School Building Aid	\$235,064	\$305,263	\$387,459	\$387,459	\$0	\$387,459
TOTAL FORMULA AID	\$5,663,087	\$5,838,737	\$5,920,983	\$884,548	\$5,036,435	\$5,920,983

SUMMARIES OF APPROPRIATIONS

**STATE AID FOR LOCAL SCHOOL DISTRICTS
CONSOLIDATED SUMMARY
GENERAL FUND AND PROPERTY TAX RELIEF FUND
(In Thousands)**

---Recommended Fiscal Year 2006---

	Expended Fiscal 2004	Adjusted Appropriation Fiscal 2005	Requested Fiscal 2006	General Fund	Property Tax Relief Fund	Total
Other Aid to Education:						
Nonpublic School Aid	\$100,266	\$100,118	\$100,118	\$100,118	\$0	\$100,118
Education Opportunity Aid	1,051,330	1,400,466	1,449,495	0	1,449,495	1,449,495
Abbott Preschool Expansion Aid	142,442	182,400	192,400	0	192,400	192,400
Early Launch to Learning Initiative	0	15,000	4,000	0	4,000	4,000
High Expectations for Learning Proficiency	0	17,000	0	0	0	0
Positive Achievement and Cost Effectiveness	0	2,500	0	0	0	0
Payment for Children with Unknown District of Residence	22,952	25,900	23,500	0	23,500	23,500
Extraordinary Special Education Costs Aid	52,000	52,000	52,000	52,000	0	52,000
General Vocational Aid	4,846	4,860	4,860	4,860	0	4,860
Additional School Building Aid (Debt Service)	1,599	955	775	0	775	775
Educational Information & Resource Center	450	450	450	450	0	450
Charter School Aid	5,714	11,700	11,700	0	11,700	11,700
Charter Schools - Council on Local Mandates Decision Offset Aid	5,499	5,500	5,500	0	5,500	5,500
Character Education	4,742	4,750	4,750	0	4,750	4,750
Teacher Quality Mentoring	1,997	2,500	2,500	0	2,500	2,500
Other Aid	6,898	14,486	591	491	100	591
Subtotal, Other Aid to Education	\$1,400,735	\$1,840,585	\$1,852,639	\$157,919	\$1,694,720	\$1,852,639
Subtotal, Department of Education	\$7,063,822	\$7,679,322	\$7,773,622	\$1,042,467	\$6,731,155	\$7,773,622
Direct State Payments for Education:						
Teachers' Pension and Annuity Fund	0	0	94,516	94,516	0	94,516
Teachers' Pension and Annuity Fund - Post Retirement Medical	415,883	524,979	589,118	0	589,118	589,118
Debt Service on Pension Obligation Bonds	83,512	79,779	86,940	86,940	0	86,940
Post Retirement Medical Other Than TPAF	65,385	82,013	96,318	96,318	0	96,318
Teachers' Social Security Assistance	594,427	624,750	655,750	0	655,750	655,750
Subtotal, Direct State Payments for Education	\$1,159,207	\$1,311,521	\$1,522,642	\$277,774	\$1,244,868	\$1,522,642
TOTAL	\$8,223,029	\$8,990,843	\$9,296,264	\$1,320,241	\$7,976,023	\$9,296,264

SUMMARIES OF APPROPRIATIONS

Municipal Aid

(In Millions)

	FY2005 Adjusted Approp.	FY2006 Budget	\$ Change
Consolidated Municipal Property Tax Relief Aid (CMPTRA)	\$835.4	\$835.4	\$0.0
Energy Receipts Property Tax Relief Aid	787.7	788.5	0.8
Special Municipal Aid	29.3	24.3	(5.0)
Municipal Homeland Security Assistance	32.0	32.0	0.0
Regional Efficiency Aid Program (REAP)	11.0	10.0	(1.0)
Trenton Capitol City Aid	16.5	16.5	0.0
Highlands Protection Fund Aid	12.0	12.0	0.0
Legislative Initiative Block Grant Program	34.8	34.8	0.0
Extraordinary Aid	41.0	31.0	(10.0)
Open Space - Payment In Lieu of Taxes (PILOT)	8.5	9.0	0.5
Taxpayer Hero Grants	2.5	0.0	(2.5)
Regional Efficiency Development Incentive Grants (REDI)	4.2	4.2	0.0
Total Direct Municipal Aid	<u>\$1,815.0</u>	<u>\$1,797.8</u>	<u>(\$17.2)</u>

SUMMARIES OF APPROPRIATIONS

Direct Property Tax Relief

(In Millions)

	FY2005 Adjusted Approp.	FY2006 Budget	\$ Change
Homestead Rebates / SAVER			
Eligibility and Benefit Level Changes	\$1,549.3	\$478.5	(\$1,070.8)
Under-spending	140.0	0.0	(140.0)
Senior/Disabled Citizens Property Tax Freeze	73.4	98.4	25.0
Property Tax Deduction Act	390.0	335.0	(55.0)
Municipal Reimbursement - Veterans' Tax Deductions	86.0	86.0	0.0
Municipal Reimbursement - Senior/Disabled Citizens' Tax Deductions	<u>23.0</u>	<u>23.0</u>	<u>0.0</u>
Total Direct Property Tax Relief	<u><u>\$2,261.7</u></u>	<u><u>\$1,020.9</u></u>	<u><u>(\$1,240.8)</u></u>

SUMMARIES OF APPROPRIATIONS

Higher Education

(In Millions)

	FY2005	FY2006	Change	
	Adjusted	Budget	\$	%
Colleges and Universities				
Senior Public Colleges and Universities	\$1,374.1	\$1,416.8	\$42.6	3.1%
County Colleges	220.1	223.6	3.5	1.6%
Independent Colleges and Universities	24.0	24.0	0.0	0.0%
Student Financial Assistance	240.0	251.1	11.1	4.6%
Educational Opportunity Fund	37.1	37.1	---	---
Facility and Capital Improvement Programs	87.3	81.2	(6.2)	(7.1%)
Other Programs	23.1	21.5	(1.6)	(6.8%)
TOTAL, Higher Education	\$2,005.8	\$2,055.2	\$49.4	2.5%

SUMMARIES OF APPROPRIATIONS

***Higher Education
(In Millions)***

	FY2005 Adjusted	FY2006 Budget	\$ Change
SENIOR PUBLIC INSTITUTIONS			
Rutgers University	\$326.0	\$323.8	(\$2.2)
UMDNJ	209.5	196.5	(13.0)
NJIT	50.3	50.1	(0.1)
Thomas Edison State College	6.1	5.8	(0.3)
Rowan University	38.1	38.1	0.0
New Jersey City University	32.1	32.1	0.0
Kean University	41.6	40.8	(0.8)
William Paterson University	40.7	40.7	0.0
Montclair State University	47.4	47.4	0.0
College of New Jersey	36.8	36.8	0.0
Ramapo College of New Jersey	20.6	20.6	0.0
Richard Stockton College of New Jersey	24.5	24.5	0.0
SUBTOTAL, SENIOR PUBLICS DIRECT AID ^(a)	\$873.6	\$857.2	(\$16.4)
SENIOR PUBLICS SALARY FUNDING	0.0	17.8	17.8
SENIOR PUBLICS NET FRINGE BENEFITS	500.5	541.8	41.2
TOTAL, SENIOR PUBLICS	\$1,374.1	\$1,416.8	\$42.6
TOTAL, COUNTY COLLEGES ^(b)	220.1	223.6	3.5
TOTAL, INDEPENDENT COLLEGES & UNIV.	24.0	24.0	0.0
STUDENT FINANCIAL ASSISTANCE			
Tuition Aid Grants	202.6	211.9	9.3
Part-time TAG for County Colleges	4.2	4.5	0.3
NJ STARS	10.0	8.0	(2.0)
EOF Grants and Scholarships	37.1	37.1	0.0
Loan Forgiveness for Mental Health Workers	0.0	3.5	3.5
Other Student Aid Programs	23.2	23.2	(0.0)
TOTAL, STUDENT FINANCIAL ASSIST.	\$277.1	\$288.1	\$11.1
OTHER PROGRAMS			
Capital Grants and Facilities Support ^(c)	87.3	81.2	(6.2)
New Jersey Stem Cell Research Institute ^(d)	5.5	5.5	0.0
All other programs	17.6	16.0	(1.6)
TOTAL, OTHER PROGRAMS	\$110.5	\$102.7	(\$7.8)
GRAND TOTAL, HIGHER EDUCATION	\$2,005.8	\$2,055.2	\$49.4

^(a) All reductions represent FY 2005 legislative adds not continued in FY 2006. Base budgets have not been reduced.

^(b) Includes funding from Supplemental Workforce Fund for Basic Skills of \$8.0 million in FY 2005 and \$14.0 million in FY 2006.

^(c) Includes use of off-budget fund balances totaling \$2.5 million in FY 2005.

^(d) FY 2005 Funding for the Stem Cell Research Institute was supplemented by \$4.0 million in prior year balances.

SUMMARIES OF APPROPRIATIONS

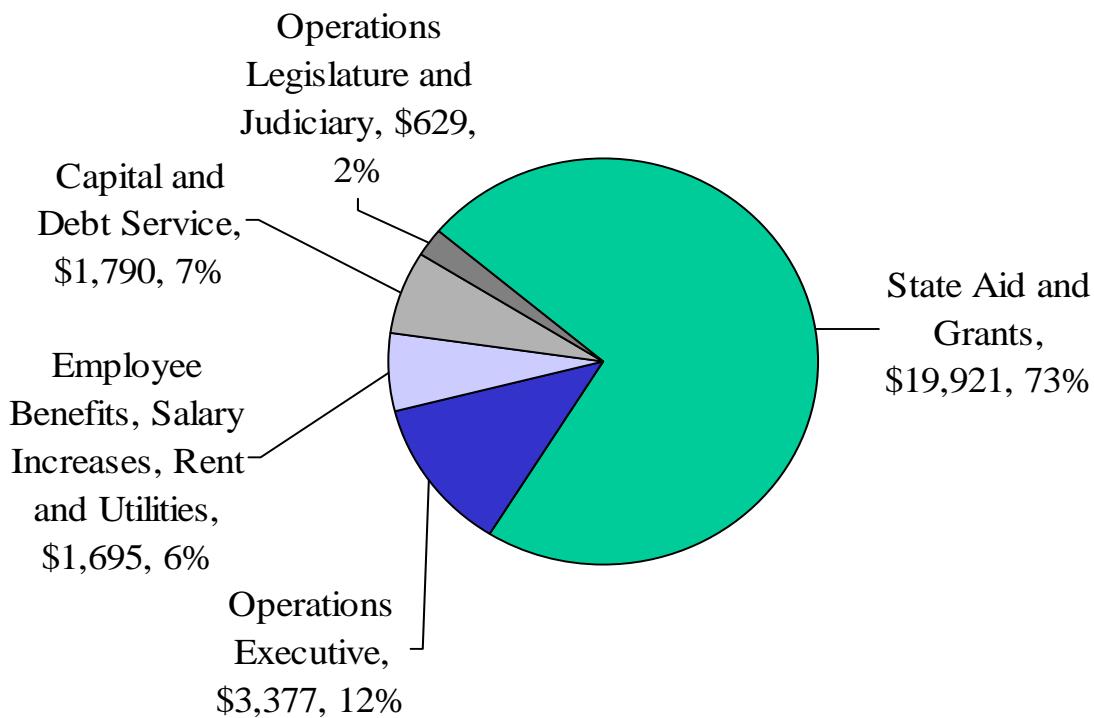
Significant Reductions

(In Thousands)

Homestead Rebate / SAVER Eligibility and Benefit Level Savings	\$1,070,800
Refinancing Savings	282,400
Legislative Additions to Fiscal Year 2005 Budget	253,371
Homestead Rebate / SAVER Under Spending	140,000
Employee Actions	50,000
Cancer Programs (Legislative Additions)	28,000
Nursing Home no Inflation in Rates	23,000
Outpatient Hospital Cost Monitoring	20,000
Departmental Efficiencies	17,659
High Expectations for Learning Proficiency	17,000
Above Average Enrollment Growth Aid	12,000
Change in Drug Manufacturer Price Updates	11,387
Early Launch to Learning (under spending)	11,000
Medicaid Co-payments	9,500
New Jersey After 3	7,500
Change in Prescription Refill Requirements	7,300
Nursing Home Change in Bed Hold Formula	6,400
AIDS Drug Distribution Program Formulary	5,000
Taxpayer Hero Grants (program never started in 05)	2,500
Positive Achievement and Cost Effectiveness (program never started in 05)	2,500

Where Does the Money Go – State Aid and Grants Represent 73% of Budget

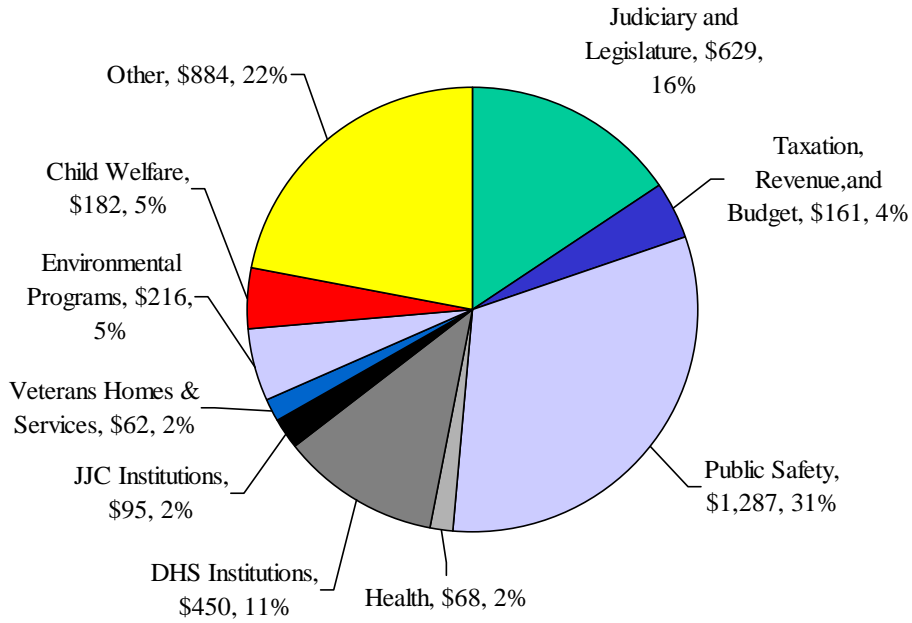
(In Millions)



\$.73 cents of every dollar goes to Property Tax Relief and Grants in Aid

Components of Operating Budget

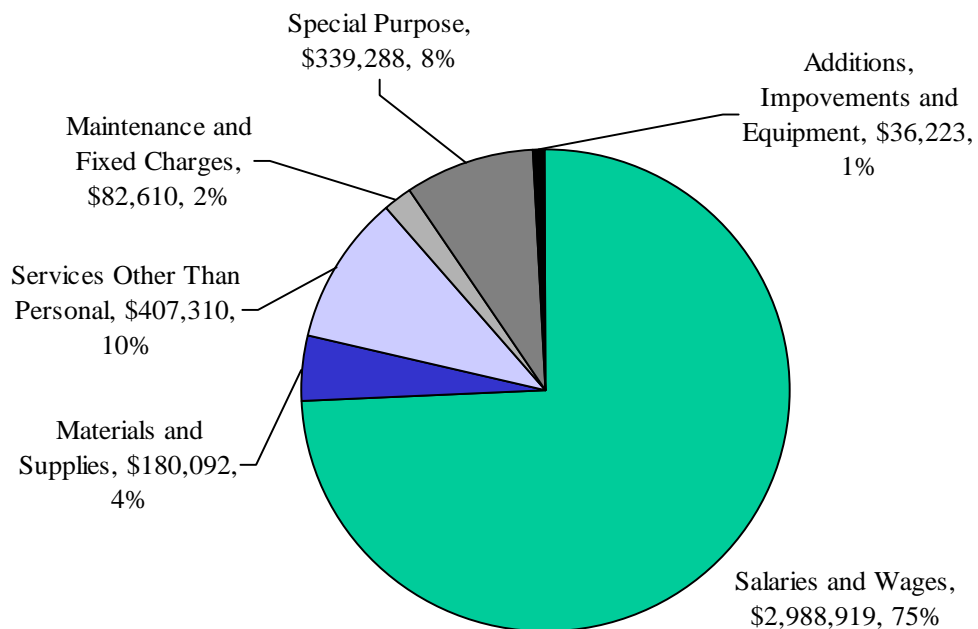
(In Millions)



Total State funded, \$4.0 billion

Operating Split between Salaries and Other Costs

(In Thousands)



SUMMARIES OF APPROPRIATIONS

COMPARISON OF BUDGET MESSAGE TO PRIOR FISCAL YEAR APPROPRIATIONS ACT

<u>Budget Year</u>	<u>ORIGINAL BUDGET</u>	<u>PRIOR YEAR</u>	<u>\$\$</u>	<u>%%</u>
	<u>RECOMMENDATIONS</u>	<u>APPROPRIATIONS ACT</u>	<u>CHANGE</u>	<u>CHANGE</u>
2005 - 2006	\$ 27,412.8	\$ 28,027.3	\$ (614.5)	-2.19%
2004 - 2005	\$ 26,259.8	\$ 24,003.2	\$ 2,256.6	9.40%
2003 - 2004	\$ 23,701.8	\$ 23,401.7	\$ 300.1	1.28%
2002 - 2003	\$ 23,663.2	\$ 22,920.7	\$ 742.5	3.24%
2001 - 2002	\$ 23,153.4	\$ 21,419.7	\$ 1,733.7	8.09%
2000 - 2001	\$ 21,252.8	\$ 19,514.4	\$ 1,738.4	8.91%
1999 - 2000	\$ 19,160.5	\$ 18,123.8	\$ 1,036.8	5.72%
1998 - 1999	\$ 17,953.3	\$ 16,786.6	\$ 1,166.7	6.95%
1997 - 1998	\$ 16,420.9	\$ 15,977.8	\$ 443.0	2.77%
1996 - 1997	\$ 15,984.7	\$ 15,994.6	\$ (9.9)	-0.06%
1995 - 1996	\$ 15,987.4	\$ 15,280.7	\$ 706.7	4.63%
1994 - 1995	\$ 15,377.4	\$ 15,466.9	\$ (89.6)	-0.58%
1993 - 1994	\$ 15,649.6	\$ 14,625.5	\$ 1,024.1	7.00%
1992 - 1993	\$ 15,706.7	\$ 14,651.5	\$ 1,055.2	7.20%
1991 - 1992	\$ 14,310.5	\$ 12,423.8	\$ 1,886.7	15.19%
1990 - 1991	\$ 12,145.6	\$ 11,995.0	\$ 150.6	1.26%
1989 - 1990	\$ 12,090.0	\$ 11,775.1	\$ 314.9	2.67%
1988 - 1989	\$ 11,806.2	\$ 10,396.5	\$ 1,409.7	13.56%
1987 - 1988	\$ 10,179.9	\$ 9,279.4	\$ 900.5	9.70%
1986 - 1987	\$ 9,281.5	\$ 8,681.2	\$ 600.3	6.92%
1985 - 1986	\$ 8,824.5	\$ 7,693.3	\$ 1,131.2	14.70%
1984 - 1985	\$ 7,574.6	\$ 6,771.8	\$ 802.8	11.86%
1983 - 1984	\$ 6,799.6	\$ 6,181.7	\$ 617.9	10.00%
1982 - 1983	\$ 6,373.4	\$ 5,691.3	\$ 682.1	11.99%
1981 - 1982	\$ 5,635.1	\$ 5,107.1	\$ 528.0	10.34%
1980 - 1981	\$ 4,736.4	\$ 4,652.1	\$ 84.4	1.81%
1979 - 1980	\$ 4,655.5	\$ 4,394.4	\$ 261.2	5.94%
1978 - 1979	\$ 4,407.3	\$ 4,010.6	\$ 396.6	9.89%
1977 - 1978	\$ 4,001.7	\$ 2,853.3	\$ 1,148.4	40.25%
1976 - 1977	\$ 2,762.8	\$ 2,698.1	\$ 64.7	2.40%
1975 - 1976	\$ 2,816.1	\$ 2,756.1	\$ 60.0	2.18%
1974 - 1975	\$ 2,753.0	\$ 2,385.7	\$ 367.3	15.40%
1973 - 1974	\$ 2,380.6	\$ 2,047.7	\$ 332.9	16.26%
1972 - 1973	\$ 2,406.8	\$ 1,779.3	\$ 627.5	35.27%
1971 - 1972	\$ 1,784.0	\$ 1,557.5	\$ 226.5	14.54%
1970 - 1971	\$ 1,590.1	\$ 1,334.4	\$ 255.7	19.16%
1969 - 1970	\$ 1,361.9	\$ 1,088.5	\$ 273.4	25.12%
1968 - 1969	\$ 1,064.2	\$ 992.7	\$ 71.5	7.20%
1967 - 1968	\$ 998.8	\$ 876.6	\$ 122.2	13.94%
1966 - 1967	\$ 906.1	\$ 639.4	\$ 266.8	41.72%
1965 - 1966	\$ 646.8	\$ 584.1	\$ 62.7	10.73%
1964 - 1965	\$ 589.9	\$ 543.8	\$ 46.1	8.48%
1963 - 1964	\$ 547.5	\$ 499.4	\$ 48.1	9.63%
1962 - 1963	\$ 500.0	\$ 467.2	\$ 32.7	7.01%
1961 - 1962	\$ 467.4	\$ 431.8	\$ 35.6	8.24%
1960 - 1961	\$ 431.4	\$ 405.1	\$ 26.2	6.47%
1959 - 1960	\$ 403.3	\$ 388.6	\$ 14.7	3.78%
1958 - 1959	\$ 399.7	\$ 342.5	\$ 57.2	16.71%
1957 - 1958	\$ 342.5	\$ 320.8	\$ 21.6	6.74%
1956 - 1957	\$ 315.5	\$ 284.4	\$ 31.1	10.92%
1955 - 1956	\$ 257.3	\$ 234.8	\$ 22.5	9.58%
1954 - 1955	\$ 235.4	\$ 219.7	\$ 15.8	7.18%
1953 - 1954	\$ 219.3	\$ 210.7	\$ 8.6	4.10%
1952 - 1953	\$ 196.4	\$ 176.8	\$ 19.6	11.09%
1951 - 1952	\$ 169.7	\$ 164.1	\$ 5.6	3.43%
1950 - 1951	\$ 164.1	\$ 159.5	\$ 4.6	2.88%

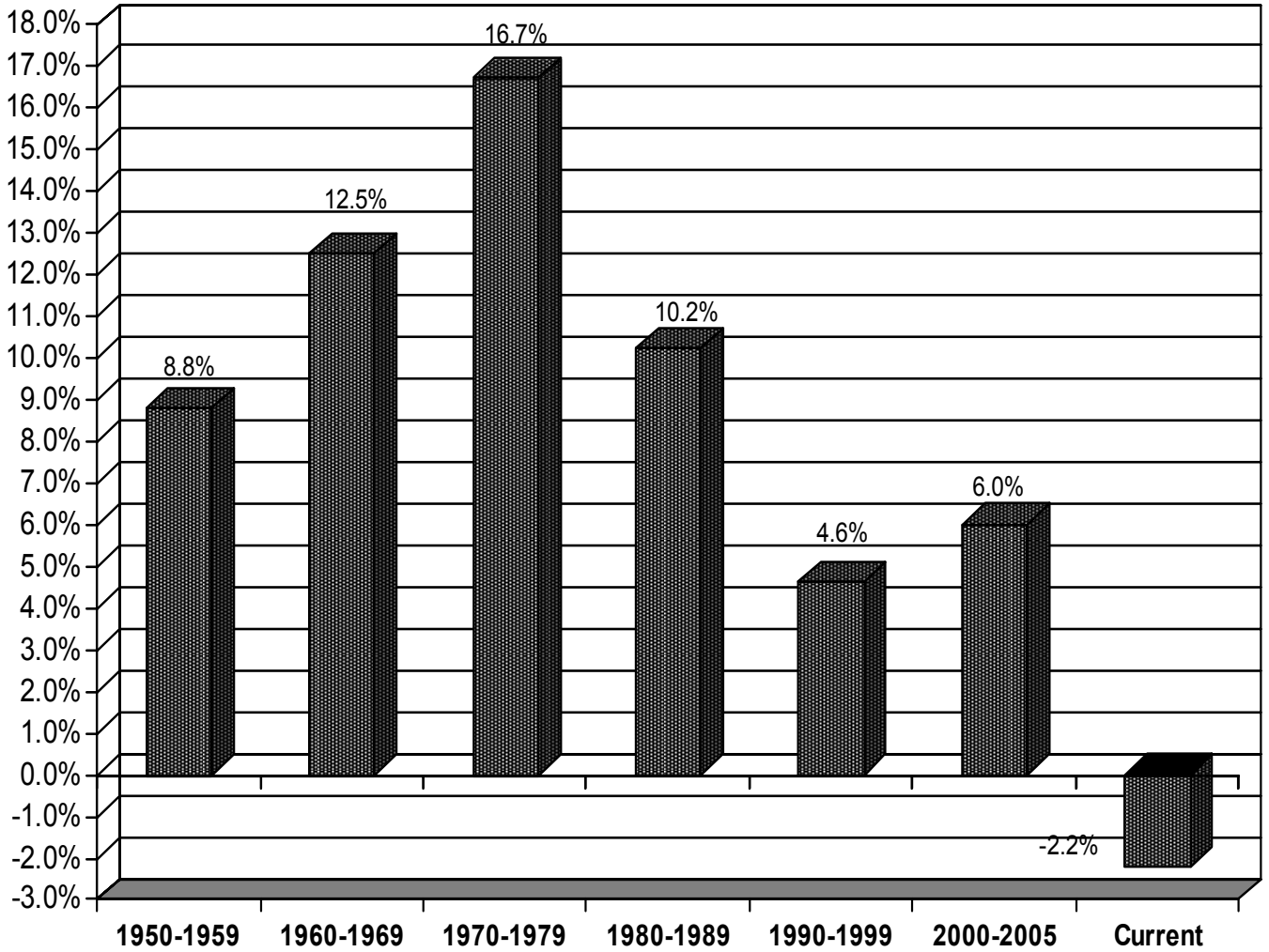
SUMMARIES OF APPROPRIATIONS

COMPARISON OF BUDGET MESSAGE TO ADJUSTED APPROPRIATION

FY06 Budget represents the largest Budget reduction in State history.

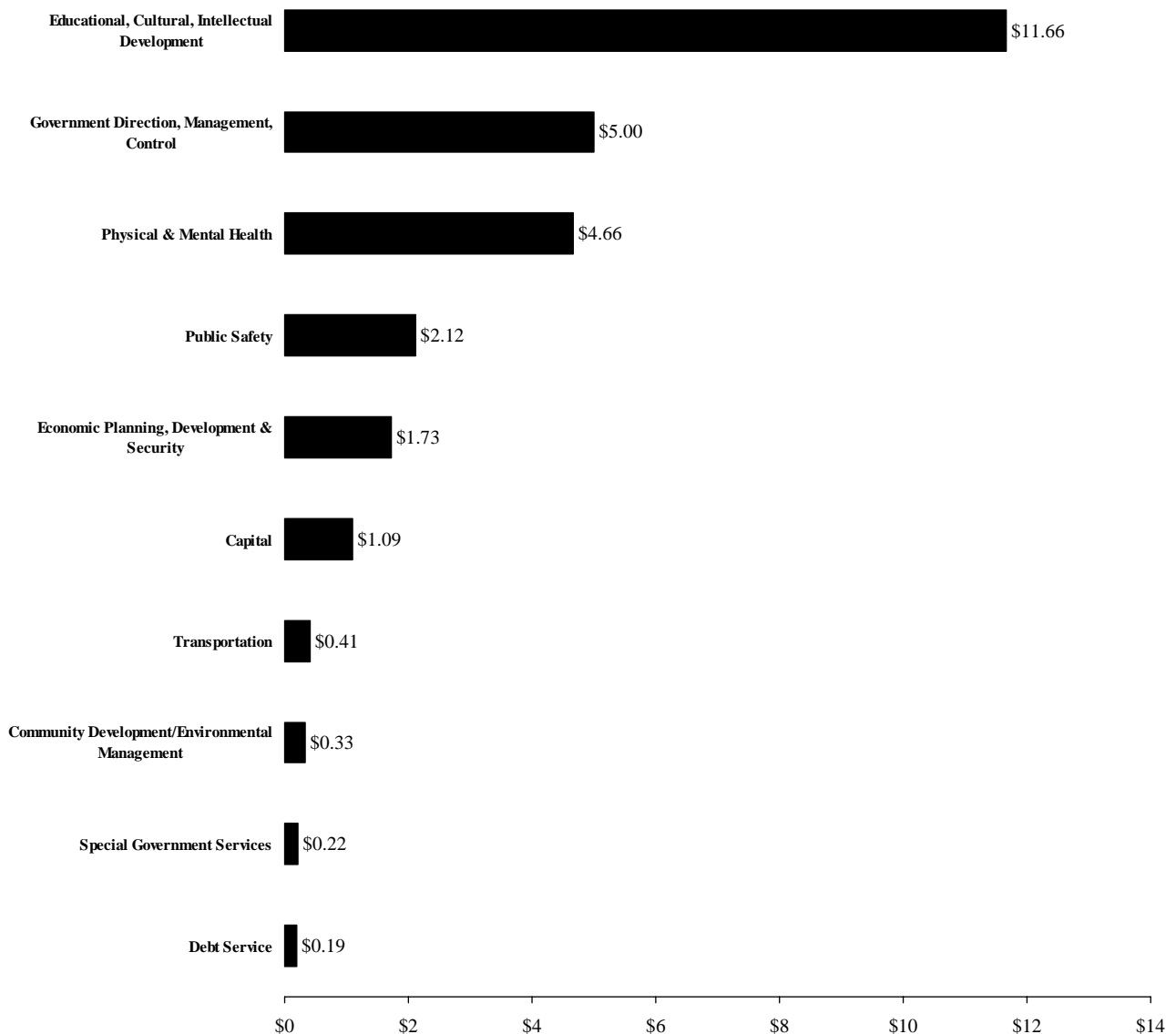
Budget Year	ORIGINAL BUDGET		PRIOR YEAR		\$\$ CHANGE	%% CHANGE
	RECOMMENDATIONS	ADJUSTED APPROPRIATION				
2005 - 2006	\$ 27,412.8	\$ 28,400.4	\$ (987.6)			-3.48%
2004 - 2005	\$ 26,259.8	\$ 24,542.3	\$ 1,717.5			7.00%
2003 - 2004	\$ 23,701.8	\$ 24,042.8	\$ (341.0)			-1.42%
2002 - 2003	\$ 23,663.2	\$ 23,319.6	\$ 343.6			1.47%
2001 - 2002	\$ 23,153.4	\$ 21,733.6	\$ 1,419.7			6.53%
2000 - 2001	\$ 21,252.8	\$ 19,974.8	\$ 1,278.0			6.40%
1999 - 2000	\$ 19,160.5	\$ 18,363.5	\$ 797.1			4.34%
1998 - 1999	\$ 17,953.3	\$ 17,039.1	\$ 914.2			5.37%
1997 - 1998	\$ 16,420.9	\$ 16,217.8	\$ 203.1			1.25%
1996 - 1997	\$ 15,984.7	\$ 16,109.1	\$ (124.4)			-0.77%
1995 - 1996	\$ 15,987.4	\$ 15,503.6	\$ 483.8			3.12%
1994 - 1995	\$ 15,377.4	\$ 15,499.9	\$ (122.5)			-0.79%
1993 - 1994	\$ 15,649.6	\$ 14,745.4	\$ 904.3			6.13%
1992 - 1993	\$ 15,706.7	\$ 15,003.7	\$ 703.0			4.69%
1991 - 1992	\$ 14,310.5	\$ 12,577.1	\$ 1,733.5			13.78%
1990 - 1991	\$ 12,145.6	\$ 12,148.0	\$ (2.5)			-0.02%
1989 - 1990	\$ 12,090.0	\$ 11,877.0	\$ 213.0			1.79%
1988 - 1989	\$ 11,806.2	\$ 10,497.3	\$ 1,308.9			12.47%
1987 - 1988	\$ 10,179.9	\$ 9,289.6	\$ 890.2			9.58%
1986 - 1987	\$ 9,281.5	\$ 8,996.9	\$ 284.6			3.16%
1985 - 1986	\$ 8,824.5	\$ 7,923.0	\$ 901.5			11.38%
1984 - 1985	\$ 7,574.6	\$ 6,886.1	\$ 688.5			10.00%
1983 - 1984	\$ 6,799.6	\$ 6,288.6	\$ 511.0			8.13%
1982 - 1983	\$ 6,373.4	\$ 5,743.5	\$ 630.0			10.97%
1981 - 1982	\$ 5,635.1	\$ 5,124.7	\$ 510.4			9.96%
1980 - 1981	\$ 5,114.2	\$ 4,736.4	\$ 377.7			7.97%
1979 - 1980	\$ 4,655.5	\$ 4,413.0	\$ 242.6			5.50%
1978 - 1979	\$ 4,407.3	\$ 4,062.4	\$ 344.9			8.49%
1977 - 1978	\$ 4,001.7	\$ 3,381.0	\$ 620.7			18.36%
1976 - 1977	\$ 2,762.8	\$ 2,704.5	\$ 58.4			2.16%
1975 - 1976	\$ 2,816.1	\$ 2,765.5	\$ 50.6			1.83%
1974 - 1975	\$ 2,753.0	\$ 2,402.1	\$ 350.9			14.61%
1973 - 1974	\$ 2,380.6	\$ 2,072.1	\$ 308.5			14.89%
1972 - 1973	\$ 2,406.8	\$ 1,823.6	\$ 583.2			31.98%
1971 - 1972	\$ 1,784.0	\$ 1,609.0	\$ 175.0			10.87%
1970 - 1971	\$ 1,590.1	\$ 1,358.3	\$ 231.8			20.40%
1969 - 1970	\$ 1,361.9	\$ 1,136.0	\$ 225.9			22.47%
1968 - 1969	\$ 1,064.2	\$ 1,005.3	\$ 58.9			6.61%
1967 - 1968	\$ 998.8	\$ 890.5	\$ 108.4			16.72%
1966 - 1967	\$ 906.1	\$ 647.9	\$ 258.2			43.74%
1965 - 1966	\$ 646.8	\$ 590.2	\$ 56.6			10.30%
1964 - 1965	\$ 589.9	\$ 549.9	\$ 40.0			7.83%
1963 - 1964	\$ 547.5	\$ 510.3	\$ 37.1			7.89%
1962 - 1963	\$ 500.0	\$ 470.8	\$ 29.2			6.68%
1961 - 1962	\$ 467.4	\$ 437.7	\$ 29.7			7.29%
1960 - 1961	\$ 431.4	\$ 407.2	\$ 24.2			5.95%
1959 - 1960	\$ 403.3	\$ 393.5	\$ 9.8			2.49%
1958 - 1959	\$ 399.7	\$ 336.3	\$ 63.3			18.84%
1957 - 1958	\$ 342.5	\$ 323.7	\$ 18.8			5.80%
1956 - 1957	\$ 315.5	\$ 298.1	\$ 17.3			5.81%
1955 - 1956	\$ 257.3	\$ 221.8	\$ 35.5			16.03%
1954 - 1955	\$ 235.4	\$ 223.2	\$ 12.2			5.46%
1953 - 1954	\$ 219.3	\$ 220.8	\$ (1.4)			-0.65%
1952 - 1953	\$ 196.4	\$ 183.7	\$ 12.7			6.90%
1951 - 1952	\$ 169.7	\$ 168.9	\$ 0.8			0.50%
1950 - 1951	\$ 164.1	\$ 164.3	\$ (0.2)			-0.13%

Average Change in Budgets Over the Past 5 ½ Decades



Data compares Recommended Budget to the Prior Fiscal Year's Appropriation Act

Fiscal 2006 Summary of Recommendations by Statewide Program (In Billions)



Summaries of Revenues, Expenditures and Fund Balances

This section provides an overview of the major revenue assumptions incorporated in the Governor's Budget recommendations. The tables included in this section highlight the State's major revenue sources, such as the income tax, sales tax, corporate tax, etc. and provide projections for the upcoming fiscal year.



REVENUES & EXPENDITURES

SUMMARIES OF REVENUES, EXPENDITURES AND FUND BALANCES

The basis of budgeting in New Jersey is in accordance with generally accepted accounting principles (GAAP) as it applies to fund financial statements prescribed by the Governmental Accounting Standards Board (GASB) with certain exceptions. GAAP is the same basis utilized in the preparation of the fund financial statements section of the State's audited Comprehensive Annual Financial Report. In accordance with this basis, revenues are estimated and recognized when they can be accrued; that is, when they become both measurable and available to finance expenditures of the fiscal period. Appropriations are recommended at a level sufficient to recognize all accrued expenditures applicable to the fiscal period. Goods and services delivered during a fiscal period are accrued as expenditures if not actually paid for by year end. Note that the use of the term "expended" to report the most recent actual year activity in this budget is not in strict accordance with GAAP, in that this amount includes encumbrances which under GAAP are reservations of fund balance. In addition, under GAAP certain grants and other financial assistance programs are required to be recorded as revenues and expenditures but are not part of the budget.

The schedules and exhibits contained in this section provide both summary and detailed financial information for all funds maintained by the State. Individual funds are grouped into one of the following categories--General State Funds, Special Revenue, Capital Projects, Proprietary, and Private Purpose Trust Funds.

GENERAL STATE FUNDS include the General Fund, Property Tax Relief Fund, Casino Revenue Fund, Casino Control Fund, and gubernatorial Elections Fund.

The General Fund is the fund into which all State revenues, not otherwise restricted by statute, are deposited and from which appropriations are made. The largest part of the total financial operations of the State is accounted for in the General Fund. Revenues received from most taxes, federal revenues, and certain miscellaneous revenue items are recorded in the General Fund.

The Property Tax Relief Fund accounts for revenues from the New Jersey Gross Income Tax. Revenues realized from the Gross Income Tax are dedicated by the State Constitution. All receipts from taxes levied on personal income of

individuals, estates, and trusts must be appropriated exclusively for the purpose of reducing or offsetting property taxes. Annual appropriations are made from the fund, pursuant to formulae established by the Legislature, to individuals, counties, municipalities, and school districts.

The Casino Revenue Fund accounts for the taxes imposed on the casinos and other related activities. Appropriations from this fund must be used for reductions in property taxes, utility charges and other specified expenses of eligible senior and disabled citizens.

The Casino Control Fund accounts for fees from the issuance and annual renewal of casino licenses, work permit fees, and other license fees. Appropriations are made to fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

The Gubernatorial Elections Fund is used to account for receipts from the one dollar designations on New Jersey Gross Income Tax returns. When indicated by the taxpayer, one dollar of the tax is reserved from gross income tax revenues (Property Tax Relief Fund) and credited to the Gubernatorial Elections Fund. These funds are available for appropriations pursuant to the New Jersey Campaign Contributions and Expenditures Reporting Act, as amended.

SPECIAL REVENUE FUNDS account for resources legally restricted to expenditure for specified current operating purposes. (While the Property Tax Relief, Casino Revenue, Casino Control, and Gubernatorial Elections Funds actually fall into this category, they are included under General State Funds as they make up an integral portion of the State's Annual Budget).

CAPITAL PROJECTS FUNDS account for financial resources used for the acquisition or construction of major capital facilities for State use.

PROPRIETARY FUNDS are used to report any activity for which a fee is charged to external users for goods and services. Activities are required to be reported as proprietary funds if laws or regulations require that the activity's cost of providing services be recovered with fees and charges.

PRIVATE PURPOSE TRUST FUNDS account for all trust fund arrangements for which principal and income benefit individuals, private organizations, or other governments.

COMBINED SUMMARY—ALL FUNDS REVENUES, EXPENDITURES AND FUND BALANCES (thousands of dollars)

	-----Fiscal Years Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Beginning Balances July 1			
General State Funds	\$1,243,903	\$2,006,106	\$1,542,979
Special Revenue, Capital Projects, Proprietary, and Private Purpose Trust Funds	6,948,829	4,952,490	4,565,014
<i>Total Beginning Balances</i>	<i>8,192,732</i>	<i>6,958,596</i>	<i>6,107,993</i>
Revenues			
General State Funds	37,471,743	40,114,708	40,756,015
Special Revenue, Capital Projects, Proprietary, and Private Purpose Trust Funds	6,073,905	5,975,795	6,421,475
<i>Total</i>	<i>43,545,648</i>	<i>46,090,503</i>	<i>47,177,490</i>
<i>Less: Interfund Transfers</i>	<i>3,286,938</i>	<i>3,839,599</i>	<i>1,945,432</i>
<i>Net Revenues</i>	<i>40,258,710</i>	<i>42,250,904</i>	<i>45,232,058</i>
Other Adjustments			
General State Funds	2,432	640,710	---
Special Revenue, Capital Projects, Proprietary, and Private Purpose Trust Funds	221,688	2,391,268	127,200
<i>Total Other Adjustments</i>	<i>224,120</i>	<i>3,031,978</i>	<i>127,200</i>
<i>Net Available</i>	<i>48,675,562</i>	<i>52,241,478</i>	<i>51,467,251</i>
Expenditures			
General State Funds	36,711,972	41,218,545	40,755,240
Special Revenue, Capital Projects, Proprietary, and Private Purpose Trust Funds	5,151,585	5,343,948	5,052,303
<i>Total</i>	<i>41,863,557</i>	<i>46,562,493</i>	<i>45,807,543</i>
<i>Less: Interfund Transfers</i>	<i>146,591</i>	<i>429,008</i>	<i>932,052</i>
<i>Net Expenditures</i>	<i>41,716,966</i>	<i>46,133,485</i>	<i>44,875,491</i>
Ending Balances June 30			
General State Funds	2,006,106	1,542,979	1,543,754
Special Revenue, Capital Projects, Proprietary, and Private Purpose Trust Funds	4,952,490	4,565,014	5,048,006
<i>Total Ending Balances</i>	<i>\$6,958,596</i>	<i>\$6,107,993</i>	<i>\$6,591,760</i>

REVENUES & EXPENDITURES

SUMMARY ESTIMATED REVENUES, EXPENDITURES AND FUND BALANCES (thousands of dollars)

	----- Fiscal Year Ending June 30 -----	
	2005	2006
	<u>Estimated</u>	<u>Estimated</u>
Beginning Balances July 1		
Undesignated Fund Balances		
General Fund	\$ 376,502	\$ 111,584
Surplus Revenue Fund	282,416	288,416
Property Tax Relief Fund	175,264	---
Gubernatorial Elections Fund	1,310	---
Casino Control Fund	4,888	---
Casino Revenue Fund	22,747	---
<i>Total Undesignated Fund Balances</i>	<u>863,127</u>	<u>400,000</u>
State Revenues		
General Fund	17,688,357	17,204,752
Property Tax Relief Fund	9,055,000	9,650,000
Gubernatorial Elections Fund	1,500	1,500
Casino Control Fund	69,585	69,585
Casino Revenue Fund	482,150	487,204
<i>Total State Revenues</i>	<u>27,296,592</u>	<u>27,413,041</u>
Other Adjustments		
General Fund		
Balances lapsed	479,533	---
From/(To) Property Tax Relief Fund	422,189	---
From/(To) Gubernatorial Elections Fund	(6,060)	---
From/(To) Casino Revenue Fund	---	---
From/(To) Casino Control Fund	5,188	---
From/(To) Surplus Revenue Fund	(6,000)	---
Property Tax Relief Fund		
From/(To) General Fund	(422,189)	---
Balances lapsed	161,177	---
Gubernatorial Elections Fund		
From/(To) General Fund	6,060	---
Casino Revenue Fund		
From/(To) General Fund	---	---
Casino Control Fund		
From/(To) General Fund	(5,188)	---
Surplus Revenue Fund		
From/(To) General Fund	6,000	---
<i>Total Other Adjustments</i>	<u>640,710</u>	<u>---</u>
<i>Total Available</i>	<u>28,800,429</u>	<u>27,813,041</u>
Appropriations		
General Fund	18,848,125	17,204,752
Property Tax Relief Fund	8,969,252	9,650,000
Gubernatorial Elections Fund	8,870	1,025
Casino Control Fund	69,285	69,285
Casino Revenue Fund	504,897	487,204
<i>Total Appropriations</i>	<u>28,400,429</u>	<u>27,412,266</u>
Ending Balances June 30		
Undesignated Fund Balances		
General Fund	111,584	111,584
Surplus Revenue Fund	288,416	288,416
Property Tax Relief Fund	---	---
Gubernatorial Elections Fund	---	475
Casino Control Fund	---	300
Casino Revenue Fund	---	---
<i>Total Undesignated Fund Balances</i>	<u>\$ 400,000</u>	<u>\$ 400,775</u>

FISCAL 2005 ANTICIPATED REVENUE

The current estimate of \$27.3 billion in total fiscal 2005 revenue is \$304.1 million less than when the Governor certified revenues in June 2004.

The three largest taxes, Gross Income, Sales and Use, and Corporation Business account for about 65% of total State revenues and are now forecast to yield \$17.7 billion. This represents a decrease of \$218.0 million over certified revenues, reflecting the following revisions (+/-) in the estimates for: the Gross Income Tax (+\$200 million), due to strong estimated payment collections in association with the millionaires' tax and more favorable wage growth in the economic assumptions; the Sales Tax (-\$80 million) since year-to-date collections are down, which may reflect the slowing down in business purchase of capital goods due to the end of the acceleration provision in 2004; and the Corporation Business Tax (-\$338 million), based on declining year-to-date collections, which is probably being driven by the phase-in of net operating loss deductions.

The Gross Income Tax forecast for fiscal 2005 is revised up to \$9.1 billion, an increase of \$200 million compared to the June 2004 certified revenue estimate. This represents an increase in growth of 22.4% rather than the 19.7% growth anticipated in June 2004. This was mainly driven by solid double-digit growth of over 48%, compared to the 41% anticipated rate, in year-to-date estimated payments associated with the millionaires' tax and the generally improving stock market conditions. Employer withholdings grew by 8.6% in calendar year 2004, above the 5.3% growth in 2003. The overall momentum of economic recovery during calendar year 2004 when New Jersey added 75,400 jobs along with maintaining a state unemployment rate consistently below the national rate has helped the growth in income tax collections. Fiscal 2005 marks the first time that the Gross Income Tax base revenue will exceed the fiscal 2001 revenue level.

The Sales and Use Tax is estimated to generate \$6.5 billion in fiscal 2005, a 4.6% growth compared to the 5.9% rate originally projected. The estimate was decreased with mixed reports of 2004 holiday sales, reflecting the influence of Internet sales and gift card purchases. Consumer confidence remained mixed in 2004 with the index increasing by only 5 points between

January and December of last year, after an impressive 13 point gain during the same period in 2003.

The Corporation Business Tax (CBT) is estimated to generate \$2.2 billion in fiscal 2005, which is \$338 million below the original estimate of \$2.5 billion. The downward revision in the CBT estimate is in line with the declining year-to-date collections trend. The phase in of the net operating loss deductions, which began in 2004, and the presence of alternative minimum assessment credits against CBT liability are forces offsetting any growth potential in CBT revenues due to business recovery.

FISCAL 2006 REVENUE PROJECTIONS

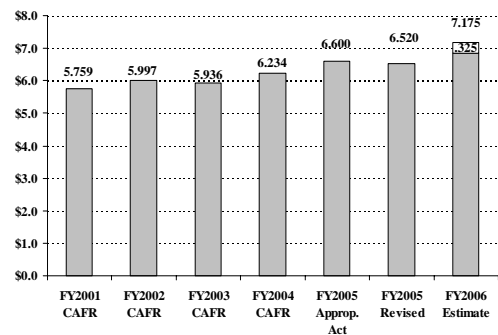
Total revenues for fiscal 2006 are expected to be \$27.4 billion, \$116.4 million above the revised fiscal 2005 anticipation, and include new revenue actions of \$1.3 billion. Revenues are expected to grow moderately in fiscal 2006 as the economic recovery nationwide and in New Jersey continues to firm up. Absent any of the revenue actions that have been proposed by the Acting Governor, base revenue for fiscal 2006 would have been only \$26.1 billion which is \$1.2 billion less than the total revenue in the current budget.

Sales Tax

The forecast of \$7.2 billion for fiscal 2006 Sales Tax revenues is an increase of \$655 million, which includes \$275 million for Sales Tax Modernization and \$50 million for Urban Enterprise Zone Sales. The basic underlying growth of 5.1%, compared to the revised fiscal 2005 revenues is an improvement, reflecting consistent strength in the underlying economic fundamentals. With an improving outlook for payroll employment and personal income growth, consumer

SALES TAX

(In Billions)



FY06 includes \$325 million in initiatives.

REVENUES & EXPENDITURES

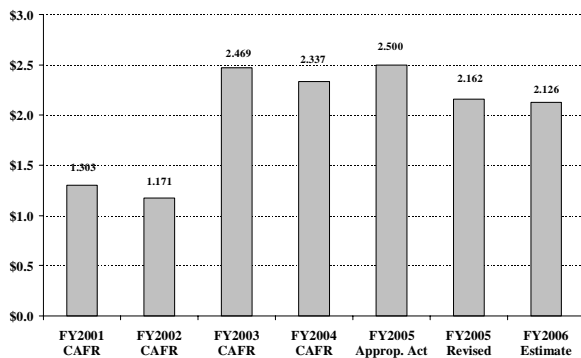
confidence and spending should keep growing at a moderate pace in 2006.

Corporation Business Tax

The fiscal 2006 CBT revenue forecast of \$2.1 billion represents a decrease of \$36 million (or 1.7%), compared with revised fiscal 2005. This downward revision assumes an increase in estimated net operating loss deductions as the phase-in is completed. Growth in refunds of 15% is also assumed in fiscal 2006.

CORPORATE BUSINESS TAX

(In Billions)



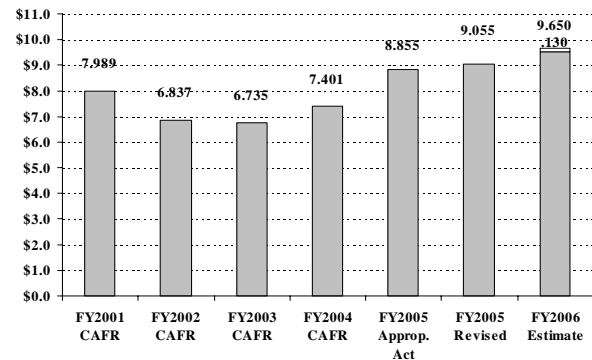
CBT excludes Energy

Gross Income Tax

The fiscal 2006 forecast of \$9.7 billion is an increase of \$595 million, including \$130 million in new initiatives. The basic underlying growth of 5.1% over revised fiscal 2005 is a reflection of the continuation of the economic turnaround that started in 2003. New Jersey Total Income, which is the tax base, is expected to increase by 5.7% in 2004, one percentage point above the year ago pace. In 2005 and 2006, the tax base is projected to grow at 6.2% and 5.9%, respectively. The growth in income for households reporting over \$100,000 in total income is expected to rebound at a 7.8% average annual rate (2003-2005) after declining at a -6.3% average annual rate during the 2001-2002 recessionary period.

GROSS INCOME TAX

(In Billions)



FY06 includes \$130 million in initiatives.

REVENUE ENHANCEMENTS

Descriptions of the major revenue enhancements proposed in the Fiscal 2006 Budget are listed below.

Asset Sales (\$500 million)

While revenue growth and spending restraints will provide significant budget relief in fiscal 2006, additional steps are necessary to bolster State revenues and close a multi-billion dollar shortfall. Just as a business does in strained budgetary circumstances, the State will examine all of its assets to determine which are still useful and productive and which assets could be sold. The State currently has \$19.4 billion in assets, including buildings, infrastructure, and land. The Fiscal 2006 Budget anticipates that various actions such as the actual sale or transfer of assets to other private entities will generate \$500 million.

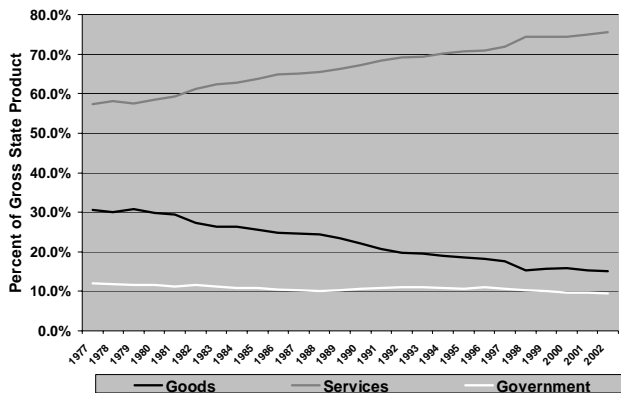
Sales Tax Modernization (\$275 million)

The Fiscal 2006 Budget proposes to modify the State sales tax to provide a more equitable tax treatment of similar products and to recognize the erosion of the sales tax base due to the impact of technology and a movement to a service economy. The proposed changes are projected to generate \$275 million in new revenue in fiscal 2006.

Since the enactment of the Sales and Use Tax Act in 1966, the nature of the State's economy has changed dramatically. Reflecting similar trends across the country, the New Jersey economy is now largely service-based. The production of goods, which formed the original foundation for the sales tax, has long since shrunk as a percentage of the economy due in large part to the gradual decline in the manufacturing sector.

This point is clearly outlined in the attached chart entitled "Gross New Jersey State Product by Industry, 1977-2002". As a percent of the total State economy, the service sector increased by 18 percentage points, from 57% in 1977 to 75% in 2002, while the manufacturing sector declined by 15 percentage points, from 30% to 15% during those years.

**Gross New Jersey State Product by Industry
1977-2002**



The rapid absorption of new technology in society has also given rise to an inequitable and inconsistent application of the sales tax. Simply, similar products are now treated much differently in a tax sense. The revenue fallout associated with these inequities has been exacerbated by the enactment of 52 sales tax exemptions.

In general, there has been relatively little expansion of the sales tax base despite fundamental changes to the underlying economy. Since the sales tax represents nearly one-quarter of the revenue used to support the State Budget (and 40% of the annual amount raised by major taxes and fees), this phenomenon is key to understanding New Jersey's ongoing structural problem. Specifically, while normal increases in population have placed greater demands on State services, the mounting, inflation-driven costs to satisfy these needs have outstripped the growth of New Jersey's primary revenue resources.

As part of the budget process, the Acting Governor proposes that an existing entity, possibly the Sales Tax

Review Commission, analyze the changes in the revenue base since 1966 as well as the effect that new technology and the shift to a service economy has had on the potential for future revenue and inequity in the treatment of similar products and services. Based on this review, recommendations will be made for changes to the sales tax law. Possible items that could be subject to tax under these reforms include shipping and handling, limousine services, luxury box rentals, charter airplane services, tanning, massages, and landscaping.

Video Lottery Terminals (\$150 million)

The Video Lottery Terminal Program represents a continuing revenue source that may generate \$150 million in additional State revenue in fiscal 2006 alone, when only 6 months of revenues are expected. A temporary facility will be established in the Meadowlands in early 2006.

Property Tax Deduction Change (\$85 million)

The existing property tax deduction for those taxpayers with income above \$200,000 will be discontinued due to budgetary constraints. As a matter of tax equity, Homestead Rebates for non-senior taxpayers earning less than \$200,000 served to offset the disproportionate benefit of the property tax deduction enjoyed by high income earners. As the Fiscal 2006 Budget proposal would suspend Homestead Rebates for non-seniors, discontinuing the property tax deduction benefit for high income New Jerseyans would maintain a measure of equity among these brackets of taxpayers. Over 1.28 million taxpayers will still be able to fully deduct their property taxes. This change, which will only impact 9.4% of those taxpayers that currently claim the deduction, will increase income tax revenues by a projected \$85 million.

Pension Exclusion Change (\$45 million)

The exclusion for up to \$20,000 in retirement income for taxpayers with over \$100,000 in income will be eliminated. Over 113,600 taxpayers will still be able to exclude this income. The change will only impact 5.7% of those taxpayers that currently use the exclusion. This change will increase income tax revenues by an estimated \$45 million.

Cable Industry – Equity Fee (\$50 million)

A 2% gross receipts tax on the cable television industry is proposed for fiscal 2006. This tax will be structured to achieve equity in consumer services offered by the telecommunications industry, which is currently subject to a patchwork of taxes that have evolved over many years.

REVENUES & EXPENDITURES

Urban Enterprise Zone Sales (\$50 million)

The State's Urban Enterprise Zone program, which was created in 1983, has successfully enabled local governments to revive dormant areas by providing a key economic stimulus. Specifically, the State sales tax is lowered within the zones from 6% to 3% and retained by the affected locality. The program now operates 32 zones in 37 municipalities, employing 155,000 people in the 7,750 businesses that participate. Collectively, the program generates more than \$18 billion in private investment. Over the past 20 years, 1,629 economic development projects totaling nearly \$525 million in Zone Assistance funds have been approved for implementation.

The Urban Enterprise Zones (UEZ) Act also allows businesses that satisfy the related statutory qualifications to make tax exempt purchases for exclusive use or consumption within the zone. In some cases, however, businesses are granted temporary status and make tax-free purchases but never comply with the statutory qualifications. Others make large, tax-free purchases and then leave the program or the zone itself, taking the assets with them.

From 1995 through 2004, the State has foregone a total of \$869 million in revenue from this provision. In fiscal 2006, it is estimated that this loophole will reduce potential revenue to the State by at least \$100 million.

The Fiscal 2006 Budget proposes to reduce this revenue loss through the following changes:

- Lower the UEZ purchase exemption from 6% to 3%;
- Require businesses to pay the full 6% tax upfront and apply to the Division of Taxation for a rebate of 3%;
- Require businesses to repay a portion of the lost revenue if they fail to meet the statutory qualifications or leave the UEZ program.

These changes will yield an estimated \$50 million in additional sales tax revenue for the Fiscal 2006 Budget.

It is important to note that these changes will not affect the municipalities' receipt of revenue from the existing 3% sales tax in any way. That revenue stream, which totals approximately \$62 million per year, will continue unabated.

Simplified Sales Tax Implementation/Amnesty (\$40 million)

Consistent with the effort of over 40 other states, it is proposed that New Jersey enact legislation establishing a simplified, streamlined sales tax structure that provides numerous benefits for both the State and the business community. The agreement includes a one year voluntary amnesty, beginning with the date that New Jersey formally joins the multi-state compact, for companies that have nexus in New Jersey but are not yet registered. Based on prior studies, this initiative is expected to generate \$40 million in new revenue in fiscal 2006.

Transfer Inheritance Tax (\$25 million)

The Fiscal 2006 Budget proposes changes in the estate tax that will generate \$25 million. These changes will be confined to those taxpayers that have received the most benefit under the federal tax changes.

Realty Transfer (\$25 million)

The Fiscal 2006 Budget proposes an increase in the realty transfer fee rate structure that adds approximately \$25 million in new revenue. The new rates will affect realty sales exempted from the fiscal 2005 fee increase. For fiscal 2005, P.L.2004, c.66, introduced a new realty transfer "general purpose" fee for all realty sales valued at \$350,000 and over, exempting sales less than \$350,000. This Budget proposes to extend that general purpose fee to sales between \$150,000 and \$350,000. Realty sales less than \$150,000 would continue to be exempt from the general purpose fee.

Specifically, the proposed fiscal 2006 rate increase would extend a general purpose fee of \$0.75/\$500 of sale value for the first \$150,000 of sale price on realty ranging from \$150,000 - \$350,000, \$0.90/\$500 of sale value for the next \$50,000 of such sales, and \$0.85/\$500 of sale value for the last \$150,000 of such sales. This proposed rate structure is less than the current general purpose fee structure for sales of \$350,000 or more.

Realty transfer fees have several components. Portions of realty transfer fees are retained by counties, portions support the Neighborhood Preservation Fair Housing Fund and the Shore Protection Fund, and a portion, including the general purpose fee component, is deposited in the General Fund. Currently, a \$250,000 home sale pays about \$1,300 total in realty transfer fees. A \$500,000 home sale pays nearly \$4,200 in total realty transfer fees. The proposed fiscal 2006 change would increase the fees paid on the \$250,000 home by \$400, to

REVENUES & EXPENDITURES

\$1,700. It would have no impact on the \$500,000 sale, or on any sales \$350,000 and higher.

Fines Amnesty (\$15 million)

Similar to the successful tax amnesty program in 2002, the Fiscal 2006 Budget assumes \$15 million from an amnesty program for delinquent fines, fees and

assessments. Individuals and business have significant balances due to the State for various fees, fines and assessments throughout all departments of State government. This amnesty program will allow for the waiving of interest for those delinquent individual and businesses that satisfy their obligations during a certain time period.

REVENUES & EXPENDITURES

STATEMENT OF ESTIMATED REVENUES AND EXPENDITURES

A description of the major categories of anticipated revenue sources within the five funds and a description of the principal taxes are discussed in the following.

GENERAL FUND

Major Taxes

The Major Taxes category is composed of thirteen taxes or fees which are levied within the State. The majority of the revenue is generated from the sale and use of goods and services; general business taxes, which are received from various corporations; motor vehicle fees; and other excise taxes. A description of principal sources, all raising more than \$200 million, follows:

The Sales and Use Tax Act imposes a tax at the rate of 6 percent on receipts from retail sale, rental or use of tangible personal property; retail sale of producing, fabricating, processing, installing, maintaining, repairing, storing and servicing tangible personal property; certain advertising services; sales of restaurant meals; rental of hotel and motel rooms; telecommunications; alcohol; cigarettes; non-prescription drugs; soaps and detergents; disposable paper products; and certain admission charges. Sales of food, clothing, and personal and business services not specifically enumerated in the law are exempt.

The Corporation Business Tax imposes a franchise tax for the privilege of having or exercising a corporate charter or doing business, employing or owning capital or property, or maintaining an office in New Jersey. The corporate tax or alternative minimum assessment is applicable to every corporation not expressly exempted.

The Motor Fuels Tax applies to sales of gasoline, diesel fuel, or liquified petroleum gas and compressed natural gas used in motor vehicles on public highways. The tax is \$.105 per gallon for gasoline and \$.135 per gallon for diesel fuel, and half the gasoline rate for other gases.

The Cigarette Tax is imposed at a rate per cigarette. The tax is collected primarily from licensed distributors who receive the cigarettes directly from out-of-state manufacturers.

The Insurance Premium Tax applies to premiums collected on insurance risks by every insurance company transacting business in New Jersey. The tax base is gross contract premiums less specified deductions.

The Transfer Inheritance Tax applies to the transfer of personal property and New Jersey real property in estates. The tax rates depend on the amount received and the relationship between the decedent and the beneficiary. No tax is imposed on immediate family or spouses.

The Motor Vehicle Fees include automobile and truck registrations, drivers' licenses, and miscellaneous fees collected by the Division of Motor Vehicles.

The Petroleum Products Gross Receipts Tax is imposed on all companies engaged in the refining/distribution of petroleum products in the State. It only applies to the first sale (not exports) of petroleum products in the State.

The Realty Transfer Fee is imposed upon the recording of deeds evidencing transfers of title to real property in the State of New Jersey and is calculated based on the amount of consideration paid.

Miscellaneous Taxes, Licenses, and Other Departmental Fees

This category includes revenues received by the various State agencies. Typical items include license and inspection fees, recreation and boating fees, institutional and patient fees, investment earnings, and other similar items.

Interfund Transfers

The Interfund Transfer category includes monies which were received into various capital projects, special revenue, proprietary, and private purpose trust funds because of legal or statutory requirements, and then subsequently transferred into the General Fund as anticipated revenue for expenditure purposes. Included in these types of revenue are the monies received by the State Lottery and interest earned on investment of bond funds.

PROPERTY TAX RELIEF FUND

The Gross Income Tax is a graduated tax levied on gross income earned or received by New Jersey resident and non-resident individuals, estates and trusts. All monies in the fund must be appropriated exclusively for reducing or offsetting property taxes.

GUBERNATORIAL ELECTIONS FUND

A taxpayer can voluntarily indicate that \$1 of income tax can be set aside into this special fund. Such monies are used to finance a portion of the expenses of gubernatorial primary and general elections.

CASINO REVENUE FUND

An 8 percent tax on the gross revenue of all casinos is deposited into the Casino Revenue Fund. In addition, there are five other taxes/fees imposed as follows: Casino Net Income Tax, Casino Complimentary Tax, Casino Room Fee, Progressive Slot Tax, and Casino Parking Tax. All monies in this fund must be used for reduction in property taxes, and utility and rental charges of eligible disabled and senior citizens.

CASINO CONTROL FUND

License fees for the issuance of annual renewal of casino licenses, slot machines, non-refundable deposits for each application for a license, and fees for the issuance of various work permits are deposited into the Casino Control Fund. Such revenues are used to support the operation of the Casino Control Commission and the Division of Gaming Enforcement.

REVENUES & EXPENDITURES

SCHEDULE 1 STATE REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Major Taxes			
Sales	6,261,700	6,520,000	7,175,000
Corporation Business	2,358,258	2,162,000	2,155,100
Cigarette	612,167	636,000	612,000
Motor Fuels	566,831	565,000	580,000
Transfer Inheritance	516,008	500,000	545,000
Insurance Premium	417,873	432,000	443,000
Realty Transfer	227,064	345,000	405,000
Motor Vehicle Fees	235,254	272,000	294,320
Petroleum Products Gross Receipts	216,247	250,000	255,000
Alcoholic Beverage Excise	87,357	87,000	91,000
Corporation Banks and Financial Institutions	141,432	85,000	85,000
Tobacco Products Wholesale Sales	10,345	12,000	12,000
Public Utility Excise (Reform)	9,321	9,000	9,000
<i>Total Major Taxes</i>	<u>11,659,857</u>	<u>11,875,000</u>	<u>12,661,420</u>
Miscellaneous Taxes, Fees, Revenues			
Executive Branch--			
Department of Agriculture:			
Animal Health - Laboratory Test Fees	154	---	---
Environmental Services	289	---	---
Fertilizer Inspection Fees	506	291	366
Milk Control Licenses and Fees	710	---	---
Miscellaneous Revenue	353	4	4
	<u>2,012</u>	<u>295</u>	<u>370</u>
Department of Banking and Insurance:			
Actuarial Services	46	54	54
Bank Assessments	3,685	3,800	3,700
Banking - Examination Fees	2,300	2,260	2,300
Banking - Licenses and Other Fees	12,265	6,600	7,200
FAIR Act Administration	16,863	15,000	15,000
Fraud Fines	1,955	2,000	2,000
Insurance - Special Purpose Assessment	14,969	16,500	16,500
Insurance Examination Billings	1,750	2,200	2,300
Insurance Fraud Prevention	33,240	35,000	34,000
Insurance Licenses and Other Fees	12,087	12,530	12,530
Public Adjusters Licenses	46	---	---
Real Estate Commission	10,318	6,500	6,500
	<u>109,524</u>	<u>102,444</u>	<u>102,084</u>
Department of Community Affairs:			
Affordable Housing and Neighborhood Preservation - Fair Housing	19,439	20,003	20,003
Boarding Home Fees	515	---	---
Construction Fees	18,191	12,766	12,766
Divorce Filing Fees	1,265	1,276	1,276
Fire Safety	23,232	15,039	15,039
Housing Inspection Fees	9,599	7,806	7,806
Miscellaneous Revenue	82	---	---
NJ Meadowlands Commission	3,637	---	---
Planned Real Estate Development Fees	2,339	828	828
Truth In Renting	180	---	---
	<u>78,479</u>	<u>57,718</u>	<u>57,718</u>
Department of Corrections:			
Miscellaneous Revenue	5	---	---

REVENUES & EXPENDITURES

SCHEDULE 1 STATE REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Department of Education:			
Audit Recoveries	690	775	775
Audit of Enrollments	1,288	1,400	1,000
Local School District Loan Recoveries-NJ Economic Development Authority	9,186	9,100	8,380
Miscellaneous Revenue	116	50	50
Nonpublic Schools Handicapped and Auxiliary Recoveries	12,809	---	---
Nonpublic Schools Textbook Recoveries	1,523	1,450	1,500
School Construction Inspection Fees	3,519	3,246	3,246
State Board of Examiners	3,344	3,971	3,125
	<u>32,475</u>	<u>19,992</u>	<u>18,076</u>
Department of Environmental Protection:			
Air Pollution Fees - Minor Sources	3,784	4,000	4,000
Air Pollution Fees - Title V Operating Permits	13,501	11,650	14,750
Air Pollution Fines	5,628	3,500	3,500
Clean Water Enforcement Act	2,157	2,000	2,300
Coastal Area Development Review Act	1,667	1,750	1,750
Endangered Species Tax Checkoff	258	279	235
Environmental Infrastructure Financing Program-Administrative Fee	5,000	5,000	5,000
Excess Diversion	328	283	283
Freshwater Wetlands Fees	3,568	3,060	3,060
Freshwater Wetlands Fines	97	300	300
Hazardous Discharge Site Cleanup	8,843	---	---
Hazardous Waste Fees	2,437	2,107	2,580
Hazardous Waste Fines	984	400	400
Highlands Permitting	---	1,558	2,166
Hunters' and Anglers' Licenses	12,162	12,500	12,500
Industrial Site Recovery Act	1,209	1,000	1,000
Laboratory Certification Fees	791	780	780
Laboratory Certification Fines	13	20	20
Marina Rentals	1,335	885	885
Marine Lands - Preparation and Filing Fees	1,871	170	170
Medical Waste	4,080	3,800	3,800
Miscellaneous Revenue	2	11	11
New Jersey Pollutant Discharge Elimination System/Stormwater Permits	12,156	12,100	12,100
New Jersey Spill Compensation Fund	2,955	---	---
Parks Management Fees and Permits	5,249	4,300	4,300
Parks Management Fines	161	160	160
Pesticide Control Fees	4,278	4,200	4,200
Pesticide Control Fines	59	50	50
Pollution Prevention Fund	263	---	---
Radiation Protection Fees	3,326	4,400	3,700
Radiation Protection Fines	88	88	88
Radon Testers Certification	238	240	240
Safe Drinking Water Fund	864	---	---
Shellfish and Marine Fisheries	10	7	7
Solid Waste - Utility Regulation Assessments	3,207	3,100	3,100
Solid Waste Fines - DEP	578	500	700
Solid Waste Management Fees - DEP	4,569	11,697	8,212
Solid and Hazardous Waste Disclosure	2,979	---	---
Spring Meadow Golf Course	300	300	300
Stormwater Permits	2,995	4,800	4,800
Stream Encroachment	1,717	1,720	1,720
Toxic Catastrophe Prevention Fees	1,237	1,550	1,550
Toxic Catastrophe Prevention Fines	69	40	40
Treatment Works Approval	1,629	1,969	2,073
Underground Storage Tanks Fees	1,062	1,000	1,000
Water Allocation	3,197	2,050	2,050
Water Supply Fund	20	---	---
Water Supply Management Regulations	1,530	1,387	1,390
Water/Wastewater Operators Licenses	215	215	215
Waterfront Development Fees	2,017	2,200	2,200
Waterfront Development Fines	116	10	10
Well Permits/Well Drillers/Pump Installers Licenses	982	1,100	1,080
Wetlands	24	24	24
Worker Community Right to Know - Fines	15	20	20
	<u>127,820</u>	<u>114,280</u>	<u>114,819</u>

REVENUES & EXPENDITURES

SCHEDULE 1 STATE REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Department of Health and Senior Services:			
Admission Charge Hospital Assessment	6,000	6,000	6,000
Clinical Laboratory	563	---	---
Consumer Health Penalties	4,287	---	---
HMO Covered Lives	1,739	2,600	2,600
Health Care Reform	1,200	1,200	1,200
Licenses, Fines, Permits, Penalties & Fees	3,491	790	790
Miscellaneous Revenue	1,197	400	400
Pharmaceutical Assistance to the Aged - Recoveries	4,029	---	---
	22,506	10,990	10,990
Department of Human Services:			
Child Care Licensing/Adoption Law	337	350	350
Commission for the Blind - Miscellaneous	594	---	---
Early Periodic Screening, Diagnosis and Treatment	16,208	4,000	4,000
Interim Assistance	385	---	---
Marriage License Fees	1,266	1,450	1,450
Medicaid Uncompensated Care - Acute	305,035	223,650	254,355
Medicaid Uncompensated Care - Mental Health	32,414	34,186	33,055
Medicaid Uncompensated Care - Psychiatric	171,088	182,446	178,685
Medical Assistance - Recoveries	19,748	---	---
Medical Assistance-Federal Match on PAAD/Medicaid Dual Eligibles	228	2,200	2,200
Miscellaneous Revenue	787	48,500	5,500
Patients' and Residents' Cost Recovery - Developmental Disability	14,779	16,221	16,221
Patients' and Residents' Cost Recovery - Psychiatric Hospitals	74,832	58,767	59,600
Payments for Medical Assistance Recipients - Prescription Drugs	197,038	---	---
Purchased Institutional Care	3,828	---	---
School Based Medicaid	17,564	19,000	16,126
	856,131	590,770	571,542
Department of Labor and Workforce Development:			
Special Compensation Fund	2,012	1,685	1,685
State Disability Benefits Fund	6,898	---	---
Urban Enterprise Zone Administration Cost	25	---	---
Workers' Compensation Assessment	18,159	12,130	12,130
Workforce Development	16,651	---	---
Workplace Standards - Licenses, Permits and Fines	8,895	2,820	2,820
	52,640	16,635	16,635
Department of Law and Public Safety:			
Authorities Recruit Class Reimbursement	---	2,500	2,500
Beverage Licenses	8,736	3,960	3,960
Charities Registration Section	1,355	695	695
Consumer Affairs	7,524	---	---
Controlled Dangerous Substances	789	100	100
Criminal Disposition	465	---	---
EDA School Construction Recoveries	823	800	800
General Client Services	29,424	---	---
Legal Services	22,228	---	---
Legalized Games of Chance Control	1,216	1,200	1,200
Miscellaneous Revenue	419	---	400
New Jersey Cemetery Board	203	132	120
Pleasure Boat Licenses	3,028	3,000	3,000
Private Employment Agencies	687	258	258
Retired Officer Handgun Permit	215	---	---
Safe & Secure Receipts	276	---	---
Securities Enforcement	19,778	8,994	7,794
State Board of Architects	841	480	450
State Board of Audiology and Speech-Language Pathology Advisory	422	25	270
State Board of Certified Psychoanalysts	---	50	50
State Board of Certified Public Accountants	575	176	1,425
State Board of Chiropractors	1,025	240	675
State Board of Cosmetology and Hairstyling	2,877	2,680	625
State Board of Dentistry	3,182	280	1,415
State Board of Electrical Contractors	437	40	1,200

REVENUES & EXPENDITURES

SCHEDULE 1 STATE REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
State Board of Marriage Counselor Examiners	338	400	150
State Board of Master Plumbers	181	640	75
State Board of Medical Examiners	3,741	4,400	2,125
State Board of Mortuary Science	572	320	300
State Board of Nursing	6,804	3,900	3,750
State Board of Occupational Therapists and Assistants	639	60	375
State Board of Ophthalmic Dispensers and Ophthalmic Technicians	441	48	270
State Board of Optometrists	76	400	30
State Board of Orthotics and Prosthetics	51	80	31
State Board of Pharmacy	1,136	760	300
State Board of Physical Therapy	1,051	120	600
State Board of Professional Engineers and Land Surveyors	1,857	360	1,050
State Board of Professional Planners	456	40	45
State Board of Psychological Examiners	217	180	75
State Board of Real Estate Appraisers	1,623	120	1,050
State Board of Respiratory Care	420	25	150
State Board of Shorthand Reporting	130	25	75
State Board of Social Workers	740	700	300
State Board of Veterinary Medical Examiners	183	360	60
State Police - Fingerprint Fees	11,871	2,694	2,694
State Police - Other Licenses	229	230	230
State Police - Private Detective Licenses	472	220	220
State Police Recruit Training	77	---	---
Victim and Witness Advocacy Fund	1,267	---	---
Violent Crime Compensation	8,619	3,930	3,930
Weights and Measures - General	3,647	2,612	2,612
	<u>153,363</u>	<u>48,234</u>	<u>47,434</u>
Department of Military and Veterans' Affairs:			
Miscellaneous Revenue	2,173	---	---
Soldiers' Homes	29,542	29,739	29,690
	<u>31,715</u>	<u>29,739</u>	<u>29,690</u>
Department of Personnel:			
Examination Fees	2,040	---	---
Human Resource Development Institute	3,167	---	---
	<u>5,207</u>	<u>---</u>	<u>---</u>
Department of State:			
Autism Medical Research	1,387	---	---
Miscellaneous Revenue	42	---	---
	<u>1,429</u>	<u>---</u>	<u>---</u>
Department of Transportation:			
Air Safety Fund	1,841	965	965
Applications and Highway Permits	2,125	1,300	1,300
Auto Body Repair Shop Licensing	30	598	18
Autonomous Transportation Authorities	24,708	2,500	2,500
Drunk Driving Fines	369	350	350
Good Driver	76,259	71,500	71,500
Graduated Driver's License	1,381	1,385	1,390
Heavy Duty Diesel Fines	427	430	450
Interest on Purchase of Right of Way	---	5	5
Logo Sign Program Fees	443	300	300
Miscellaneous Revenue	50	200	200
Motor Vehicle Database--Automated Access	49,596	49,800	50,000
Motor Vehicle Fees	114	---	---
Motor Vehicle Inspection Fund	77,702	76,700	76,700
Outdoor Advertising	7,417	6,740	6,740
Parking Offenses	426	408	410
Photo Licensing	47	---	---
Placarded Railcar	85	---	---
Rental Receipts - Tenant Relocation Program	359	---	---

REVENUES & EXPENDITURES

SCHEDULE 1 STATE REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Salvage Title Program	1,071	1,100	1,100
Special Plate Fees	1,025	750	750
Uninsured Motorists Program	5,337	3,400	3,400
	250,812	218,431	218,078
Department of the Treasury:			
Assessment on Houses Greater Than \$1 Million	---	44,000	48,000
Assessments - Cable TV	3,984	4,241	4,241
Assessments - Public Utility	24,874	26,058	26,058
Asset Sales	---	---	500,000
Cable Industry Equity Fee	---	---	50,000
Casino Fines	577	---	---
Coin Operated Telephones	3,829	3,200	2,800
Commercial Recording - Expedited	3,430	2,853	2,853
Communication Fee - Lottery	438	---	---
Cost Assessment	3,881	---	---
DMV Securitization	144	---	---
Dormitory Safety Trust Fund - Debt Service Recovery	---	5,731	5,796
Equipment Leasing Fund - Debt Service Recovery	4,084	4,642	4,642
Escrow Interest - Construction Accounts	15	22	24
Fines Amnesty	---	---	15,000
General Revenue - Fees (Commercial Recording and UCC)	42,665	35,685	35,685
Higher Education Capital Improvement Fund - Debt Service Recovery	---	11,250	12,237
Hotel/Motel Occupancy Tax	80,972	65,118	65,118
Investment Earnings	18,389	---	---
Miscellaneous Revenue	3,011	853	853
NJ Economic Development Authority	22,025	2,200	1,973
NJ Public Records Preservation	---	39,000	39,000
Notary Commissions	1,314	1,100	1,100
Nuclear Emergency Response Assessment	4,011	5,067	4,139
Office of Dispute Settlement (ODS) Mediation Fees	170	158	158
Public Defender Client Receipts	4,499	4,900	4,900
Public Utility - Customer Specific Tax	1,868	1,868	1,868
Public Utility Fines	5,840	---	3,000
Public Utility Gross Receipts and Franchise Taxes (Water/Sewer)	76,849	75,000	75,000
Railroad Tax - Class II	3,660	3,100	3,100
Railroad Tax - Franchise	621	590	590
Rate Payer Advocate	6,769	6,297	6,297
Sale of Real Property	6,249	---	---
Simplified Sales Tax Implementation/Amnesty	---	---	40,000
State Disability Benefits Fund	30	---	---
Stormwater Management-Combined Sewer Overflow	1,075	---	---
Surplus Property	950	950	950
Tax Audit Services - Uncollected Revenue Recovery	266	---	---
Tax Referral Cost Recovery Fee	3,210	6,000	6,700
Telephone Assessment	---	115,000	119,000
Tire Clean-Up Surcharge	---	8,300	9,000
Transitional Energy Facilities Assessment	249,522	221,900	235,000
	579,221	695,083	1,325,082
Other Sources:			
Miscellaneous Revenue	725	500	500
Interdepartmental Accounts:			
Administration and Investment of Pension & Health Benefit Funds - Recoveries	47,031	61,300	49,500
Employee Maintenance Deductions	300	300	300
Fringe Benefit Recoveries from Colleges and Universities	104,352	118,000	120,000
Fringe Benefit Recoveries from Federal and Other Funds	156,869	194,000	198,000
Fringe Benefit Recoveries from School Districts	34,755	34,300	35,900
Indirect Cost Recoveries - DEP Other Funds	9,803	10,223	10,500
MTF Revenue Fund	90,551	86,500	87,500
Miscellaneous Revenue	30	---	---
Rent of State Building Space	1,913	1,900	1,900
Social Security Recoveries from Federal and Other Funds	52,357	55,000	56,000
Standard Offer Payments - Utilities	789	---	---
	498,750	561,523	559,600

REVENUES & EXPENDITURES

SCHEDULE 1 STATE REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Judicial Branch--			
The Judiciary:			
Civil Arbitration Program	3,089	---	---
Court Fees	65,278	67,515	66,670
Court Unification County Reimbursements	2,200	---	---
Miscellaneous Revenue	337	---	---
	<u>70,904</u>	<u>67,515</u>	<u>66,670</u>
<i>Total Miscellaneous Taxes, Fees, Revenues</i>	<u>2,873,718</u>	<u>2,534,149</u>	<u>3,139,288</u>
Interfund Transfers			
Beaches and Harbor Fund	14	15	15
Cigarette Tax Securitization Fund	---	1,190,000	---
Clean Waters Fund	22	15	10
Correctional Facilities Construction Fund	6	9	8
Correctional Facilities Construction Fund of 1987	30	22	9
Cultural Centers and Historic Preservation Fund	48	50	30
Dam, Lake, Stream and Flood Control Project Fund - 2003	---	---	150
Developmental Disabilities Waiting List Reduction Fund	354	384	166
Dredging and Containment Facility Fund	269	338	338
Emergency Flood Control Fund	4	5	5
Energy Conservation Fund	1	4	15
Enterprise Zone Assistance Fund	2,505	3,164	3,673
Fund for the Support of Free Public Schools	---	890	1,680
Garden State Farmland Preservation Trust Fund	1,650	1,762	1,762
Garden State Green Acres Preservation Trust Fund	4,562	5,000	5,000
Garden State Historic Preservation Trust Fund	311	617	617
Hazardous Discharge Fund	2	3	3
Hazardous Discharge Site Cleanup Fund	2,718	12,537	9,638
Human Services Facilities Construction Fund	2	2	---
Institutional Construction Fund	7	---	---
Institutions Construction Fund	4	---	---
Jobs, Education and Competitiveness Fund	139	94	27
Judiciary Bail Fund	278	375	375
Judiciary Child Support and Paternity Fund	261	315	315
Judiciary Probation Fund	105	195	195
Judiciary Special Civil Fund	26	40	40
Judiciary Superior Court Miscellaneous Fund	59	65	65
Legal Services Fund	10,409	10,410	10,410
Medical Education Facilities Fund	520	---	---
Mortgage Assistance Fund	696	722	711
Motor Vehicle Security Responsibility Fund	3	3	3
Motor Vehicle Surcharge Securitization Fund	---	740,000	---
Mutual Workers' Compensation Security Fund	---	5,000	---
NJ Bridge Rehab. and Improvement and R.R. Right-of-Way Preservation Fund	155	98	85
Natural Resources Fund	32	46	28
New Jersey Green Acres Fund - 1983	221	250	250
New Jersey Insolvent Health Maintenance Organization Assistance Fund	273	---	---
New Jersey Spill Compensation Fund	14,522	14,037	15,037
New Jersey Workforce Development Partnership Fund	40,333	17,159	17,159
Pollution Prevention Fund	2,347	2,380	1,803
Public Buildings Construction Fund	5	---	---
Public Purpose Buildings Construction Fund	2	2	1
Public Purpose and Community Based Facilities Construction Fund	135	74	71
Real Estate Guaranty Fund	1,000	---	---
Safe Drinking Water Fund	2,251	2,339	2,339
School Fund Investment Account	1,516	3,532	3,532
Shore Protection Fund	190	227	223
Solid Waste Service Tax Fund	2	2	2
State Disability Benefit Fund	55,219	136,654	26,685
State Land Acquisition and Development Fund	11	6	5
State Lottery Fund	794,972	800,000	970,000
State Lottery Fund - Administration	20,614	30,400	22,400
State Recreation and Conservation Land Acquisition and Development Fund	12	13	11
State Recycling Fund	949	1,046	---
State of New Jersey Cash Management Fund	3,034	3,034	3,034
Statewide Transportation and Local Bridge Fund	3,400	2,100	---

REVENUES & EXPENDITURES

SCHEDULE 1 STATE REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Supplemental Workforce Fund for Basic Skills	1,667	2,000	2,000
Tobacco Settlement Fund/Securitization	1,610,782	---	12,416
Transportation Rehabilitation and Improvement Fund	3	3	3
Unclaimed Insurance Payments on Deposits Trust Fund	22	30	27
Unclaimed Personal Property Trust Fund	164,760	194,075	194,075
Unclaimed Utility Deposits Trust Fund	21	25	23
Unemployment Compensation Auxiliary Fund	17,530	17,663	17,607
Universal Services Fund	72,431	72,468	72,468
Unsatisfied Claim and Judgment Fund	1,337	---	---
Wage and Hour Trust Fund	11	75	75
Water Conservation Fund	25	26	17
Water Supply Fund	3,486	3,865	3,865
Worker and Community Right to Know Fund	3,141	3,543	3,543
<i>Total Interfund Transfers</i>	<u>2,841,416</u>	<u>3,279,208</u>	<u>1,404,044</u>
<i>Total State Revenues General Fund</i>	<u>17,374,991</u>	<u>17,688,357</u>	<u>17,204,752</u>
PROPERTY TAX RELIEF FUND			
Gross Income Tax	<u>7,400,733</u>	<u>9,055,000</u>	<u>9,650,000</u>
CASINO CONTROL FUND			
Investment Earnings	185	300	300
License Fees	<u>64,461</u>	<u>69,285</u>	<u>69,285</u>
<i>Total Casino Control Fund</i>	<u>64,646</u>	<u>69,585</u>	<u>69,585</u>
CASINO REVENUE FUND			
Casino Simulcasting Fund	700	600	800
Gross Revenue Tax	377,555	392,000	400,000
Investment Earnings	79	780	780
Other Casino Taxes and Fees	89,737	88,770	85,624
PAAD Recoveries	<u>127,920</u>	---	---
<i>Total Casino Revenue Fund</i>	<u>595,991</u>	<u>482,150</u>	<u>487,204</u>
GUBERNATORIAL ELECTIONS FUND			
Taxpayers' Designations	<u>603</u>	<u>1,500</u>	<u>1,500</u>
TOTAL STATE REVENUES	<u>25,436,964</u>	<u>27,296,592</u>	<u>27,413,041</u>

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

-----Fiscal Year Ending June 30-----

	2004 Actual	2005 Estimated	2006 Estimated
Dedicated:			
Executive Branch--			
Chief Executive:			
State Authority Review and Oversight	1,273	1,100	1,100
Department of Agriculture:			
Administration - Development Potential Transfer Bank	74	240	400
Administrative Costs - Farmland Preservation	500	651	700
Agro-Terrorism	---	278	278
Animal Disease Control	---	153	153
Commodity Distribution	2,242	1,501	1,501
Fruit and Vegetable Grading Service	361	162	162
Future Farmers of America - Student Loans from Department of Education	100	75	75
Horse Breeding and Development Fund	407	380	380
Marketing and Development Services	---	724	724
Nursery Inspection Program	---	265	265
Organic Certification	110	300	300
Plant Pest and Disease Control	---	23	23
Poultry Service	965	810	810
Promotion/Market Development	107	---	---
Sire Stakes	4,354	4,300	5,000
Soil and Water Conservation Grants	---	---	700
Standardbred Breeder Awards	253	220	240
Stormwater Discharge Permit Fees	---	600	600
Wine Promotion Program	---	90	90
Miscellaneous	316	232	227
	9,789	11,004	12,628
Department of Banking and Insurance:			
Individual Health Care Program Assessments	1,258	7,500	6,600
Public Adjusters Licensing	---	52	52
Small Employer Health Benefits	242	380	380
Supervision and Examination of Financial Institutions	---	400	400
Miscellaneous	64	64	64
	1,564	8,396	7,496
Department of Community Affairs:			
Boarding Home Regulation and Assistance	---	750	926
Emergency Lead Poisoning Relocation Fund	1,000	---	---
Fire Certification Program	337	318	364
Grants to Displaced Homemaker Centers	697	688	688
Historic Preservation License	27	25	25
Housing Code Enforcement	---	2,824	3,458
Housing Opportunities for Persons with AIDS	974	923	923
Housing Services	51,667	51,182	51,001
Lead Hazard Control Assistance Fund Administration	---	500	500
New Home Warranty Program	3,816	4,316	4,816
New Jersey Meadowlands Commission - Operations	---	3,205	3,205
New Jersey Meadowlands Tax Sharing Stabilization Fund	---	165	279
Nine West Anti-Trust Settlement	150	---	---
Paterson Housing Opportunities for Persons with AIDS Program	476	600	600
Prevention of Homelessness	343	243	243
Truth in Renting	---	143	150
Uniform Construction Code	---	6,664	8,933
Uniform Fire Code	---	9,548	10,757
Miscellaneous	930	1,125	1,125
	60,417	83,219	87,993
Department of Corrections:			
Administration and Support Services	23,607	22,880	22,553
New Medium Security Facility	6	---	---
Workplace Literacy - Learning Lab Program	16	---	---
Miscellaneous	550	419	464
	24,179	23,299	23,017

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Department of Education:			
Abbott Implementation	---	11,892	11,586
Compliance and Auditing	38	30	30
Drug Abuse Education Fund	---	250	250
Early Childhood	---	2,280	2,610
Facilities Planning and School Building Aid	---	698	906
Katzenbach PLUS Program	865	1,122	1,090
Marie H Katzenbach School for the Deaf: Tuition-Local Boards	7,561	8,295	8,766
NJ ELITE Grant Program	76	---	---
Office of Compliance-Early Childhood Abbott Audits	---	293	272
Professional Development and Licensure	921	523	1,400
Rental of Vacant Building Space	255	489	528
State Action for Education Leadership Project	50	50	50
Utility Settlements Receipts	828	---	---
Vocational Technology Upgrade	200	200	200
Whole School Reform Finance	---	221	218
Miscellaneous	159	264	264
	10,953	26,607	28,170
Department of Environmental Protection:			
Administrative Costs - Natural Resources Damages	2,316	2,316	2,316
Administrative Costs Water Supply Bond Act of 1981 - Management	---	325	330
Administrative Costs Water Supply Bond Act of 1981 - Planning and Standards	---	28	37
Administrative Costs Water Supply Bond Act of 1981 - Watershed and Aquifer	---	50	60
Aeroflex Foundation - Kittatinny Valley State Park	20	25	25
Air Pollution Control	---	150	150
Air Pollution Fines	---	---	600
Artificial Reef Program-PSE&G/NJPDES Permit Fees	228	---	---
Battleship New Jersey Memorial Fund	247	160	160
Battleship New Jersey Tax Check-Off	50	90	50
Division of Smart Growth	---	---	20,000
Drinking Water State Revolving Fund - Capacity Development	415	452	379
Drinking Water State Revolving Fund - Delineation and Assessments	567	---	---
Drinking Water State Revolving Fund - Operator Certification	237	147	250
Drinking Water State Revolving Fund - Program Administration	1,270	1,159	679
Drinking Water State Revolving Fund - Small System Technical Assistance	584	608	297
Drinking Water State Revolving Fund - Source Water Program Administration	650	500	530
Endangered and Nongame Species of Wildlife Fund	178	235	128
Exotic and Nongame Species Inspection Fund	133	132	132
Farley Marina Escrow	257	257	257
Fish & Wildlife Field Office Projects	9	1	---
Forest Resource Management Special Revenue	239	200	200
Geraldine R. Dodge Foundation	150	---	---
Hazardous Discharge Site Cleanup Fund- Responsible Party	---	10,496	9,362
Hudson Walkway Settlement - Clermont Cove	168	---	---
Land Use Fines	---	---	600
Landscape Irrigation Contractor Certification	63	45	51
Liberty State Park - Central Parking	502	457	457
Liberty State Park EDA	3,500	---	---
Liberty State Park License Plates	82	75	75
Mammography Quality Standards Act	280	287	268
New Jersey Waterfowl Stamp Act	132	131	100
Nuclear Emergency Response	---	---	1,094
Office of Dredging and Sediment Technology	---	225	247
Oil Spill Prevention	---	1,144	1,248
PSE&G Delaware River Striped Bass Recruitment Study	62	27	20
Palisades Interstate Park Commission (PIPC) - Court Fund Revenue	---	497	498
Palisades Interstate Park Commission (PIPC) - Gas Station Revenue	---	2,240	2,230
Palisades Interstate Park Commission (PIPC) - Operating Fund Revenue	---	990	1,000
Parks Management Fees	---	1,100	1,200
Parks Management Revolving Fund	1,939	693	800
Private Well Testing - Safe Drinking Water Fund	387	800	800
Recycling of Solid Waste	---	266	---
Remediation Management and Response	---	5,885	6,539
Safe Drinking Water Fund	---	1,298	---
Sedge Island	25	10	13
Shellfish Enforcement	187	130	130

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Shellfish Management	83	72	18
Shore Protection Fund Projects	1,390	6,250	6,250
Shore Protection License Plates	1,131	1,000	985
Solid Waste Utility Regulation Excess Receipts	---	600	600
Spring Meadow Golf Course	915	950	1,042
State Public Water System Supervision Program	315	312	717
State Revolving Fund - Administrative Costs	2,675	2,400	2,363
Teterboro Airport Air Quality Study	150	---	---
Tidelands Peak Demands	---	2,265	2,495
Urban Forest Energy Efficiency Initiative	3,900	1,986	4,957
Water Allocation	---	2,900	4,700
Water Pollution Fines	---	---	300
William Penn Foundation	50	---	---
Worker and Community Right to Know Act	---	210	245
Miscellaneous	1,461	1,105	1,134
	<u>26,947</u>	<u>53,681</u>	<u>79,118</u>
Department of Health and Senior Services:			
AIDS Drug Distribution Program Rebates	13,599	8,000	22,600
Administrative Overhead - Non State Program	1,162	1,300	1,300
Animal Population Control Program - License	288	300	300
Brain Injury Research Fund	---	3,600	3,600
Certificate of Need Program	1,311	537	537
Clinical Laboratory Improvement Services	332	350	330
Community Partnership for CDSM	---	16	---
Early Intervention Program (EIP) Copays	4,344	3,500	3,500
Electronic Death Registration Support Fund	15	600	600
Emergency Medical Services	---	79	79
Emergency Medical Technician Training Fund	107	1,800	1,800
Estrogen, Diet, Genetics and Endometrial Cancer	30	110	110
Evaluation of California Initiatives to Reduce Violence in Health Care Setting	67	---	105
First Response EMT Cardiac Training Program	---	125	125
Health Care Cost Reduction Fund	23,965	45,237	32,599
Health Care Planning	12,441	7,200	7,200
Intergovernmental Transfer Program (IGT) Payments	33,925	---	---
Live Long Live Well	145	150	150
Managed Care Oversight	100	---	---
Medical Emergency Disaster Preparedness for Bioterrorism	---	7,500	4,722
NJ - AIDS Services Fund	17	---	---
NJ Emergency Medical Services Helicopter Response Program	---	1,894	2,764
NJ Prostate Cancer Research Fund	21	---	---
NJ Turnpike Authority / Garden State Parkway Inspections	96	---	228
Newborn Screening, Follow-up and Treatment	---	3,300	3,306
Office of the Public Guardian	265	600	600
Organ and Tissue Awareness Program	65	---	---
Ovarian Cancer Study	7	---	82
Rabies Control Program	473	475	465
Women, Infants, and Children (WIC) Rebates	21,711	24,000	24,000
Worker and Community Right to Know	---	763	---
Miscellaneous	6,690	9,529	9,443
	<u>121,176</u>	<u>120,965</u>	<u>120,545</u>
Department of Human Services:			
Administration and Support Services	47,657	27,521	30,613
Adopt U.S. Kids	54	---	---
Alcohol Education Rehabilitation and Enforcement Fund	1,657	1,701	1,750
Alcohol Treatment Fund Program	4,500	6,000	6,000
Catastrophic Illness in Children Relief Fund	1,125	925	925
Children's Trust Fund	265	519	519
Client Co-Payments-Developmental Disabilities	33,919	38,630	38,630
Criminal History Record Checks	268	120	120
Domestic Violence Victims Fund	523	---	---
Drug Enforcement Demand Reduction Fund	---	350	350
Food Stamp Enhanced Funding	14,453	---	---
Legally Responsible Relatives-Probation-Supplement	2,791	2,054	2,054
Management and Administrative Services	---	475	475
Mental Health Contract Fees	281	316	316

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
NJ KidCare	45,149	49,851	56,911
New Jersey Health Care Hospital Payments	466,072	525,293	520,476
Old Age Survivors Insurance	1,089	1,492	1,492
Olmstead Grant	20	---	---
Parents Association Vehicle Purchase	49	---	---
Partnership for a Drug Free New Jersey	---	700	700
Personal Needs Allowance	---	600	600
SSA Reimbursement to Enhance the Vocational Rehabilitation	583	300	300
Traumatic Brain Injury	3,596	---	---
Universal Services Fund	1,564	---	---
Work First New Jersey - Work Activities	---	---	10,000
Work First New Jersey Technology Investment - Child Support Incentives	---	---	12,502
Miscellaneous	486	---	---
	626,101	656,847	684,733
Department of Labor and Workforce Development:			
Division of Workers Compensation Uninsured Employers	974	---	---
Enforcement of Workplace Standards - Receipts	---	4,218	4,253
Health Care Tax Collection	5,380	5,700	5,700
Private Disability Insurance Plan	---	1,000	1,000
Public Works Contractor Registration	---	1,925	1,980
Reimbursement to Unemployment Insurance for Joint Tax Functions	---	2,600	2,700
Special Compensation Fund	155,642	126,400	126,530
State Disability Insurance Plan	---	3,750	3,850
State School Construction	2,788	---	---
Urban Enterprise Zones - Employer Rebate Awards	80	---	---
Work First New Jersey Work Activities	---	25,500	25,500
Workers' Compensation	---	6,300	6,700
Workforce Development Partnership - Counselors	---	740	770
Workforce Development Partnership Program	---	1,330	1,384
Workforce Literacy and Basic Skills Program	---	265	276
Miscellaneous	34	30	---
	164,898	179,758	180,643
Department of Law and Public Safety:			
Atlantic County Detention Center	1,739	1,962	1,962
Backstretch Benevolence	199	210	210
Body Armor Replacement Fund - Administrative Costs	75	75	75
Charity Racing Day for the Developmentally Disabled	120	---	---
Claims - Victims of Crime	---	3,870	3,870
Commercial Vehicle Enforcement Program	---	8,500	8,500
Commissions Award Program	2,323	2,500	2,500
Consumer Affairs	113	---	---
Consumer Affairs Charitable Registrations Program	---	670	670
Consumer Affairs Weights and Measures Program	---	900	900
Controlled Dangerous Substance Registration Program	---	650	650
Criminal Disposition and Revenue Collection Fund	---	375	375
Criminal Justice Cost Recovery	---	243	243
D.O.T./State Police Construction Detail	---	6,353	6,353
Division of Consumer Affairs-Appropriated Receipts	---	4,720	4,720
Election Law Enforcement	---	300	300
FBI Mitochondrial DNA Testing	---	810	810
Fines Account - Miscellaneous Settlements	81	---	---
Forfeiture Program	2,758	2,255	2,255
Insurance Fraud Operations	29,771	30,771	29,771
Investigative Unit	502	650	650
Law Enforcement Officers Training and Equipment Fund	762	---	---
Medical Examiner Services	6,775	8,624	8,624
Motorcycle Safety Education Fund	586	---	---
New Jersey Emergency Medical Service Helicopter Program	---	5,495	5,495
New Jersey Expressway Authority	5,053	6,432	6,432
New Jersey Parkway Authority	21,986	26,047	26,047
New Jersey Turnpike Authority	23,887	24,842	24,842
Noncriminal Records Checks	---	11,879	11,879
Northeast Hazardous Waste Project-RCRA	155	274	274
Office of Counter-Terrorism	---	7,200	7,200
Pari-Mutuel Racing in Accordance with N.J.S.A. 5:5-37	609	738	738

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Pre-Race Blood Testing and Chemical Testing Program	2,564	3,317	3,317
Private Employment Agencies	---	420	420
Racing Officials	1,026	1,193	1,193
Regulation of Alcoholic Beverages	---	4,804	4,804
Regulation of Racing Activities	3,143	3,694	3,694
Retired Officers Handgun Permits	---	140	140
Safe and Secure Neighborhoods Program	7,423	7,100	7,100
Securities Enforcement Fund	---	5,920	5,920
Sexual Assault Nurse Examiner Program	44	---	---
State Athletic Control	414	500	500
State Facilities Education Act	28,692	36,013	36,013
State Forensic Laboratory Fund Program	977	800	800
State Police Central Lab Operations	---	934	934
State Police DNA Laboratory Enhancement	2,871	8,200	8,200
State Police Equine Lab Unit	---	1,362	1,362
State Police Recruit Training	---	77	77
State Police-Private Detective Receipts	---	230	230
State Veterinarians--New Jersey Racing Commission	704	686	686
Vehicle Rental Surcharge State Police Salaries	---	1,900	13,855
Victim and Witness Advocacy Fund	---	1,344	1,344
Miscellaneous	1,777	2,316	2,316
	<u>147,129</u>	<u>238,295</u>	<u>249,250</u>
Department of Military and Veterans' Affairs:			
Burial Services	---	595	595
Distance Learning Center	9	15	15
New Jersey National Guard Support Services	---	1,100	1,100
Transitional Housing	---	550	550
Miscellaneous	220	25	25
	<u>229</u>	<u>2,285</u>	<u>2,285</u>
Department of Personnel:			
Human Resource Development Institute	---	1,700	2,000
Shared Services Agriculture	---	245	245
Shared Services Center - State Parole Board/Motor Vehicle Commission	---	1,912	1,912
Shared Services Pilot Program	---	1,236	1,236
State and Local Government Operations	---	1,500	1,300
	<u>---</u>	<u>6,593</u>	<u>6,693</u>
Department of State:			
CableVision Rental	188	---	---
Crossroads of American History- Historical Commission of Montville and Kean	113	---	---
Extraordinary Programming	368	400	400
Law Enforcement Officers Memorial Fund	468	325	325
Leasing of Space on Transmitter Towers	944	980	980
Lila Wallace Readers Digest Fund	---	300	300
New Jersey College Loans to Assist State Students (NJCLASS)	5,100	5,775	6,369
New Jersey Workforce Development Coalition Initiative	593	1,250	1,250
Preservation Records Grants	---	28,000	28,000
Primary Care Physician/Dentist Loan Redemption Program	1,000	1,000	1,000
Public Broadcasting Services	7,539	6,841	6,841
Records Management	---	1,472	2,300
Rental of Studio and Production Facilities	1,695	1,664	1,664
Sale or Rental of NJN Productions	105	1,211	1,211
TV Food Network/Time Warner Capital Project	1,050	1,200	1,200
War Memorial	595	527	527
Miscellaneous	678	330	330
	<u>20,436</u>	<u>51,275</u>	<u>52,697</u>
Department of Transportation:			
Airport Safety Fund	---	876	876
Applications and Highway Permits	---	1,050	1,050
Board of New Jersey Pilot Commissioners	284	270	270
Commercial Vehicle Enforcement Program	19,811	8,127	8,145
Cost of "Cause" Plates	374	---	---
County and Other Shared Projects	25,258	---	---

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Greenwood Lake Airport	107	---	---
Highway Safety Fund	446	---	---
In-Terminal School Bus Inspection Program	1,215	1,228	1,232
Inspection Fund Fees	---	28,922	28,957
Logo Sign Program	---	140	140
Maritime Industry Fund	1,916	---	---
Motor Vehicle Services	199,606	196,426	197,716
Motorbus Regulation	742	778	780
NJ Medical Service Helicopter Response Act	7,193	---	---
New Jersey Motor Vehicle Commission New Revenues	54,698	4,111	4,085
Office of Maritime Resources	---	2,375	2,500
Outdoor Advertising Program	---	880	880
Parking Offenses	---	153	153
Placarded Railcar Program	---	76	80
Rental Receipts, Tenant Relocation Program	---	350	350
Sale of DMV Database Items	---	18,629	18,704
Salvage Titles	---	411	411
Security Responsibility	13,668	14,683	14,700
Special Plates	---	378	380
Uninsured Motorist	---	2,001	2,001
	325,318	281,864	283,410
Department of the Treasury:			
Administration of State Lottery	---	260	260
Annual Licensing Fee - Office of Administrative Law Publications	867	860	586
Board of Public Utilities Fines, Penalties and Settlements	---	3,000	---
Business Services Bureau	---	560	560
Capital City Redevelopment Corporation	111	378	378
Clean Energy Program	2,015	820	820
Confiscations from the Cigarette Tax Act	---	20	20
Division of Developmental Disabilities Community Placement and Services	24,994	24,994	24,994
Domestic Security	22,492	---	---
Economic Recovery Fund	17,607	17,605	17,606
Energy Tax Receipts	762,700	787,739	788,492
Federal Recoveries	---	8,700	8,700
Governor's Council on Alcoholism and Drug Abuse	14,733	14,700	14,700
Judicial Hearings Receipts	1,803	2,305	3,667
Management of DEP Properties	---	562	579
New Jersey Commerce, Economic Growth and Tourism Commission	1,850	---	---
New Jersey Geographic Information Network (NJGIN) Property Investigator	15	---	---
New Jersey Public Records Preservation	67,455	---	---
Office of Information Technology-Availability and Recovery Site (OARS)	---	7,182	1,400
Office of Management and Budget	22,134	250	250
Other Capital Building Services	2,410	2,327	2,327
Other Distributed Taxes	3,363	3,363	3,363
Property Management and Construction - Property Management Services	312	310	310
Public Finance Activities	---	700	700
Purchasing and Inventory Management	---	90	90
Real Property Leasing Out Program	---	645	664
Residential Warranty Corporation	105	158	158
Royalties - Office of Administrative Law Publications	164	67	40
Small Business Registration	---	500	500
Taxation Compliance and Enforcement Activities	---	3,539	3,539
Third Party Subrogation - Property Damage	---	500	500
Unclaimed Property Trust Fund	5,578	6,162	6,431
Urban Enterprise Zone (UEZ) Authority Administrative Expenses	2,543	2,754	2,919
Vendor Surcharge Collection - Motor Vehicle Commission	12,100	11,600	12,000
Miscellaneous	999	309	309
	966,350	902,959	896,862
Interdepartmental Accounts--			
Interdepartmental Accounts:			
Statewide Security Projects	---	3,000	---

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	Fiscal Year Ending June 30		
	2004 Actual	2005 Estimated	2006 Estimated
Judicial Branch—			
The Judiciary:			
Automated Traffic System for Municipal Courts	10,220	9,551	23,100
Civil Courts	499	462	540
Comprehensive Enforcement Program	2,579	2,004	2,300
Court Adult Probation System	486	500	500
Court Technology Improvement Fund	12,711	12,700	12,900
Electronic Access To Court Records	1,877	408	408
Family Courts	407	400	400
Information Services	272	304	516
JAIBG – Juvenile Assessment	41	—	—
JAIBG Essex– Substance Abuse Evaluator Program	8	—	—
JAIBG School Probation	9	—	—
Juvenile Accountability Incentive Block Grant (JAIBG)	24	—	—
Mercer Welfare Fraud Grant	—	54	—
Middlesex Courthouse Artwork	5	—	—
Monmouth Juvenile Accountability Incentive Block Grant	65	—	—
Special Civil Part Certified Mailers	1,571	1,340	1,450
State Incentive Program	39	—	—
State Incentive Program – Juvenile Justice Commission	409	—	—
Supreme Court	10,792	12,025	13,665
Miscellaneous	805	13	13
	<u>42,819</u>	<u>39,761</u>	<u>55,792</u>
<i>Total Dedicated</i>	<u>2,549,578</u>	<u>2,690,908</u>	<u>2,772,432</u>

Federal:

Executive Branch—			
Department of Agriculture:			
Child Care Food	42,394	48,000	52,320
Child Nutrition – School Breakfast	23,316	30,000	36,000
Child Nutrition – School Lunch	136,610	154,356	162,595
Child Nutrition – Special Milk	812	1,400	1,500
Child Nutrition – Summer Programs	6,214	9,247	10,017
Child Nutrition Administration	2,639	3,555	3,677
Cooperative Gypsy Moth Suppression	69	235	75
Farm Risk Management Education Program	93	307	301
Farmland Preservation	149	6,000	10,200
Federal Organic Certification Cost Share Program	35	—	10
Fish Inspection Service	158	160	320
Jobs Bill – Temporary Emergency Food Assistance Program (TEFAP)	1,079	1,434	1,278
Team Nutrition Training	136	225	225
Various Federal Programs and Accruals	3,894	1,070	2,545
	<u>217,598</u>	<u>255,989</u>	<u>281,063</u>
Department of Community Affairs:			
Community Food and Nutrition Program	3,453	86	86
Community Services Block Grant	18,357	17,699	17,699
Emergency Shelter Grants Program	1,017	1,600	1,600
Fair Housing Initiatives Grant	19	85	85
HUD Disaster Recovery Initiative	700	—	—
Lead–Based Paint Abatement in Low and Moderate Income Housing	—	3,000	3,000
Moderate Rehabilitation Housing Assistance	6,951	11,925	12,595
National Affordable Housing–HOME Investment Partnerships	7,524	8,167	9,073
National Fire Academy Training Program	—	30	30
Section 8 Housing Voucher Program	161,745	173,000	173,200
Shelter Plus Care Program	274	5,950	4,500
Small Cities Block Grant Program	8,013	9,746	9,746
Transitional Housing – Homeless	89	—	—
Weatherization Assistance Program	5,651	5,169	5,169
Various Federal Programs and Accruals	125	155	80
	<u>213,918</u>	<u>236,612</u>	<u>236,863</u>

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	Fiscal Year Ending June 30		
	2004 Actual	2005 Estimated	2006 Estimated
Department of Corrections:			
Correctional Officer Stress Management Program	196	—	—
Digital Radio Technology and Ruggedized Personal Computers	—	—	1,100
Prison Rape Elimination Grant	—	151	452
Project In-Side	570	602	602
Serious and Violent Offender Reentry Initiative	—	—	1,000
State Criminal Alien Assistance Program	3,831	4,062	5,000
Various Federal Programs and Accruals	2,912	50	50
	7,509	4,865	8,204
Department of Education:			
21st Century Schools	7,664	21,898	19,898
AIDS Prevention Education	238	217	217
Adult Basic Education – Administration/Discretionary	17,983	—	—
Bilingual and Compensatory Education – Homeless Children and Youth	1,358	1,210	1,210
Byrd Scholarship Program	1,098	1,200	1,200
Character Education Partnership	465	539	539
Class Size Reduction	473	—	—
Drug-Free Schools and Communities – Administration	2,311	2,092	2,092
Drug-Free Schools and Communities – Discretionary	7,996	8,514	8,514
Educational Technology	12,189	13,670	13,670
Even Start Family Literacy Grant – Discretionary	4,424	4,593	4,593
Grants Management	—	2,477	2,477
Improving America's Schools Act–Consolidated Administration	5,299	5,552	5,552
Individuals with Disabilities Education Act–Basic State Grant	277,307	320,056	334,650
Individuals with Disabilities Education Act–Preschool Grants	11,336	11,642	11,642
Language Acquisition State Grants	12,759	15,869	19,879
Mathematics and Science Partnerships Grants	7	2,504	2,504
Migrant Education – Administration/Discretionary	2,162	2,117	2,117
Public Charter Schools	1,613	4,017	4,017
Refugee Children School Impact Program	737	618	618
School Renovation Grants	9,304	—	—
State Assessments	8,949	9,671	9,671
State Grants for Improving Teacher Quality	62,926	70,469	70,469
State Improvement Grant, Administration	859	1,273	1,273
Title I – Accountability Grants	177	—	—
Title I – Comprehensive School Reform	7,225	7,350	5,832
Title I – Grants to Local Educational Agencies	263,448	265,175	272,775
Title I – Part D, Neglected and Delinquent	2,193	2,340	2,382
Title I – Reading First State Grant	15,684	18,115	19,705
Title II – Math/Science Training, Exemplary	351	—	—
Title V – Innovative Program Strategies	11,009	8,141	6,041
Vocational Education – Basic Grants, Administration	23,677	24,519	24,431
Vocational Education Technical Preparation	2,517	2,263	2,263
Various Federal Programs and Accruals	-49	988	988
	775,689	829,089	851,219
Department of Environmental Protection:			
Air Pollution Maintenance Program	—	5,293	5,218
Americorps	—	300	300
Artificial Reef Program–PSE&G/NJPDES Permit Fees	729	1,125	825
Asian Longhorned Beetle Project	206	100	800
Atlantic Coastal Cooperative Program	68	150	200
Boat Access (Fish and Wildlife)	—	1,000	1,000
Brownfields	—	5,000	2,000
Cape May Peninsula Project (Sandritter Property)	107	300	1,000
Cheesequake Marshland Acquisition	—	1,000	1,000
Clean Lakes Program	—	500	500
Clean Vessels	128	1,000	1,000
Coastal Estuarine Land Program	—	6,000	6,000
Coastal Zone Management Implementation	3,364	2,763	2,431
Communication of Fish Advisories	13,613	—	—
Community Assistance Program	165	200	200
Community and Public Water Supply Operators – Expense Reimbursement	124	1,500	—
Comprehensive Wildfire Conservation Plan Coordination Federal Share	—	32	—
Consolidated Forest Management	1,554	1,374	1,070
Construction Grants Program	—	57,600	57,600

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Construction Grants Program	---	57,600	57,600
County-wide Wildfire Defense	10	50	---
Defensible Space	46	350	400
Delaware Bay	---	1,000	---
Delaware Bay and Great Egg Harbor Corridor Project (SV Farming) Federal Share	---	---	1,000
Domestic Preparedness DEP- Supplemental Training	---	---	80
Endangered Species	43	75	205
Endangered and Nongame Species Program State Wildlife Grants	565	1,200	1,500
Environmental Justice	---	100	100
Estuary Program	1,179	---	---
Firewise in the Pines	---	200	200
Fish and Wildlife Health	58	190	100
Forest Legacy	---	10,040	10,040
Forest Resource Management-Cooperative Forest Fire Control	2,264	1,725	1,725
Grassland Habitat Project	---	200	200
Hazardous Waste - Resource Conservation Recovery Act	---	4,281	4,281
Historic Preservation Survey & Planning	675	647	650
Hunters' and Anglers' License Fund	3,497	6,365	5,925
Intermodal Surface Transportation Efficiency Act	1,000	10,320	10,320
Investigation and Management of NJ's Nongame Freshwater Fisheries Resources	14	150	150
Land and Water Conservation Fund	---	5,000	5,000
Lower Cohansey Watershed	---	1,000	1,000
Marine Fisheries Investigation and Management	1,280	1,150	1,150
Multi-Media	120	750	750
Multi-Media Enforcement Grant	---	1,000	1,000
NJ Field Office Bog Turtle Cooperative Agreement	---	50	50
NJ Landowners Incentive	43	1,450	1,450
National Coastal Wetlands Conservation	391	2,215	2,215
National Dam Safety Program (FEMA)	253	90	90
National Geologic Mapping Program	150	200	200
National Pollutant Discharge Elimination System Implementation Support Program	---	600	600
National Recreational Trails	582	1,500	1,500
New Jersey Commercial Blue Crab Fishery Economic Assistance Federal Share	---	230	---
Non-Point Source Implementation (319H)	---	4,193	3,851
Particulate Monitoring Grant	349	1,500	1,499
Pennsauken Boat Access Renovation	248	---	---
Pesticide Recording Program	60	20	20
Pesticide Technology	160	780	670
Pinelands Grant - Acquisition	---	6,000	6,000
Preliminary Assessments/Site Inspections	63	3,000	3,000
Radon Program	---	500	500
Regional Climate and Fire Damage Modeling - Pinelands	---	100	---
Safe Drinking Water Act	31	22,200	22,200
Shortnose Sturgeon Research	---	150	150
Southern New Jersey Drinking Water Sampling Project	46	50	50
Southern Pine Beetle	14	100	100
State Wetlands Conservation Plan	65	492	492
State Wildlife Grant Projects	---	1,200	1,500
State/EPA Data Management Grant	432	3,050	2,300
Superfund Grants	25,876	30,450	30,450
Telemetry Study of Red Knots and Atlantic Brant	21	80	65
US Army Corps of Engineers Beachnesters	---	80	80
Underground Storage Tanks	2,049	2,055	2,055
Water Monitoring and Planning	328	1,000	547
Water Pollution Control Program	---	4,250	4,021
Wildland/Urban Interface II	---	250	500
Wildlife Education	118	285	285
Wildlife Management Area Planning	14	300	300
Various Federal Programs and Accruals	960	2,060	2,670
	<u>63,062</u>	<u>221,510</u>	<u>216,330</u>
Department of Health and Senior Services:			
AIDS Incarcerated Individuals in Corrections	949	900	900
Abstinence Education - Family Health Services (FHS)	969	1,122	1,122
Asthma Surveillance and Coalition Building	213	356	356
Asthma and Hazardous Substances Applied Research	131	100	108
Behavioral Risk Factor Surveillance Survey	151	261	261

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Bioterrorism Hospital Emergency Preparedness	490	14,000	14,000
Birth Defects Surveillance Program	---	250	250
Blood Borne Pathogen Exposure Study	---	253	---
Center For Birth Defects Research & Prevention	313	1,600	1,600
Childhood Lead Poisoning	727	1,426	1,400
Chronic Disease Prevention and Health Promotion - Family Health Services	1,291	1,011	1,011
Chronic Disease Prevention and Health Promotion Programs - Public Health	---	1,246	1,525
Clinical Laboratory Improvement Amendments Program	450	497	526
Comprehensive AIDS Resources Grant	54,460	50,850	50,400
Comprehensive Breast and Cervical Cancer	3	---	---
Comprehensive State Based Tobacco Use Prevention Programs	134	---	---
Demonstration Program to Conduct Health Assessments	407	578	634
Early Hearing Detection and Intervention (EHDI) Tracking, Research	131	334	334
Early Intervention for Infants & Toddlers with Disabilities (Part H)	10,798	13,000	13,000
Electronic Benefits Transfer (EBT) Infrastructure (EDS) Special Grant	41	---	---
Eliminating Disparities in Perinatal Health	400	3,430	3,430
Emergency Preparedness For Bioterrorism	20,640	21,898	18,800
Evaluation of Lead Dust Study	47	---	---
Evaluation of the Performance of Integrated HIV/AIDS Surveillance	169	116	116
Exposure - Tremolite Asbestos - Vermiculite	179	220	220
Family Planning Program-Title X	3,549	8,640	8,640
Federal Lead Abatement Program	123	420	461
Federal Medicare Reimbursement	---	994	994
Federal Medicare Relief	---	90,000	90,000
Food Inspection	331	350	387
HIV/AIDS Prevention and Education Grant	16,574	18,000	18,000
HIV/AIDS Surveillance Grant	4,859	7,214	4,812
Housing Opportunities For Persons With AIDS	668	8,163	8,167
Housing Opportunities for Incarcerated Persons with AIDS	---	900	900
Immunization Project	7,081	7,866	8,810
Job & Growth Tax Stimulus	143,065	---	---
Lead Training & Certification (Enforcement) Program	72	82	85
Lyme Disease Research	270	---	---
Maternal and Child Health (MCH) Early Childhood Comprehensive System	70	100	100
Maternal and Child Health Block Grant	13,033	13,000	13,000
Medicare/Medicaid Inspections of Nursing Facilities	9,167	14,150	16,660
Memorandum of Agreement with Emory University-National Down Syndrome Study	---	150	150
Minority AIDS Demo	68	150	150
Morbidity & Mortality Review Program	105	150	150
NJ Ease For Caregivers - Building Support Systems	266	250	250
National Cancer Prevention and Control-Public Health	3,818	6,210	6,574
National Family Caregiver Program	4,720	4,100	4,800
National Violent Death Reporting System	---	---	208
Nurse Aide Certification Program	---	1,958	1,000
Nursing Facilities Transition Grant	---	600	600
Older Americans Act - Title III	29,623	33,248	33,450
Pediatric AIDS Health Care Demonstration Project	2,653	2,850	2,850
Pregnancy Risk Assessment Monitoring System	12	750	750
Preparedness and Response for Bioterrorism	370	---	---
Preventative Health and Health Services Block Grant	3,601	3,896	3,975
Public Employees Occupational Safety & Health - State Plan	---	---	900
Public Health Laboratory Biomonitoring Planning	137	210	210
Rape Prevention and Education Program	2,398	1,237	1,237
Research on Ecology of Lyme Disease in US	150	300	325
Senior Farmers Market Nutrition Program	464	1,000	1,000
State Pharmacy Assistance Program Payments - Federally Funded Grant	---	11,366	11,366
State Regulation on Immunization Rates of Older Adults	-4	---	---
Supplemental Food Program-Women, Infants, and Children	89,473	90,000	94,000
Surveillance, Epidemiology and End Results (SEER)	668	1,200	1,800
Tools For School Implementation Project	-11	80	---
Traumatic Brain Injury Surveillance	---	105	105
Tuberculosis Control Program	5,075	6,069	6,000
United States Department of Agriculture (USDA) Older Americans Act - Title III	3,347	3,900	3,900
Universal Newborn Hearing Screening	219	250	250
Venereal Disease Project	3,268	3,800	3,882
Violence Related Injury Prevention	---	160	160
Viral Hepatitis Integration Study	---	365	---
Vital Statistics Component	549	850	850

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
WIC Farmer's Market Nutrition Program	810	2,000	2,000
West Nile Virus - Laboratory	---	200	242
West Nile Virus - Public Health	2,182	2,300	2,258
Various Federal Programs and Accruals	-144,705	4,351	4,614
	<u>301,211</u>	<u>467,382</u>	<u>471,015</u>
Department of Human Services:			
Access to Recovery	---	8,000	8,000
Block Grant Mental Health Services	10,872	12,496	12,496
Child Care Block Grant	121,157	108,959	109,778
Child Support Enforcement Program	102,948	142,356	171,237
Community Based Residential Program Grant	633	1,000	1,000
Developmental Disabilities Council	1,454	1,590	1,598
Federal Independent Living	942	1,116	1,116
Food Stamp Program	72,789	88,047	96,476
Foster Grandparents Program	1,149	1,051	1,080
Low Income Energy Assistance Block Grant	80,095	75,770	75,951
Projects for Assistance in Transition from Homelessness (PATH)	2,533	1,745	1,745
Refugee Resettlement Program	5,860	5,705	5,705
Restricted Federal Grants	13,818	12,202	12,202
Social Service Block Grant	50,359	51,432	53,308
State Data Infrastructure Project	39	100	100
Substance Abuse Block Grant	56,731	53,385	53,606
Temporary Assistance to Needy Families Block Grant	429,400	500,865	458,888
Title IV-B Child Welfare Services	2,543	6,120	6,120
Title IV-E Foster Care	89,672	111,696	135,580
Title XIX - Child Residential	34,004	74,055	77,983
Title XIX Community Care Waiver	188,373	203,980	228,655
Title XIX ICF/MR	237,878	237,833	278,905
Title XIX Medical Assistance	3,142,947	3,190,529	3,475,298
Title XX Urban Empowerment Zone	1,243	---	---
Title XXI Children's Health Insurance Program	241,934	236,665	221,014
Vocational Rehabilitation Act Section 120	10,682	10,631	10,961
Young Offender Reentry Program	---	490	490
Various Federal Programs and Accruals	148,355	5,869	5,003
	<u>5,048,410</u>	<u>5,143,687</u>	<u>5,504,295</u>
Department of Labor and Workforce Development:			
Adult & Continuing Education - Workforce Investment Act	---	18,222	18,343
Comprehensive Services for Independent Living	119	700	1,012
Current Employment Statistics	2,930	2,591	2,764
Disability Determination Services	50,001	46,020	48,000
Disabled Veterans' Outreach Program	2,244	2,500	2,500
Employment Services	19,882	23,859	22,930
Employment Services - One Stop Shopping	313	325	325
Employment Services Cost Reimbursable Grants - Migrant Housing	100	50	50
Employment Services Grants-Alien Labor Certification	2,583	2,419	2,321
Employment Services Reemployment Services	1,528	1,100	1,100
Federal Public Employees Occupational Safety and Health Act	1,795	1,900	1,900
Local Veterans' Employment Representatives	1,449	1,700	1,700
National Council on Aging - Senior Community Services Employment Project	2,602	3,025	3,000
Occupational Informational Coordinating Program	169	159	159
Occupational Safety Health Act, On-Site Consultation	1,771	2,012	2,002
Occupational Safety and Health Administration Data Collection Survey	75	81	74
Old Age & Survivor Insurance Disability Determination Services	---	1,000	1,000
One Stop Labor Market Information	944	980	940
Redesigned Occupational Safety and Health (ROSH)	233	230	233
Reed Act Funds	8,972	---	---
Rehabilitation of Supplemental Security Income Beneficiaries	654	2,000	2,000
Supported Employment	---	1,200	1,200
Technical Assistance Training	212	1,700	1,700
Technology Related Assistance Project	179	700	350
Trade Adjustment Assistance Project	4,326	7,000	4,000
Unemployment Insurance	112,493	140,900	135,500
Vocational Rehabilitation Act of 1973	31,823	44,650	45,325
Welfare to Work	1,319	---	---
Work Incentive - Project Access	39	700	700

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Work Opportunity Tax Credit	438	750	750
Workforce Investment Act	73,841	56,830	57,947
Workforce Investment Act - Toll Free Helpline	177	---	---
Workforce Investment Act Title IIID Discretionary Funding	2,957	6,000	4,000
Workforce Investment Act-Title III Dislocated Workers	1,058	19,000	22,000
Various Federal Programs and Accruals	-6,790	145	145
	320,436	390,448	385,970
Department of Law and Public Safety:			
Buffer Zone Protection	---	2,500	1,400
Bulletproof Vest Partnership	77	700	700
Bureau of Justice State Police Communications Grant	8,848	---	---
Casework DNA Backlog Reduction Program	174	1,300	1,300
Challenge Grant	330	300	300
Child Passenger Protection Education	1	500	500
Citizen Corps Program	100	---	---
Combating Underage Drinking	254	360	360
Community Emergency Response Team Program	409	550	550
Community Prosecutors Block Grant	---	1,000	1,000
Computer Aided Dispatch Maintenance	22,970	---	---
Convicted Offender In-House (DNA)	---	1,500	1,500
Cops In Schools	177	1,000	1,000
Criminal Justice Information Services Digitized Mugshot	---	129	129
Criminal Justice Victims of Crime Act 9/11 Attack on America	546	---	---
Declared Counties For New Jersey Power Outage	1,339	---	---
Disaster Relief	2,083	---	---
Domestic Marijuana Eradication Suppression Program	177	200	200
Domestic Preparedness Equipment Grant	6,765	---	---
Domestic Preparedness Training	6,203	---	---
Drunk Driver Prevention	79	---	---
Edward Byrne Memorial Grant	12,365	---	---
Emergency Management Performance Grant - Non Terrorism	2,829	4,500	4,500
Emergency Operations Center - Phase I Risk Assessment	50	---	---
Equal Employment Opportunity Commission	592	600	600
FEMA Pre-Disaster Mitigation Grant	---	300	300
Financial Investigations & Money Laundering Initiative	---	5,000	5,000
Flood Mitigation Assistance	52	946	946
Forensic Crime Laboratory Improvement Program	---	2,000	2,000
Forensic DNA Testing Program	---	1,000	1,000
Hazardous Materials Transportation	---	350	350
Help America Vote Act	---	42,000	1,040
High Intensity Drug Trafficking Area (HIDTA)	---	50	50
Highway Safety Data Improvement Grant	---	1,500	1,500
Highway Safety Programs	4,291	4,550	5,275
Incident Command	141	750	750
Innovative Seat Belt Use	---	2,500	2,500
Internet Crimes Against Children	12	300	300
Justice Assistance Grant (JAG)	---	9,000	9,000
Juvenile Accountability Incentive Block Grant	4,543	5,900	1,200
Juvenile Justice Delinquency Prevention	2,863	2,457	2,476
Law Enforcement Training Academy	490	---	---
Local Law Enforcement Block Grant	1,024	1,400	1,400
Marine Police Boat	251	---	---
Medicaid Fraud Unit	1,830	3,000	3,000
National Criminal History Program-OAG	2,320	2,000	2,000
National Forensic Sciences Improvement Act Program	96	110	110
New Jersey Anti-Money Laundering Initiative	---	750	750
Northeast Hazardous Waste Project-RCRA	309	250	250
Occupant Protection Grant	614	1,500	1,750
Protecting Our Urban Areas	---	19,300	19,300
Public Safety Wireless Coordination Council - Initiative	---	244	244
Recreational Boating Safety	2,275	2,000	2,000
Residential Treatment for Substance Abuse	1,219	1,600	1,600
Safety Incentive Grants	4,252	5,000	5,000
Section 163 Prevent Operations of Motor Vehicles By Intoxicated Persons	---	3,000	3,000
State Homeland Security Grant Program	---	36,600	36,600
State Police In-Car Camera Technology Grant	8	200	200

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
State and Local All Hazards Emergency Operation Planning	2,158	---	---
Title V Funding	1,235	1,500	1,500
Truth In Sentencing Incentive Grant	36,260	---	---
Unemployment Fraud	---	643	643
Victim Assistance Grants	8,844	12,000	12,000
Victim Compensation Award	2,283	7,000	7,000
Victims of Crime Act Compensation for 9/11 Attack	2,007	---	---
Violence Against Women Act	2,790	4,000	4,000
Various Federal Programs and Accruals	-16,884	1,295	1,515
	<u>131,651</u>	<u>197,134</u>	<u>151,588</u>
Department of Military and Veterans' Affairs:			
Armory Renovations and Improvements	776	1,500	1,500
Army Facilities Service Contracts	2,002	1,400	1,400
Army National Guard Statewide Security Agreement	558	500	500
Army National Guard Transportation	---	125	125
Army Training and Technology Lab	453	500	500
Atlantic City Air Base - Service Contracts	2,193	2,200	2,200
Atlantic City Environmental	90	50	50
Atlantic City Operations and Maintenance	55	65	65
Brigadier General Doyle Memorial Cemetery Building Project	1,421	6,900	8,500
Design and Construction of the Vineland Memorial Veterans' Home	12,873	---	---
Dining Facility Operations	---	700	700
Facilities Support Contract	4,231	6,000	6,000
Federal Distance Learning Program	189	200	200
Fire Fighter/Crash Rescue Service Cooperative Funding Agreement	1,169	1,350	1,500
Hazardous Waste Environmental Protection Program	415	500	500
McGuire AFB Environmental	94	50	50
McGuire Air Force Base - Service Contracts	1,415	1,995	2,095
McGuire Operations and Maintenance	68	70	70
Medicare Part A Receipts for Resident Care and Operational Costs	3,460	3,870	4,492
National Guard Communications Agreement	807	650	650
New Jersey National Guard Challenge Youth Program	1,637	2,000	2,000
New Jersey National Guard Counter Drug Program Interservice State-Federal	33	12	12
Training and Equipment - Pool Sites	318	250	250
Transitional Housing	371	360	360
Veterans' Education Monitoring	498	565	565
Various Federal Programs and Accruals	1,841	55	55
	<u>36,967</u>	<u>31,867</u>	<u>34,339</u>
Department of State:			
Americorps Grants	---	5,739	5,739
Leveraging Educational Assistance Partnership	3,376	2,148	2,148
NJ GEAR UP	1,900	2,730	2,730
National Endowment for the Arts Partnership	---	750	750
National Health Service Corps - Student Loan Repayment Program	178	240	240
National Telecommunications Information Agency	---	625	625
Student Loan Administrative Cost Deduction and Allowance	16,419	20,344	22,056
Various Federal Programs and Accruals	2,335	202	202
	<u>24,208</u>	<u>32,778</u>	<u>34,490</u>
Department of Transportation:			
Airport Fund	5,096	10,000	10,000
Highway Planning and Research	25,755	15,180	15,180
Metropolitan Planning Funds	15,814	11,015	11,015
Motor Carrier Safety Assistance Program	2,348	9,808	9,808
New Jersey Transportation Planning Assistance	201	---	---
Supportive Services Highway Construction Training Program	---	500	500
	<u>49,214</u>	<u>46,503</u>	<u>46,503</u>
Department of the Treasury:			
Diamond Shamrock Oil Overcharge Settlement	---	617	717
Division of Gas Expansion	---	600	600

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
State Energy Conservation Program	685	2,270	2,602
Various Federal Programs and Accruals	2,038	700	700
	2,723	4,187	4,619
Judicial Branch--			
The Judiciary:			
Drug Court Direct	301	200	200
Juvenile Drug Court Grant	440	1,478	---
NJ Child Support Early Intervention Project	---	100	100
Various Federal Programs and Accruals	285	800	835
	1,026	2,578	1,135
<i>Total Federal</i>	7,193,622	7,864,629	8,227,633
Revolving:			
Legislature:			
Various Revolving Funds	17	---	---
Department of Community Affairs:			
Administration and Support Services	464	---	---
Housing Services	---	495	495
Liquid Petroleum Gas Ed. & Safety Board	143	308	360
Uniform Construction Code	8,526	6,800	6,800
Various Revolving Funds	79	---	---
	9,212	7,603	7,655
Department of Corrections:			
Culinary Arts Vocational Program	73	185	186
Farm Operations	10,840	10,318	10,500
Institutional Care and Treatment	474	470	470
State Use	21,897	18,879	18,879
	33,284	29,852	30,035
Department of Education:			
Administration and Support Services	3,582	3,999	3,999
Adult and Continuing Education	311	350	350
Professional Development and Licensure	140	199	199
	4,033	4,548	4,548
Department of Environmental Protection:			
Administration and Support Services	90	135	100
Pesticide Control	246	---	225
Publicly-Funded Site Remediation	51	---	---
	387	135	325
Department of Health and Senior Services:			
Administration and Support Services	5,679	5,497	5,497
Laboratory Services	13,008	9,200	10,530
	18,687	14,697	16,027
Department of Human Services:			
Administration and Support Services	909	861	861
Income Maintenance Management	6,645	7,174	6,825
	7,554	8,035	7,686
Department of Labor and Workforce Development:			
Administration and Support Services	1,181	---	---
Planning and Analysis	143	---	---
	1,324	---	---
Department of Law and Public Safety:			
Criminal Justice	411	300	300
State Police Operations	36	553	553
	447	853	853

REVENUES & EXPENDITURES

SCHEDULE 2 OTHER REVENUES (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Department of State:			
Records Management	970	1,293	200
Department of Transportation:			
Administration and Support Services	651	---	---
Department of the Treasury:			
Adjudication of Administrative Appeals	897	895	895
Automotive Services	16,711	19,558	19,558
Capitol Post Office	1,564	1,648	1,648
Escrow - Construction Management Services	796	3,000	3,000
Office of Information Technology	104,266	98,178	99,010
Printing Services	1,911	2,324	2,324
Property Management and Construction - Construction Management Services	2,703	3,738	3,738
Public Information Services	1,430	1,293	1,293
Purchasing and Inventory Management	53,678	55,941	55,941
	<u>183,956</u>	<u>186,575</u>	<u>187,407</u>
<i>Total Revolving</i>	<i>260,522</i>	<i>253,591</i>	<i>254,736</i>
Total Other Revenues General Fund	10,003,722	10,809,128	11,254,801

SPECIAL TRANSPORTATION FUND

General:			
County and Other Shared Projects	765	---	---
Transportation Trust Fund - Local Highway Funds	145,876	145,000	150,000
Transportation Trust Fund - Public Transportation Projects	709,839	606,597	534,000
Transportation Trust Fund - State Highway Funds	417,147	541,000	521,000
	<u>1,273,627</u>	<u>1,292,597</u>	<u>1,205,000</u>
Federal:			
Federal Highway Administration	757,430	716,391	888,173
<i>Total Special Transportation Fund</i>	<i>2,031,057</i>	<i>2,008,988</i>	<i>2,088,173</i>
TOTAL OTHER REVENUES	12,034,779	12,818,116	13,342,974

REVENUES & EXPENDITURES

SCHEDULE 3 EXPENDITURES BUDGETED (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
GENERAL FUND			
Legislative Branch			
Senate	11,326	11,644	11,644
General Assembly	18,623	19,155	19,155
Office of Legislative Services	30,969	29,038	29,038
Legislative Commissions	4,966	5,585	6,124
State Capitol Joint Management Commission	8,045	9,001	9,001
Clean Ocean and Shore Trust Committee	144	144	144
	74,073	74,567	75,106
Executive Branch			
Chief Executive	5,141	5,537	4,972
Department of Agriculture	26,873	23,353	22,717
Department of Banking and Insurance	66,696	68,837	67,837
Department of Community Affairs	118,212	209,557	180,852
Department of Corrections	941,961	1,018,645	1,033,444
Department of Education	3,003,930	2,975,455	1,409,544
Department of Environmental Protection	411,940	433,839	338,114
Department of Health and Senior Services	790,595	1,505,154	1,286,284
Department of Human Services	4,603,428	4,751,965	5,114,775
Department of Labor and Workforce Development	131,261	106,890	106,722
Department of Law and Public Safety	568,255	550,755	551,999
Department of Military and Veterans' Affairs	82,021	87,702	86,730
Department of Personnel	30,414	26,307	25,701
Department of State	1,086,462	1,248,019	1,230,250
Department of Transportation	1,104,589	1,189,357	1,175,875
Department of the Treasury	1,237,044	1,329,345	1,067,438
Miscellaneous Commissions	1,404	1,395	1,403
	14,210,226	15,532,112	13,704,657
Interdepartmental Accounts			
Interdepartmental Services	520,328	547,547	549,665
Employee Benefits	1,788,034	1,974,179	2,135,255
Other Interdepartmental Accounts	26,122	159,894	70,646
Salary Increases and Other Benefits	6,941	7,500	115,397
	2,341,425	2,689,120	2,870,963
Judicial Branch			
The Judiciary	518,467	552,326	554,026
	518,467	552,326	554,026
Total General Fund	17,144,191	18,848,125	17,204,752
CASINO CONTROL FUND - DIRECT STATE SERVICES			
Department of Law and Public Safety	37,266	40,599	40,599
Department of the Treasury	28,074	28,686	28,686
Total Casino Control Fund - Direct State Services	65,340	69,285	69,285

REVENUES & EXPENDITURES

SCHEDULE 3 EXPENDITURES BUDGETED (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
CASINO REVENUE FUND			
Department of Health and Senior Services	426,849	358,341	331,583
Department of Human Services	118,636	118,737	118,737
Department of Labor and Workforce Development	2,440	2,440	2,440
Department of Law and Public Safety	93	92	92
Department of Transportation	25,458	25,287	34,352
<i>Total Casino Revenue Fund</i>	<u>573,476</u>	<u>504,897</u>	<u>487,204</u>
GUBERNATORIAL ELECTIONS FUND - GRANTS-IN-AID			
Department of Law and Public Safety	---	8,870	1,025
PROPERTY TAX RELIEF FUND			
Department of Community Affairs	941,195	929,569	921,069
Department of Education	5,285,138	6,104,138	7,976,023
Department of Environmental Protection	10,129	8,500	9,000
Department of the Treasury	983,260	1,927,045	743,908
<i>Total Property Tax Relief Fund</i>	<u>7,219,722</u>	<u>8,969,252</u>	<u>9,650,000</u>
GRAND TOTAL EXPENDITURES BUDGETED	<u>25,002,729</u>	<u>28,400,429</u>	<u>27,412,266</u>

REVENUES & EXPENDITURES

SCHEDULE 4 EXPENDITURES NOT BUDGETED (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
GENERAL FUNDS			
Dedicated Funds			
Chief Executive	1,172	1,100	1,100
Department of Agriculture	8,899	11,004	12,628
Department of Banking and Insurance	2,053	8,396	7,496
Department of Community Affairs	42,205	83,219	87,993
Department of Corrections	24,466	23,299	23,017
Department of Education	21,526	26,607	28,170
Department of Environmental Protection	22,519	53,681	79,118
Department of Health and Senior Services	127,883	120,965	120,545
Department of Human Services	580,511	656,847	684,733
Department of Labor and Workforce Development	148,068	179,758	180,643
Department of Law and Public Safety	180,065	238,295	249,250
Department of Military and Veterans' Affairs	37	2,285	2,285
Department of Personnel	22	6,593	6,693
Department of State	19,481	51,275	52,697
Department of Transportation	257,017	281,864	283,410
Department of the Treasury	844,562	902,959	896,862
Interdepartmental Accounts	---	3,000	---
The Judiciary	42,086	39,761	55,792
<i>Total Dedicated Funds</i>	<u>2,322,572</u>	<u>2,690,908</u>	<u>2,772,432</u>
Federal Funds			
Department of Agriculture	239,014	255,911	280,985
Department of Community Affairs	274,887	279,428	279,657
Department of Corrections	25,583	6,845	10,265
Department of Education	766,519	824,040	846,117
Department of Environmental Protection	63,571	221,510	216,330
Department of Health and Senior Services	1,625,281	1,470,737	1,615,305
Department of Human Services	3,574,700	3,995,534	4,211,126
Department of Labor and Workforce Development	356,433	415,577	412,289
Department of Law and Public Safety	142,766	201,629	156,154
Department of Military and Veterans' Affairs	24,594	31,867	34,339
Department of Personnel	314	---	---
Department of State	27,699	33,352	35,064
Department of Transportation	53,829	44,003	44,003
Department of the Treasury	3,786	5,638	6,070
The Judiciary	70,014	78,558	79,929
<i>Total Federal Funds</i>	<u>7,248,990</u>	<u>7,864,629</u>	<u>8,227,633</u>
Revolving Funds			
Legislature	17	---	---
Department of Community Affairs	9,975	7,603	7,655
Department of Corrections	33,286	29,852	30,035
Department of Education	4,396	4,548	4,548
Department of Environmental Protection	798	135	325
Department of Health and Senior Services	18,305	14,697	16,027
Department of Human Services	7,052	8,035	7,686
Department of Labor and Workforce Development	1,500	---	---
Department of Law and Public Safety	260	853	853
Department of State	1,317	1,293	200
Department of Transportation	632	---	---
Department of the Treasury	182,222	186,575	187,407
<i>Total Revolving Funds</i>	<u>259,760</u>	<u>253,591</u>	<u>254,736</u>
<i>Total Expenditures General Fund</i>	<u>9,831,322</u>	<u>10,809,128</u>	<u>11,254,801</u>
SPECIAL TRANSPORTATION TRUST FUND			
General	1,877,921	2,008,988	2,088,173
GRAND TOTAL EXPENDITURES NOT BUDGETED	<u>11,709,243</u>	<u>12,818,116</u>	<u>13,342,974</u>

REVENUES & EXPENDITURES

SUMMARY REVENUES, EXPENDITURES AND FUND BALANCES GENERAL STATE FUNDS (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Beginning Balances July 1			
<i>Undesignated Fund Balances</i>			
General Fund	372,982	376,502	111,584
Surplus Revenue Fund	--	282,416	288,416
Property Tax Relief Fund	--	175,264	--
Gubernatorial Elections Fund	706	1,310	--
Casino Control Fund	4,330	4,888	--
Casino Revenue Fund	--	22,747	--
Total Undesignated Fund Balances	378,018	863,127	400,000
<i>Designated Fund Balances</i>			
General Fund	863,940	1,105,427	1,105,427
Property Tax Relief Fund	--	5,765	5,765
Casino Control Fund	1,945	947	947
Casino Revenue Fund	--	30,840	30,840
Special Transportation Fund	--	--	--
Total Designated Fund Balances	865,885	1,142,979	1,142,979
Total Beginning Balances	1,243,903	2,006,106	1,542,979
Revenues			
<i>General Fund</i>			
State Revenues (Schedule I)	17,374,991	17,688,357	17,204,752
Other Revenues (Schedule II)	10,003,722	10,809,128	11,254,801
Property Tax Relief Fund (Schedule I)	7,400,733	9,055,000	9,650,000
Gubernatorial Elections Fund (Schedule I)	603	1,500	1,500
Casino Control Fund (Schedule I)	64,646	69,585	69,585
Casino Revenue Fund (Schedule I)	595,991	482,150	487,204
Special Transportation Fund (Schedule II)	2,031,057	2,008,988	2,088,173
Total Revenues	37,471,743	40,114,708	40,756,015
Other Adjustments			
<i>General Fund</i>			
Balances lapsed	--	479,533	--
From (To) Casino Revenue Fund	--	--	--
From (To) Property Tax Relief Fund	--	422,189	--
From (To) Gubernatorial Elections Fund	--	(6,060)	--
From (To) Casino Control Fund	--	5,188	--
Reversal of CBT	33,939	--	--
From (To) Surplus Revenue	(282,416)	(6,000)	--
Budget vs GAAP adjustment	21,197	--	--
Miscellaneous	69,087	--	--
<i>Property Tax Relief Fund</i>			
From (To) General Fund	--	(422,189)	--
Balances lapsed	--	161,177	--
Budget vs GAAP adjustment	(5,747)	--	--
Miscellaneous	5,765	--	--
<i>Gubernatorial Elections Fund</i>			
From (To) General Fund	--	6,060	--
Budget vs GAAP adjustment	1	--	--
<i>Casino Control Fund</i>			
From (To) General Fund	--	(5,188)	--
Budget vs GAAP adjustment	1,252	--	--
Miscellaneous	(998)	--	--
<i>Casino Revenue Fund</i>			
From (To) General Fund	--	--	--
Budget vs GAAP adjustment	232	--	--
Miscellaneous	30,840	--	--
<i>Surplus Revenue Fund</i>			
From (To) General Fund	282,416	6,000	--
<i>Special Transportation Fund</i>			
Budget vs GAAP adjustment	(153,136)	--	--
Total Other Adjustments	2,432	640,710	--
Total Available	38,718,078	42,761,524	42,298,994

REVENUES & EXPENDITURES

SUMMARY REVENUES, EXPENDITURES AND FUND BALANCES GENERAL STATE FUNDS (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Expenditures			
<i>General Fund</i>			
Expenditures Budgeted (Schedule III)	17,144,191	18,848,125	17,204,752
Expenditures Not Budgeted (Schedule IV)	9,831,322	10,809,128	11,254,801
Property Tax Relief Fund (Schedule III)	7,219,722	8,969,252	9,650,000
Gubernatorial Elections Fund (Schedule III)	--	8,870	1,025
Casino Control Fund (Schedule III)	65,340	69,285	69,285
Casino Revenue Fund (Schedule III)	573,476	504,897	487,204
Special Transportation Fund (Schedule IV)	1,877,921	2,008,988	2,088,173
Total Expenditures	36,711,972	41,218,545	40,755,240
Ending Balances June 30			
<i>Undesignated Fund Balances</i>			
General Fund	376,502	111,584	111,584
Surplus Revenue Fund	282,416	288,416	288,416
Property Tax Relief Fund	175,264	--	--
Gubernatorial Elections Fund	1,310	--	475
Casino Control Fund	4,888	--	300
Casino Revenue Fund	22,747	--	--
Total Undesignated Fund Balances	863,127	400,000	400,775
<i>Designated Fund Balances</i>			
General Fund	1,105,427	1,105,427	1,105,427
Property Tax Relief Fund	5,765	5,765	5,765
Casino Control Fund	947	947	947
Casino Revenue Fund	30,840	30,840	30,840
Special Transportation Fund	--	--	--
Total Designated Fund Balances	1,142,979	1,142,979	1,142,979
Total Ending Balances	2,006,106	1,542,979	1,543,754

NOTES

Revenues

FY 2005

(In Millions)

	FY2005 Approp. Act Revenues	FY2005 Adjusted Revenues	Change	
			<u>\$</u>	<u>%</u>
Income	\$ 8,855	\$ 9,055	\$ 200	2.3
Sales	6,600	6,520	(80)	(1.2)
Corporate	2,500	2,162	(338)	(13.5)
Other*	<u>9,646</u>	<u>9,560</u>	<u>(86)</u>	(0.9)
Total	<u>\$ 27,601</u>	<u>\$ 27,297</u>	<u>\$ (304)</u>	(1.1)

* Includes CBT - Energy

Revenues

FY2006

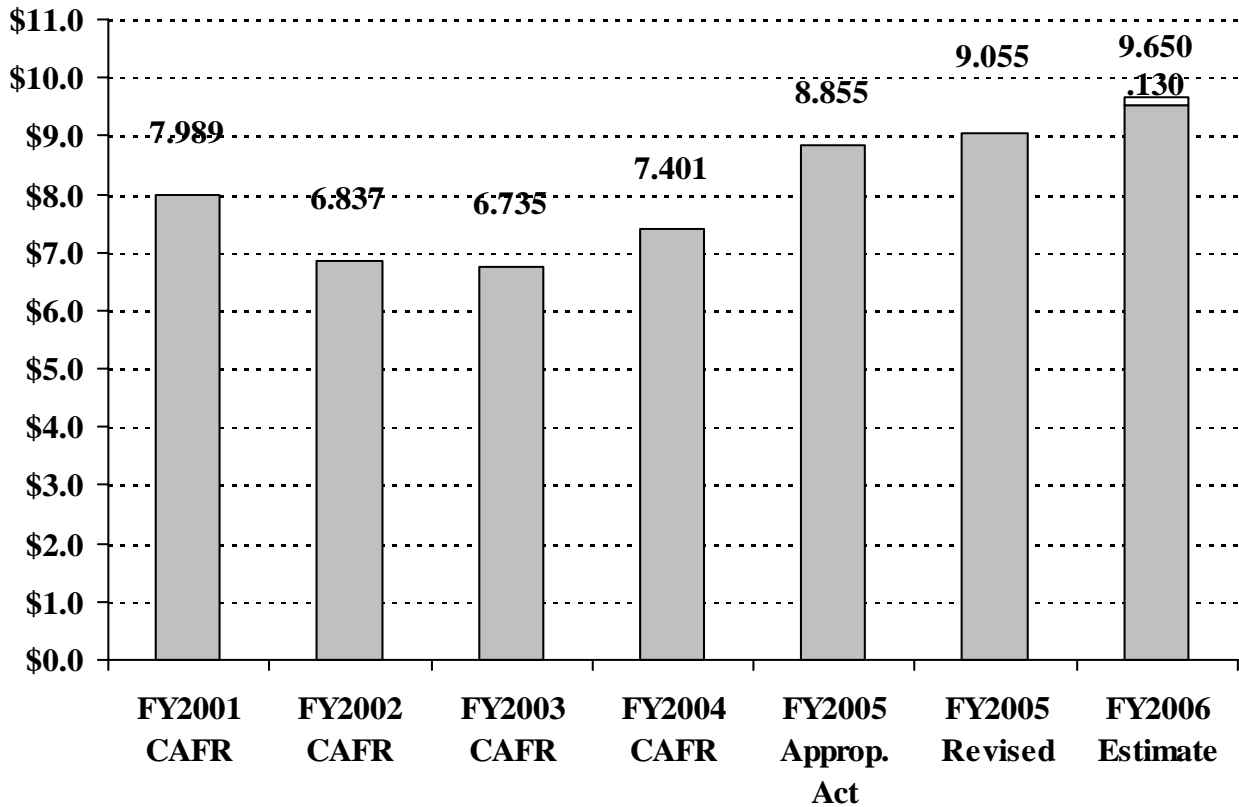
(In Millions)

	FY2005	FY2006	Change	
	Adjusted	Revenues	\$	%
	Revenues	Revenues	\$	%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Income				
Base	\$ 9,055	\$ 9,520	\$ 465	5.1
Initiatives		130	130	
Sales				
Base	6,520	6,850	330	5.1
Initiatives		325	325	
Corporate	2,162	2,126	(36)	(1.7)
Other*				
Base	9,560	7,654	(1,906)	(19.9)
Initiatives		808	808	
Total	<u>\$ 27,297</u>	<u>\$ 27,413</u>	<u>\$ 116</u>	0.4

* Includes CBT - Energy

GROSS INCOME TAX

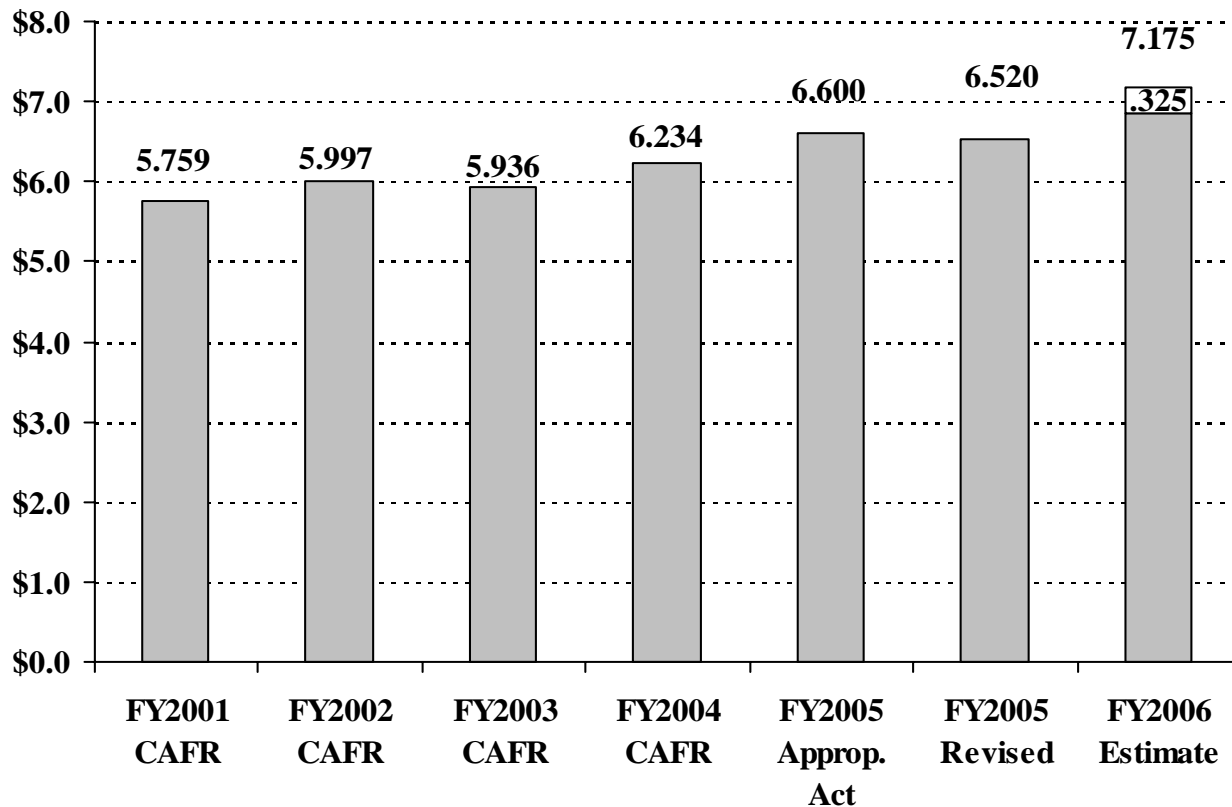
(In Billions)



FY06 includes \$130 million in initiatives.

SALES TAX

(In Billions)

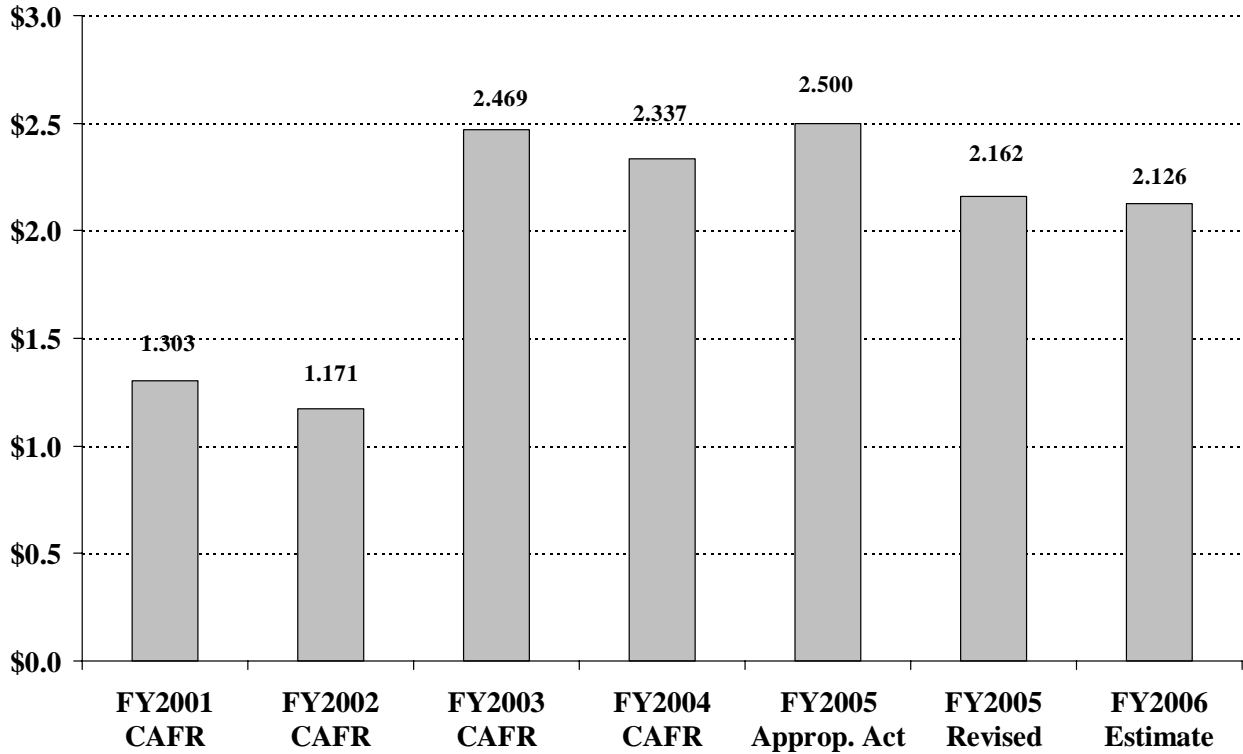


FY06 includes \$325 million in initiatives.

Sales excludes Energy

CORPORATE BUSINESS TAX

(In Billions)



CBT excludes Energy

REVENUES & EXPENDITURES***Nonrecurring Resources Down by 70%***

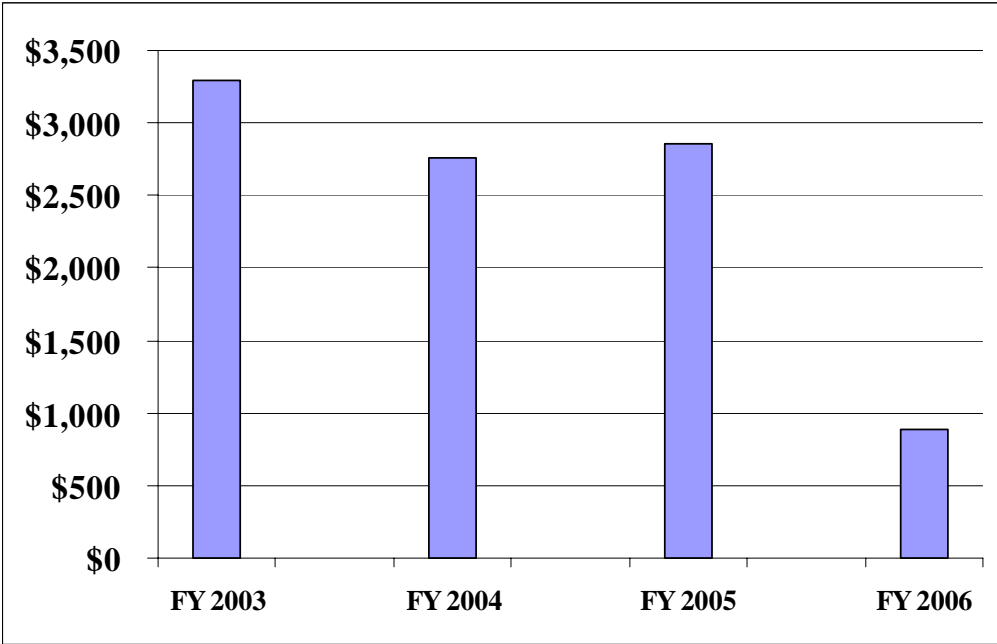
(In Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Tobacco Securitization	\$1,557	\$1,612	\$-	\$-
Cigarette/MV Surcharge Securitizations	-	-	1,930	-
General Fund Surplus	15	-	463	-
Unemployment Insurance Fund	325	325	100	250
Millionaires' Tax - Retroactive Impact	-	-	156	-
Federal Stimulus	106	433	-	-
PAAD Waiver	147	148	-	-
PAAD Rebate Receivable	-	-	-	50
CBT Revenue	651	-	-	-
HMO Tax	-	-	55	-
Car Registration Acceleration	-	-	16	22
Unclaimed Property	100	-	-	-
State Disability Fund	-	30	110	-
Securities Enforcement Collections	-	10	2	-
Real Estate Guarantee	-	1	-	-
NJ Redevelopment Authority	-	9	-	-
Hotel Revenue-State Share	-	25	-	-
Asset Sales	-	-	-	500
Fines Amnesty	-	-	-	15
AIDS Drug Distribution Program Receivable	-	-	-	6
Miscellaneous Revenue-Human Services	-	-	-	4
Economic Development Authority	-	30	2	2
Toll Road Revenue TTF	22	22	-	-
Catastrophic Illness in Children Relief Fund	-	4	-	-
Drug Enforcement Demand Reduction	4	3	1	2
Educational Facilities Authority	-	-	2	-
Federal TANF Balances	70	86	18	18
VOI/TIS Federal Funds	12	13	-	-
Cash Management Fund	20	-	-	12
Free Public Schools	25	-	-	-
Meadowlands Commission	62	-	-	-
Sanitary Landfill Contingency	6	6	-	-
Second Injury Fund	20	-	-	-
Surplus Lines	43	-	-	-
UMDNJ Self Insurance Fund	77	-	-	-
UEZ Balances	37	-	-	-
Tobacco Settlement Fund	-	-	-	10
Mutual Workers' Compensation Fund	-	-	5	-
Total	<u>\$3,299</u>	<u>\$2,757</u>	<u>\$2,860</u>	<u>\$891</u>

Based on planned revenue actions.

Nonrecurring Resources Down by 70%

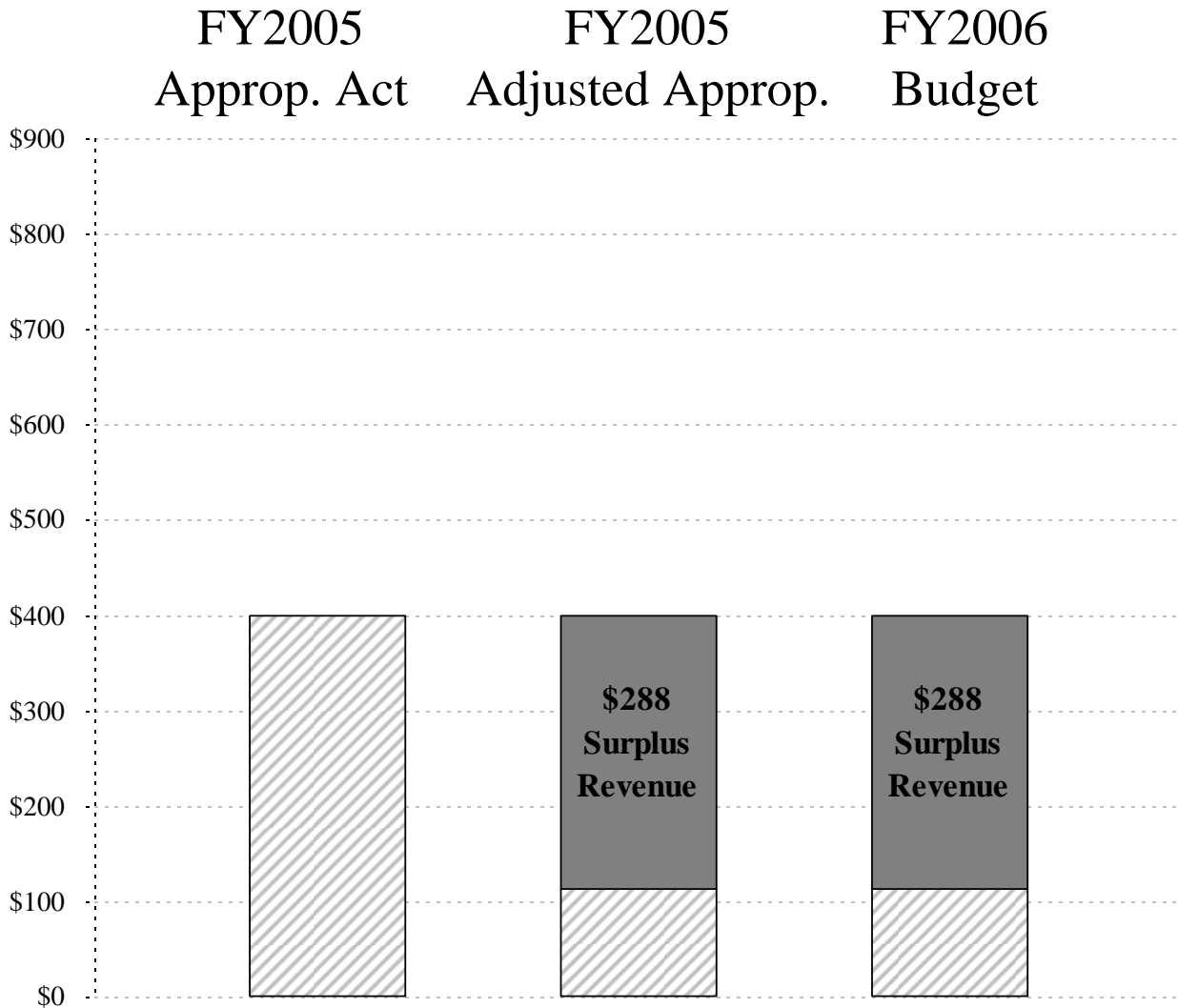
(In Millions)



Based on planned revenue actions.

Surplus

(In Millions)



Appendices



SUMMARY
ESTIMATED REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUES, CAPITAL PROJECTS, PROPRIETARY AND
PRIVATE PURPOSE TRUST FUNDS

APPENDIX 1
(thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004	2005	2006
	Actual	Estimated	Estimated
Fund Balance July 1	6,948,829	4,952,490	4,565,014
Total Revenues	6,073,905	5,975,795	6,421,475
Other Financing Sources			
Proceeds from sale of bonds	215,000	2,302,532	127,200
Transfers from other funds	146,591	429,008	932,052
Other	6,688	88,736	0
Total Other Financing Sources	368,279	2,820,276	1,059,252
Total Available	13,391,013	13,748,561	12,045,741
Total Expenditures	5,151,585	5,343,948	5,052,303
Other Financing Uses			
Transfers to other funds	3,286,938	3,839,599	1,945,432
Total Other Financing Uses	3,286,938	3,839,599	1,945,432
Total Expenditures and Other Financing Uses	8,438,523	9,183,547	6,997,735
Fund Balance June 30	4,952,490	4,565,014	5,048,006

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Alcohol Education, Rehabilitation and Enforcement Fund (P.L. 1983, c.531)			
Fund Balance July 1	4,686	5,396	4,935
Revenues			
Taxes	11,000	11,000	11,000
Licenses and fees	1,994	2,010	2,000
Investment earnings	71	70	65
Total Revenues	13,065	13,080	13,065
Total Available	17,751	18,476	18,000
Expenditures			
Public safety and criminal justice	1,667	1,661	1,661
Physical and mental health	9,031	9,942	10,720
Total Expenditures	10,698	11,603	12,381
Other Financing Uses			
Transfers to other funds	1,657	1,938	2,000
Total Other Financing Uses	1,657	1,938	2,000
Total Expenditures and Other Financing Uses	12,355	13,541	14,381
Fund Balance June 30	5,396	4,935	3,619
Atlantic City Parking Fees Fund (P.L. 1993, c.159)			
Fund Balance July 1	1,409	1,452	1,467
Revenues			
Taxes	34,523	38,000	38,000
Investment earnings	15	15	15
Total Revenues	34,538	38,015	38,015
Total Available	35,947	39,467	39,482
Expenditures			
Economic planning, development and security	34,495	19,000	19,000
Total Expenditures	34,495	19,000	19,000
Other Financing Uses			
Transfers to other funds	--	19,000	19,000
Total Other Financing Uses	--	19,000	19,000
Total Expenditures and Other Financing Uses	34,495	38,000	38,000
Fund Balance June 30	1,452	1,467	1,482
Atlantic City Tourism Promotion Fund (P.L. 1991, c.376)			
Fund Balance July 1	750	753	756
Revenues			
Taxes	11,386	11,000	11,000
Investment earnings	3	3	3
Total Revenues	11,389	11,003	11,003
Total Available	12,139	11,756	11,759
Expenditures			
Economic planning, development and security	11,386	11,000	11,000
Total Expenditures	11,386	11,000	11,000
Fund Balance June 30	753	756	759

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Beaches and Harbors Fund (P.L. 1977, c.208)			
Fund Balance July 1	1,352	1,352	1,352
Revenues			
Investment Earnings	14	15	15
Total Revenues	14	15	15
Total Available	1,366	1,367	1,367
Other Financing Uses			
Transfers to other funds	14	15	15
Total Other Financing Uses	14	15	15
Fund Balance June 30	1,352	1,352	1,352
Boarding House Rental Assistance Fund (P.L. 1981, c.515)			
Fund Balance July 1	378	463	66
Revenues			
Investment earnings	6	3	--
Other	79	--	--
Total Revenues	85	3	--
Total Available	463	466	66
Expenditures			
Community development and environmental management	--	400	50
Total Expenditures	--	400	50
Fund Balance June 30	463	66	16
Body Armor Replacement Fund (P.L. 1997, c. 177)			
Fund Balance July 1	6,330	6,048	6,278
Revenues			
Investment earnings	58	77	79
Other	4,282	4,265	4,287
Total Revenues	4,340	4,342	4,366
Total Available	10,670	10,390	10,644
Expenditures			
Public safety and criminal justice	4,112	3,637	3,655
Government direction, management, and control	435	400	400
Total Expenditures	4,547	4,037	4,055
Other Financing Uses			
Transfers to other funds	75	75	75
Total Other Financing Uses	75	75	75
Total Expenditures and Other Financing Uses	4,622	4,112	4,130
Fund Balance June 30	6,048	6,278	6,514
Capital City Redevelopment Loan and Grant Fund (P.L. 1987, c.58)			
Fund Balance July 1	1,881	1,788	1,446
Revenues			
Investment earnings	10	24	19
Other	8	12	12
Total Revenues	18	36	31
Total Available	1,899	1,824	1,477
Other Financing Uses			
Transfers to other funds	111	378	378
Total Other Financing Uses	111	378	378
Fund Balance June 30	1,788	1,446	1,099

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Casino Simulcasting Fund (P.L. 1992, c.19)			
Fund Balance July 1	142	158	265
Revenues			
Investment earnings	14	7	8
Other	702	700	700
Total Revenues	716	707	708
Total Available	858	865	973
Other Financing Uses			
Transfers to other funds	700	600	800
Total Other Financing Uses	700	600	800
Fund Balance June 30	158	265	173
Casino Simulcasting Special Fund (P.L. 1992, c.19)			
Fund Balance July 1	2,131	4,965	7,525
Revenues			
Investment earnings	42	60	96
Other	6,658	6,500	6,500
Total Revenues	6,700	6,560	6,596
Total Available	8,831	11,525	14,121
Expenditures			
Public safety and criminal justice	3,866	4,000	4,000
Total Expenditures	3,866	4,000	4,000
Fund Balance June 30	4,965	7,525	10,121
Catastrophic Illness in Children Relief Fund (P.L. 1987, c.370)			
Fund Balance July 1	13,395	3,836	2,988
Revenues			
Services and assessments	5,340	5,900	5,900
Investment earnings	89	75	50
Total Revenues	5,429	5,975	5,950
Other Financing Sources			
Transfers from other funds	--	3,000	--
Total Other Financing Sources	--	3,000	--
Total Available	18,824	12,811	8,938
Expenditures			
Physical and mental health	111	98	100
Government direction, management, and control	6,751	8,200	7,380
Total Expenditures	6,862	8,298	7,480
Other Financing Uses			
Transfers to other funds	8,126	1,525	1,455
Total Other Financing Uses	8,126	1,525	1,455
Total Expenditures and Other Financing Uses	14,988	9,823	8,935
Fund Balance June 30	3,836	2,988	3

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Cigarette Tax Securitization Fund (P.L. 2004, c.68)			
Fund Balance July 1	--	--	--
Other Financing Sources			
Proceeds from sale of bonds	--	1,461,030	--
Others --	25,109	--	--
Total Other Financing Sources	--	1,486,139	--
Total Available	--	1,486,139	--
Expenditures			
Government direction, management, and control	--	296,139	--
Total Expenditures	--	296,139	--
Other Financing Uses			
Transfers to other funds	--	1,190,000	--
Total Other Financing Uses	--	1,190,000	--
Total Expenditures and Other Financing Uses	--	1,486,139	--
Fund Balance June 30	--	--	--
Clean Communities Account Fund (P.L. 1985, c.533)			
Fund Balance July 1	11,325	1,596	1,663
Revenues			
Taxes	14,705	14,500	14,500
Investment earnings	48	50	50
Total Revenues	14,753	14,550	14,550
Total Available	26,078	16,146	16,213
Expenditures			
Community development and environmental management	20,757	10,858	10,858
Total Expenditures	20,757	10,858	10,858
Other Financing Uses			
Transfers to other funds	3,725	3,625	3,625
Total Other Financing Uses	3,725	3,625	3,625
Total Expenditures and Other Financing Uses	24,482	14,483	14,483
Fund Balance June 30	1,596	1,663	1,730
Clean Energy Fund (P.L. 1999, c.23)			
Fund Balance July 1	--	--	--
Revenues			
Services and assessments	--	165,498	152,946
Total Revenues	--	165,498	152,946
Total Available	--	165,498	152,946
Expenditures			
Government direction, management, and control	--	165,498	152,946
Total Expenditures	--	165,498	152,946
Fund Balance June 30	--	--	--

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Clean Waters Fund (P.L. 1976, c.92)			
Fund Balance July 1	1,990	1,933	1,833
Revenues			
Investment earnings	22	15	10
Total Revenues	22	15	10
Other Financing Sources			
Proceeds from sale of bonds	--	2,000	--
Total Other Financing Sources	--	2,000	--
Total Available	2,012	3,948	1,843
Expenditures			
Community development and environmental management	57	2,100	100
Total Expenditures	57	2,100	100
Other Financing Uses			
Transfers to other funds	22	15	10
Total Other Financing Uses	22	15	10
Total Expenditures and Other Financing Uses	79	2,115	110
Fund Balance June 30	1,933	1,833	1,733
Cultural Centers and Historic Preservation Fund (P.L. 1987, c.265)			
Fund Balance July 1	(1,505)	(2,471)	2,283
Revenues			
Investment earnings	48	50	30
Total Revenues	48	50	30
Other Financing Sources			
Proceeds from sale of bonds	--	6,000	--
Total Other Financing Sources	--	6,000	--
Total Available	(1,457)	3,579	2,313
Expenditures			
Educational, cultural, and intellectual development	559	--	--
Economic planning, development and security	231	1,021	1,000
Government direction, management, and control	32	--	--
Total Expenditures	822	1,021	1,000
Other Financing Uses			
Transfers to other funds	192	275	255
Total Other Financing Uses	192	275	255
Total Expenditures and Other Financing Uses	1,014	1,296	1,255
Fund Balance June 30	(2,471)	2,283	1,058
2003 Dam, Lake, and Stream Project Revolving Loan Fund (P.L. 2003, c.162)			
Fund Balance July 1	--	--	--
Revenues			
Investment earnings	--	--	300
Total Revenues	--	--	300
Other Financing Sources			
Proceeds from sale of bonds	--	--	75,000
Total Other Financing Sources	--	--	75,000
Total Available	--	--	75,300
Fund Balance June 30	--	--	75,300

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
2003 Dam, Lake, Stream, and Flood Control Project Fund (P.L. 2003, c.162)			
Fund Balance July 1	--	--	--
Revenues			
Investment earnings	--	--	150
Total Revenues	--	--	150
Other Financing Sources			
Proceeds from sale of bonds	--	--	30,000
Total Other Financing Sources	--	--	30,000
Total Available	--	--	30,150
Other Financing Uses			
Transfers to other funds	--	--	150
Total Other Financing Uses	--	--	150
Fund Balance June 30	--	--	30,000
1992 Dam Restoration and Clean Water Fund (P.L. 1992, c. 88)			
Fund Balance July 1	15,582	15,901	15,627
Revenues			
Investment earnings	75	224	224
Other	245	502	482
Total Revenues	320	726	706
Total Available	15,902	16,627	16,333
Expenditures			
Community development and environmental management	1	1,000	1,000
Total Expenditures	1	1,000	1,000
Fund Balance June 30	15,901	15,627	15,333
1989 Development Potential Bank Transfer Fund (P.L. 1989, c. 183)			
Fund Balance July 1	3,356	6,443	4,323
Revenues			
Investment earnings	44	80	48
Total Revenues	44	80	48
Other Financing Sources			
Proceeds from sale of bonds	3,000	--	--
Other	117	--	--
Total Other Financing Sources	3,117	--	--
Total Available	6,517	6,523	4,371
Expenditures			
Community development and environmental management	--	2,000	2,000
Total Expenditures	--	2,000	2,000
Other Financing Uses			
Transfers to other funds	74	200	200
Total Other Financing Uses	74	200	200
Total Expenditures and Other Financing Uses	74	2,200	2,200
Fund Balance June 30	6,443	4,323	2,171

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Developmental Disabilities Waiting List Reduction Fund (P.L. 1994, c. 108)			
Fund Balance July 1	18,381	28,252	14,424
Revenues			
Investment earnings	354	384	166
Total Revenues	354	384	166
Other Financing Sources			
Proceeds from sale of bonds	14,000	--	1,000
Other	428	--	--
Total Other Financing Sources	14,428	--	1,000
Total Available	33,163	28,636	15,590
Expenditures			
Public safety and criminal justice	217	--	--
Educational, cultural and intellectual management	3,819	13,400	15,000
Government direction, management and control	521	428	--
Total Expenditures	4,557	13,828	15,000
Other Financing Uses			
Transfers to other funds	354	384	166
Total Other Financing Uses	354	384	166
Total Expenditures and Other Financing Uses	4,911	14,212	15,166
Fund Balance June 30	28,252	14,424	424
Division of Motor Vehicles Surcharge Fund (P.L.1994, c. 57)			
Fund Balance July 1	6,852	101	100
Revenues			
Services and assessments	136,529	130,000	130,000
Investment earnings	104	118	103
Total Revenues	136,633	130,118	130,103
Total Available	143,485	130,219	130,203
Expenditures			
Public safety and criminal justice	6,202	3,000	3,000
Government direction, management and control	137,182	127,119	127,103
Total Expenditures	143,384	130,119	130,103
Fund Balance June 30	101	100	100

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Dredging and Containment Facility Fund (P.L. 1996, c.70)			
Fund Balance July 1	10,094	48,958	40,027
Revenues			
Investment earnings	317	666	498
Total Revenues	317	666	498
Other Financing Sources			
Proceeds from sale of bonds	38,000	--	--
Others 1,478	--	--	--
Total Other Financing Sources	39,478	--	--
Total Available	49,889	49,624	40,525
Expenditures			
Community development and environmental management	314	1,000	1,000
Transportation programs	348	6,556	9,179
Government direction, management, and control	--	1,478	--
Total Expenditures	662	9,034	10,179
Other Financing Uses			
Transfers to other funds	269	563	563
Total Other Financing Uses	269	563	563
Total Expenditures and Other Financing Uses	931	9,597	10,742
Fund Balance June 30	48,958	40,027	29,783
Drinking Water State Revolving Fund (P.L. 1998, c.84)			
Fund Balance July 1	97,822	123,534	146,461
Revenues			
Federal and other grants	23,107	19,116	19,116
Investment earnings	561	681	575
Total Revenues	23,668	19,797	19,691
Other Financing Sources			
Transfers from other funds	6,081	6,308	5,000
Total Other Financing Sources	6,081	6,308	5,000
Total Available	127,571	149,639	171,152
Other Financing Uses			
Transfers to other funds	4,037	3,178	2,852
Total Other Financing Uses	4,037	3,178	2,852
Fund Balance June 30	123,534	146,461	168,300
1996 Economic Development Site Fund (P.L. 1996, c.70)			
Fund Balance July 1	5,984	6,959	5,454
Revenues			
Investment earnings	16	34	13
Total Revenues	16	34	13
Other Financing Sources			
Proceeds from sale of bonds	1,000	2,000	1,000
Other	39	--	--
Total Other Financing Sources	1,039	2,000	1,000
Total Available	7,039	8,993	6,467
Expenditures			
Economic planning, development, and security	--	3,500	1,000
Government direction, management, and control	80	39	--
Total Expenditures	80	3,539	1,000
Fund Balance June 30	6,959	5,454	5,467

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Emergency Flood Control Fund (P.L. 1978, c.78)			
Fund Balance July 1	353	353	353
Revenues			
Investment earnings	4	5	5
Total Revenues	4	5	5
Total Available	357	358	358
Other Financing Uses			
Transfers to other funds	4	5	5
Total Other Financing Uses	4	5	5
Fund Balance June 30	353	353	353
Emergency Medical Technician Training Fund (P.L. 1992, c.143)			
Fund Balance July 1	8,703	7,574	6,376
Revenues			
Services and assessments	2,179	2,000	2,000
Investment earnings	90	115	94
Total Revenues	2,269	2,115	2,094
Total Available	10,972	9,689	8,470
Expenditures			
Physical and mental health	3,291	3,000	3,000
Total Expenditures	3,291	3,000	3,000
Other Financing Uses			
Transfers to other funds	107	313	294
Total Other Financing Uses	107	313	294
Total Expenditures and Other Financing Uses	3,398	3,313	3,294
Fund Balance June 30	7,574	6,376	5,176
Emergency Services Fund (N.J.S.A. 52:14E-5)			
Fund Balance July 1	11,302	10,473	12,866
Revenues			
Investment earnings	124	173	132
Total Revenues	124	173	132
Other Financing Sources			
Transfers from other funds	--	5,000	--
Total Other Financing Sources	--	5,000	--
Total Available	11,426	15,646	12,998
Expenditures			
Public safety and criminal justice	800	1,850	6,380
Community development and environmental management	153	930	1,700
Total Expenditures	953	2,780	8,080
Other Financing Uses			
Transfers to other funds	--	--	--
Total Other Financing Uses	--	--	--
Total Expenditures and Other Financing Uses	953	2,780	8,080
Fund Balance June 30	10,473	12,866	4,918

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Enterprise Zone Assistance Fund (P.L. 1983, c.30)			
Fund Balance July 1	165,261	195,939	228,334
Revenues			
Taxes	79,921	83,000	87,375
Licenses and fees	160	200	200
Investment earnings	1,953	3,164	3,673
Total Revenues	82,034	86,364	91,248
Total Available	247,295	282,303	319,582
Expenditures			
Community development and environmental management	4,129	4,294	4,552
Economic planning, development, and security	42,074	43,757	46,382
Total Expenditures	46,203	48,051	50,934
Other Financing Uses			
Transfers to other funds	5,153	5,918	6,592
Total Other Financing Uses	5,153	5,918	6,592
Total Expenditures and Other Financing Uses	51,356	53,969	57,526
Fund Balance June 30	195,939	228,334	262,056
1996 Environmental Cleanup Fund (P.L. 1996, c.70)			
Fund Balance July 1	519	5,267	2,943
Revenues			
Investment earnings	16	71	34
Total Revenues	16	71	34
Other Financing Sources			
Proceeds from sale of bonds	5,000	--	--
Other	195	--	--
Total Other Financing Sources	5,195	--	--
Total Available	5,730	5,338	2,977
Expenditures			
Community development and environmental management	447	2,200	2,500
Government direction, management, and control	16	195	--
Total Expenditures	463	2,395	2,500
Fund Balance June 30	5,267	2,943	477
1989 Farmland Preservation Fund (P.L. 1989, c.183)			
Fund Balance July 1	197	185	144
Revenues			
Investment earnings	2	2	2
Total Revenues	2	2	2
Total Available	199	187	146
Expenditures			
Community development and environmental management	14	43	--
Total Expenditures	14	43	--
Fund Balance June 30	185	144	146

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
1992 Farmland Preservation Fund (P.L. 1992, c.88)			
Fund Balance July 1	3,219	2,182	695
Revenues			
Investment earnings	70	21	7
Total Revenues	70	21	7
Total Available	3,289	2,203	702
Expenditures			
Community development and environmental management	607	1,443	519
Total Expenditures	607	1,443	519
Other Financing Uses			
Transfers to other funds	500	65	--
Total Other Financing Uses	500	65	--
Total Expenditures and Other Financing Uses	1,107	1,508	519
Fund Balance June 30	2,182	695	183
1995 Farmland Preservation Bond Fund (P.L. 1995, c.204)			
Fund Balance July 1	9,587	9,396	3,913
Revenues			
Investment earnings	377	100	38
Total Revenues	377	100	38
Total Available	9,964	9,496	3,951
Expenditures			
Community development and environmental management	568	4,998	2,003
Total Expenditures	568	4,998	2,003
Other Financing Uses			
Transfers to other funds	--	585	700
Total Other Financing Uses	--	585	700
Total Expenditures and Other Financing Uses	568	5,583	2,703
Fund Balance June 30	9,396	3,913	1,248
Fund For Support of Free Public Schools (N.J.S.A. 18A:56-1)			
Fund Balance July 1	96,028	101,537	105,460
Revenues			
Licenses and fees	7,851	9,240	10,164
Investment earnings	941	1,370	1,370
Total Revenues	8,792	10,610	11,534
Total Available	104,820	112,147	116,994
Other Financing Uses			
Transfers to other funds	3,283	6,687	7,807
Total Other Financing Uses	3,283	6,687	7,807
Fund Balance June 30	101,537	105,460	109,187

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS

APPENDIX 1A
(thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Garden State Farmland Preservation Trust Fund (P.L. 1999, c.152)			
Fund Balance July 1	238,753	208,766	153,176
Revenues			
Investment earnings	2,420	2,694	3,619
Other	3,110	--	--
Total Revenues	5,530	2,694	3,619
Other Financing Sources			
Transfers from other funds	27,692	28,494	262,640
Total Other Financing Sources	27,692	28,494	262,640
Total Available	271,975	239,954	419,435
Expenditures			
Community development and environmental management	61,559	85,016	84,700
Total Expenditures	61,559	85,016	84,700
Other Financing Uses			
Transfers to other funds	1,650	1,762	1,762
Total Other Financing Uses	1,650	1,762	1,762
Total Expenditures and Other Financing Uses	63,209	86,778	86,462
Fund Balance June 30	208,766	153,176	332,973
Garden State Green Acres Preservation Trust Fund (P.L. 1999, c.152)			
Fund Balance July 1	307,334	246,691	214,866
Revenues			
Federal and other grants	450	--	--
Investment earnings	2,798	3,435	6,283
Other	291	--	--
Total Revenues	3,539	3,435	6,283
Other Financing Sources			
Transfers from other funds	41,538	42,740	483,077
Total Other Financing Sources	41,538	42,740	483,077
Total Available	352,411	292,866	704,226
Expenditures			
Community development and environmental management	101,158	73,000	73,000
Total Expenditures	101,158	73,000	73,000
Other Financing Uses			
Transfers to other funds	4,562	5,000	5,000
Total Other Financing Uses	4,562	5,000	5,000
Total Expenditures and Other Financing Uses	105,720	78,000	78,000
Fund Balance June 30	246,691	214,866	626,226

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Garden State Historic Preservation Trust Fund (P.L. 1999, c.152)			
Fund Balance July 1	16,903	20,473	21,377
Revenues			
Investment earnings	184	312	325
Total Revenues	184	312	325
Other Financing Sources			
Transfers from other funds	6,055	6,055	6,055
Total Other Financing Sources	6,055	6,055	6,055
Total Available	23,142	26,840	27,757
Expenditures			
Economic planning, development and security	2,357	4,846	5,020
Total Expenditures	2,357	4,846	5,020
Other Financing Uses			
Transfers to other funds	312	617	617
Total Other Financing Uses	312	617	617
Total Expenditures and Other Financing Uses	2,669	5,463	5,637
Fund Balance June 30	20,473	21,377	22,120
Green Trust Fund (P.L. 1983, c.354)			
Fund Balance July 1	90,740	85,960	84,360
Revenues			
Investment earnings	77	100	100
Other	1,261	1,300	1,300
Total Revenues	1,338	1,400	1,400
Total Available	92,078	87,360	85,760
Expenditures			
Community development and environmental management	6,118	3,000	3,000
Total Expenditures	6,118	3,000	3,000
Fund Balance June 30	85,960	84,360	82,760
Hazardous Discharge Fund of 1981 (P.L. 1981, c. 275)			
Fund Balance July 1	181	181	181
Revenues			
Investment earnings	2	3	3
Total Revenues	2	3	3
Total Available	183	184	184
Other Financing Uses			
Transfers to other funds	2	3	3
Total Other Financing Uses	2	3	3
Total Expenditures and Other Financing Uses	2	3	3
Fund Balance June 30	181	181	181

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Hazardous Discharge Fund of 1986 (P.L. 1986, c.113)			
Fund Balance July 1	9,989	13,379	15,612
Revenues			
Investment earnings	167	233	250
Total Revenues	167	233	250
Other Financing Sources			
Proceeds from sale of bonds	40,000	--	--
Transfers from other funds	13,113	13,000	13,000
Other	3	--	--
Total Other Financing Sources	53,116	13,000	13,000
Total Available	63,272	26,612	28,862
Expenditures			
Community development and environmental management	13,335	11,000	11,000
Government direction, management, and control	36,558	--	--
Total Expenditures	49,893	11,000	11,000
Fund Balance June 30	13,379	15,612	17,862
Hazardous Discharge Site Cleanup Fund (P.L. 1985, c.247)			
Fund Balance July 1	64,488	78,430	76,125
Revenues			
Services and assessments	29,294	18,895	14,500
Investment earnings	812	1,300	1,300
Total Revenues	30,106	20,195	15,800
Other Financing Sources			
Transfers from other funds	3,487	4,000	4,500
Total Other Financing Sources	3,487	4,000	4,500
Total Available	98,081	102,625	96,425
Expenditures			
Community development and environmental management	4,807	7,500	16,000
Total Expenditures	4,807	7,500	16,000
Other Financing Uses			
Transfers to other funds	14,844	19,000	19,000
Total Other Financing Uses	14,844	19,000	19,000
Total Expenditures and Other Financing Uses	19,651	26,500	35,000
Fund Balance June 30	78,430	76,125	61,425

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Health Care Subsidy Fund (P.L. 1992, c. 160)			
Fund Balance July 1	7,023	342	2,055
Revenues			
Taxes	485,380	262,000	412,000
Services and assessments	39,900	120,000	120,000
Investment earnings	599	500	500
Total Revenues	525,879	382,500	532,500
Other Financing Sources			
Transfers from other funds	25,200	286,169	125,435
Total Other Financing Sources	25,200	286,169	125,435
Total Available	558,102	669,011	659,990
Expenditures			
Physical and mental health	20,777	44,237	32,599
Total Expenditures	20,777	44,237	32,599
Other Financing Uses			
Transfers to other funds	536,983	622,719	627,387 *
Total Other Financing Uses	536,983	622,719	627,387
Total Expenditures and Other Financing Uses	557,760	666,956	659,986
Fund Balance June 30	342	2,055	4
<i>*Note: Of the amount hereinabove for Fiscal Year 2006 \$489,821,000 will be used to support Charity Care. An additional \$42,609,000 for Charity Care is provided through a federal appropriation.</i>			
Higher Education Facility Renovation and Rehabilitation Fund (P.L. 1990, c. 126)			
Fund Balance July 1	1,278	1,058	338
Revenues			
Investment earnings	2	10	5
Total Revenues	2	10	5
Total Available	1,280	1,068	343
Expenditures			
Educational, cultural and intellectual development	222	730	324
Total Expenditures	222	730	324
Fund Balance June 30	1,058	338	19
1992 Historic Preservation Fund (P.L. 1992, c.88)			
Fund Balance July 1	216	61	789
Revenues			
Investment earnings	49	10	10
Total Revenues	49	10	10
Other Financing Sources			
Proceeds from sale of bonds	--	1,000	1,000
Total Other Financing Sources	--	1,000	1,000
Total Available	265	1,071	1,799
Expenditures			
Economic planning, development and security	204	282	565
Total Expenditures	204	282	565
Fund Balance June 30	61	789	1,234

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
1995 Historic Preservation Fund (P.L. 1995, c.204)			
Fund Balance July 1	782	1,137	1,200
Revenues			
Investment earnings	12	9	5
Total Revenues	12	9	5
Other Financing Sources			
Proceeds from sale of bonds	1,000	1,000	1,000
Other	39	--	--
Total Other Financing Sources	1,039	1,000	1,000
Total Available	1,833	2,146	2,205
Expenditures			
Economic planning, development and security	696	907	655
Government direction, management, and control	--	39	--
Total Expenditures	696	946	655
Fund Balance June 30	1,137	1,200	1,550
Historic Preservation Revolving Loan Fund (P.L. 1991, c.41)			
Fund Balance July 1	3,856	3,905	3,970
Revenues			
Investment earnings	38	53	53
Other	11	12	7
Total Revenues	49	65	60
Total Available	3,905	3,970	4,030
Fund Balance June 30	3,905	3,970	4,030
Horse Racing Injury Compensation Fund (P.L. 1995, c.329)			
Fund Balance July 1	4,319	4,871	5,416
Revenues			
Services and assessments	970	950	950
Investment earnings	50	70	76
Total Revenues	1,020	1,020	1,026
Total Available	5,339	5,891	6,442
Expenditures			
Public safety and criminal justice	468	475	475
Total Expenditures	468	475	475
Fund Balance June 30	4,871	5,416	5,967
Housing Assistance Fund (P.L. 1968, c.127)			
Fund Balance July 1	6,614	6,700	6,788
Revenues			
Investment earnings	45	47	35
Other	41	41	41
Total Revenues	86	88	76
Total Available	6,700	6,788	6,864
Expenditures			
Community development and environmental management	--	--	4,000
Total Expenditures	--	--	4,000
Fund Balance June 30	6,700	6,788	2,864

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Jobs, Education and Competitiveness Fund (P.L. 1988, c.78)			
Fund Balance July 1	7,749	6,351	2,559
Revenues			
Investment earnings	90	94	27
Other	49	--	--
Total Revenues	139	94	27
Total Available	7,888	6,445	2,586
Expenditures			
Educational, cultural and intellectual development	1,174	3,792	1,830
Government direction, management, and control	224	--	--
Total Expenditures	1,398	3,792	1,830
Other Financing Uses			
Transfers to other funds	139	94	27
Total Other Financing Uses	139	94	27
Total Expenditures and Other Financing Uses	1,537	3,886	1,857
Fund Balance June 30	6,351	2,559	729
Jobs, Science and Technology Fund (P.L. 1984, c.99)			
Fund Balance July 1	29	27	21
Total Available	29	27	21
Expenditures			
Educational, cultural and intellectual development	2	6	6
Total Expenditures	2	6	6
Fund Balance June 30	27	21	15
Korean Veterans' Memorial Fund (P.L. 1996, c.72)			
Fund Balance July 1	(1,025)	(1,021)	(1,020)
Revenues			
Federal and other grants	1	1	1
Contributions	3	--	--
Total Revenues	4	1	1
Total Available	(1,021)	(1,020)	(1,019)
Fund Balance June 30	(1,021)	(1,020)	(1,019)
1996 Lake Restoration Fund (P.L. 1996, c.70)			
Fund Balance July 1	2,434	2,525	2,486
Revenues			
Investment earnings	15	37	36
Other	87	24	24
Total Revenues	102	61	60
Total Available	2,536	2,586	2,546
Expenditures			
Community development and environmental management	11	100	100
Total Expenditures	11	100	100
Fund Balance June 30	2,525	2,486	2,446

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Lead Hazard Control Assistance Fund (P.L. 2003, c.311)			
Fund Balance July 1	--	2,000	7,251
Revenues			
Investment earnings	--	18	35
Other	--	583	2,800
Total Revenues	--	601	2,835
Other Financing Sources			
Transfers from other funds	2,000	10,000	10,000
Total Other Financing Sources	2,000	10,000	10,000
Total Available	2,000	12,601	20,086
Expenditures			
Community development and environmental management	--	2,350	2,700
Total Expenditures	--	2,350	2,700
Other Financing Uses			
Transfers to other funds	--	3,000	--
Total Other Financing Uses	--	3,000	--
Total Expenditures and Other Financing Uses	--	5,350	2,700
Fund Balance June 30	2,000	7,251	17,386
Legal Services Fund (P.L. 1996, c.52)			
Fund Balance July 1	--	--	--
Revenues			
Licenses and fees	10,409	10,410	10,410
Total Revenues	10,409	10,410	10,410
Total Available	10,409	10,410	10,410
Other Financing Uses			
Transfers to other funds	10,409	10,410	10,410
Total Other Financing Uses	10,409	10,410	10,410
Fund Balance June 30	--	--	--
Luxury Tax Fund (N.J.S. A. 40:48-8.30a(B), (P.L. 1991, c375)			
Fund Balance July 1	1,871	1,872	1,873
Revenues			
Taxes	23,775	23,800	24,000
Investment earnings	1	1	1
Total Revenues	23,776	23,801	24,001
Total Available	25,647	25,673	25,874
Expenditures			
Government direction, management, and control	23,775	23,800	24,000
Total Expenditures	23,775	23,800	24,000
Fund Balance June 30	1,872	1,873	1,874

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Medical Malpractice Liability Insurance Premium Assistance Fund (P.L. 2004, c.17)			
Fund Balance July 1	--	--	--
Revenues			
Licenses and fees	--	4,000	4,000
Services and assessments	--	16,500	17,500
Investment earnings	--	91	100
Total Revenues	--	20,591	21,600
Total Available	--	20,591	21,600
Expenditures			
Government direction, management, and control	--	20,591	21,600
Total Expenditures	--	20,591	21,600
Fund Balance June 30	--	--	--
Mortgage Assistance Fund (P.L. 1976, c.94)			
Fund Balance July 1	13,826	13,826	13,826
Revenues			
Investment earnings	21	46	35
Other	675	676	676
Total Revenues	696	722	711
Total Available	14,522	14,548	14,537
Expenditures			
Community development and environmental management	--	--	2,400
Total Expenditures	--	--	2,400
Other Financing Uses			
Transfers to other funds	696	722	711
Total Other Financing Uses	696	722	711
Total Expenditures and Other Financing Uses	696	722	3,111
Fund Balance June 30	13,826	13,826	11,426
Motor Vehicle Surcharge Securitization Fund (P.L. 2004, c.70)			
Fund Balance July 1	--	--	--
Other Financing Sources			
Proceeds from sale of bonds	--	807,502	--
Other	--	32,105	--
Total Other Financing Sources	--	839,607	--
Total Available	--	839,607	--
Expenditures			
Government direction, management, and control	--	99,607	--
Total Expenditures	--	99,607	--
Other Financing Uses			
Transfers to other funds	--	740,000	--
Total Other Financing Uses	--	740,000	--
Total Expenditures and Other Financing Uses	--	839,607	--
Fund Balance June 30	--	--	--

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Municipal Landfill Closure and Remediation Fund (P.L. 1996, c.124)			
Fund Balance July 1	13	40	48
Revenues			
Other	113	152	160
Total Revenues	113	152	160
Total Available	126	192	208
Expenditures			
Community development and environmental management	86	144	156
Total Expenditures	86	144	156
Fund Balance June 30	40	48	52
Mutual Workers' Compensation Security Fund (N.J.S.A. 34:15-112)			
Fund Balance July 1	10,365	10,001	--
Revenues			
Services and assessments	289	--	--
Investment earnings	112	79	--
Other	--	75	--
Total Revenues	401	154	--
Total Available	10,766	10,155	--
Expenditures			
Economic planning, development and security	765	1,531	--
Total Expenditures	765	1,531	--
Other Financing Uses			
Transfers to other funds	--	8,624	--
Total Other Financing Uses	--	8,624	--
Total Expenditures and Other Financing Uses	765	10,155	--
Fund Balance June 30	10,001	--	--
Natural Resources Fund (P.L. 1980, c.70)			
Fund Balance July 1	2,277	4,618	2,626
Revenues			
Investment earnings	20	40	22
Other	12	6	6
Total Revenues	32	46	28
Other Financing Sources			
Proceeds from sale of bonds	7,500	--	4,600
Other	292	--	--
Total Other Financing Sources	7,792	--	4,600
Total Available	10,101	4,664	7,254
Expenditures			
Community development and environmental management	4,479	1,700	1,700
Government direction, management, and control	972	292	--
Total Expenditures	5,451	1,992	1,700
Other Financing Uses			
Transfers to other funds	32	46	28
Total Other Financing Uses	32	46	28
Total Expenditures and Other Financing Uses	5,483	2,038	1,728
Fund Balance June 30	4,618	2,626	5,526

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
New Home Warranty Security Fund (N.J.S.A. 46:3B-7)			
Fund Balance July 1	31,789	34,790	36,749
Revenues			
Licenses and fees	909	800	800
Services and assessments	6,235	6,000	6,000
Investment earnings	392	575	575
Other	209	200	200
Total Revenues	7,745	7,575	7,575
Total Available	39,534	42,365	44,324
Expenditures			
Community development and environmental management	928	1,300	1,300
Total Expenditures	928	1,300	1,300
Other Financing Uses			
Transfers to other funds	3,816	4,316	4,816
Total Other Financing Uses	3,816	4,316	4,816
Total Expenditures and Other Financing Uses	4,744	5,616	6,116
Fund Balance June 30	34,790	36,749	38,208
1995 New Jersey Coastal Blue Acres Fund (P.L. 1995, c.204)			
Fund Balance July 1	1,161	3,371	2,933
Revenues			
Investment earnings	10	30	23
Other	32	32	32
Total Revenues	42	62	55
Other Financing Sources			
Proceeds from sale of bonds	2,500	--	--
Other	97	--	--
Total Other Financing Sources	2,597	--	--
Total Available	3,800	3,433	2,988
Expenditures			
Community development and environmental management	429	500	500
Total Expenditures	429	500	500
Fund Balance June 30	3,371	2,933	2,488
New Jersey Cultural Trust (P.L. 2000, c.76)			
Fund Balance July 1	20,288	20,685	21,237
Revenues			
Investment earnings	232	312	319
Total Revenues	232	312	319
Other Financing Sources			
Transfers from other funds	500	720	720
Total Other Financing Sources	500	720	720
Total Available	21,020	21,717	22,276
Expenditures			
Government direction, management, and control	335	480	600
Total Expenditures	335	480	600
Fund Balance June 30	20,685	21,237	21,676

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS

APPENDIX 1A
(thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
1983 New Jersey Green Acres Fund (P.L. 1983, c.354)			
Fund Balance July 1	19,750	19,690	19,630
Revenues			
Investment earnings	221	250	250
Total Revenues	221	250	250
Total Available	19,971	19,940	19,880
Expenditures			
Community development and environmental management	60	60	60
Total Expenditures	60	60	60
Other Financing Uses			
Transfers to other funds	221	250	250
Total Other Financing Uses	221	250	250
Total Expenditures and Other Financing Uses	281	310	310
Fund Balance June 30	19,690	19,630	19,570
1989 New Jersey Green Acres Fund (P.L. 1989, c.183)			
Fund Balance July 1	5,527	5,317	4,994
Revenues			
Investment earnings	56	77	80
Total Revenues	56	77	80
Total Available	5,583	5,394	5,074
Expenditures			
Community development and environmental management	266	400	400
Total Expenditures	266	400	400
Fund Balance June 30	5,317	4,994	4,674
1992 New Jersey Green Acres Fund (P.L. 1992, c. 88)			
Fund Balance July 1	1,645	1,762	1,387
Revenues			
Investment earnings	58	25	20
Other	83	--	--
Total Revenues	141	25	20
Total Available	1,786	1,787	1,407
Expenditures			
Community development and environmental management	24	400	400
Total Expenditures	24	400	400
Fund Balance June 30	1,762	1,387	1,007

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
1995 New Jersey Green Acres Fund (P.L. 1995, c. 204)			
Fund Balance July 1	678	6,570	3,209
Revenues			
Investment earnings	23	30	20
Other	4	--	--
Total Revenues	27	30	20
Other Financing Sources			
Proceeds from sale of bonds	7,500	--	--
Other	291	--	--
Total Other Financing Sources	7,791	--	--
Total Available	8,496	6,600	3,229
Expenditures			
Community development and environmental management	1,734	3,100	3,100
Government direction, management, and control	192	291	--
Total Expenditures	1,926	3,391	3,100
Fund Balance June 30	6,570	3,209	129
1989 New Jersey Green Trust Fund (P.L. 1989, c.183)			
Fund Balance July 1	96,828	93,794	93,894
Revenues			
Investment earnings	291	400	400
Other	1,690	1,700	1,700
Total Revenues	1,981	2,100	2,100
Total Available	98,809	95,894	95,994
Expenditures			
Community development and environmental management	5,015	2,000	2,000
Total Expenditures	5,015	2,000	2,000
Fund Balance June 30	93,794	93,894	93,994
1992 New Jersey Green Trust Fund (P.L. 1992, c. 88)			
Fund Balance July 1	36,708	56,336	51,770
Revenues			
Investment earnings	133	290	275
Other	778	--	--
Total Revenues	911	290	275
Other Financing Sources			
Proceeds from sale of bonds	22,000	--	--
Other	856	--	--
Total Other Financing Sources	22,856	--	--
Total Available	60,475	56,626	52,045
Expenditures			
Community development and environmental management	4,139	4,000	4,000
Government direction, management, and control	--	856	--
Total Expenditures	4,139	4,856	4,000
Fund Balance June 30	56,336	51,770	48,045

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS

APPENDIX 1A
(thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
1995 New Jersey Green Trust Fund (P.L. 1995, c. 204)			
Fund Balance July 1	53,161	76,908	73,247
Revenues			
Investment earnings	22	350	350
Other	810	--	--
Total Revenues	832	350	350
Other Financing Sources			
Proceeds from sale of bonds	26,000	--	--
Other	1,011	--	--
Total Other Financing Sources	27,011	--	--
Total Available	81,004	77,258	73,597
Expenditures			
Community development and environmental management	3,376	3,000	3,000
Government direction, management, and control	720	1,011	1,000
Total Expenditures	4,096	4,011	4,000
Fund Balance June 30	76,908	73,247	69,597
1995 New Jersey Inland Blue Acres Fund (P.L. 1995, c.204)			
Fund Balance July 1	1,633	1,392	1,161
Revenues			
Investment earnings	16	19	15
Other	6	--	--
Total Revenues	22	19	15
Total Available	1,655	1,411	1,176
Expenditures			
Community development and environmental management	263	250	250
Total Expenditures	263	250	250
Fund Balance June 30	1,392	1,161	926
New Jersey Insolvent Health Maintenance Organization Assistance Fund (P.L. 2000, c. 12)			
Fund Balance July 1	25,445	22,668	24,340
Revenues			
Investment earnings	274	350	195
Total Revenues	274	350	195
Other Financing Sources			
Transfers from other funds	--	1,897	--
Total Other Financing Sources	--	1,897	--
Total Available	25,719	24,915	24,535
Expenditures			
Economic planning, development, and security	2,777	575	22,669
Total Expenditures	2,777	575	22,669
Other Financing Uses			
Transfers to other funds	274	--	--
Total Other Financing Uses	274	--	--
Total Expenditures and Other Financing Uses	3,051	575	22,669
Fund Balance June 30	22,668	24,340	1,866

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
New Jersey Local Development Financing Fund (P.L. 1983, c.190)			
Fund Balance July 1	50,650	49,659	48,089
Revenues			
Licenses and fees	26	20	20
Investment earnings	179	270	275
Other	1,430	1,330	1,400
Total Revenues	1,635	1,620	1,695
Total Available	52,285	51,279	49,784
Expenditures			
Economic planning, development and security	2,626	3,190	2,900
Total Expenditures	2,626	3,190	2,900
Fund Balance June 30	49,659	48,089	46,884
New Jersey Racing Industry Special Fund (P.L. 2001, c.199)			
Fund Balance July 1	103	1,179	1,887
Revenues			
Services and assessments	618	600	600
Investment earnings	1	8	10
Other	7,538	7,100	7,250
Total Revenues	8,157	7,708	7,860
Total Available	8,260	8,887	9,747
Expenditures			
Public safety and criminal justice	7,081	7,000	7,000
Total Expenditures	7,081	7,000	7,000
Fund Balance June 30	1,179	1,887	2,747
New Jersey Spill Compensation Fund (P.L. 1976, c. 141)			
Fund Balance July 1	8,800	11,074	19,100
Revenues			
Taxes	18,289	24,000	24,000
Licenses and fees	3,241	8,800	7,800
Investment earnings	196	348	350
Other	793	--	--
Total Revenues	22,519	33,148	32,150
Total Available	31,319	44,222	51,250
Expenditures			
Community development and environmental management	2,769	5,200	3,200
Total Expenditures	2,769	5,200	3,200
Other Financing Uses			
Transfers to other funds	17,476	19,922	21,576
Total Other Financing Uses	17,476	19,922	21,576
Total Expenditures and Other Financing Uses	20,245	25,122	24,776
Fund Balance June 30	11,074	19,100	26,474

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS

APPENDIX 1A
(thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
New Jersey Spinal Cord Research Fund (P.L. 1999, c. 201)			
Fund Balance July 1	10,272	13,236	11,071
Revenues			
Investment earnings	132	203	148
Other	4,188	3,600	3,600
Total Revenues	4,320	3,803	3,748
Total Available	14,592	17,039	14,819
Expenditures			
Physical and mental health	1,034	5,500	6,500
Total Expenditures	1,034	5,500	6,500
Other Financing Uses			
Transfers to other funds	322	468	505
Total Other Financing Uses	322	468	505
Total Expenditures and Other Financing Uses	1,356	5,968	7,005
Fund Balance June 30	13,236	11,071	7,814
New Jersey Workforce Development Partnership Fund (P.L. 1992, c. 44)			
Fund Balance July 1	67,803	62,567	68,301
Revenues			
Taxes	86,493	90,300	95,500
Investment earnings	770	974	1,100
Total Revenues	87,263	91,274	96,600
Total Available	155,066	153,841	164,901
Expenditures			
Educational, cultural, and intellectual development	363	600	600
Economic planning, development, and security	35,153	42,281	42,281
Total Expenditures	35,516	42,881	42,881
Other Financing Uses			
Transfers to other funds	56,983	42,659	52,659
Total Other Financing Uses	56,983	42,659	52,659
Total Expenditures and Other Financing Uses	92,499	85,540	95,540
Fund Balance June 30	62,567	68,301	69,361
Petroleum Overcharge Reimbursement Fund (P.L. 1987,c.231)			
Fund Balance July 1	14,424	12,734	11,176
Revenues			
Investment earnings	115	142	120
Total Revenues	115	142	120
Total Available	14,539	12,876	11,296
Expenditures			
Community development and environmental management	1,782	1,700	1,370
Economic planning, development, and security	23	--	--
Total Expenditures	1,805	1,700	1,370
Fund Balance June 30	12,734	11,176	9,926

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Pinelands Infrastructure Trust Fund (P.L. 1985, c.302)			
Fund Balance July 1	9,327	9,431	9,566
Revenues			
Investment earnings	47	65	70
Other	159	160	160
Total Revenues	206	225	230
Total Available	9,533	9,656	9,796
Expenditures			
Community development and environmental management	102	90	5
Total Expenditures	102	90	5
Fund Balance June 30	9,431	9,566	9,791
Pollution Prevention Fund (P.L. 1991, c. 235)			
Fund Balance July 1	2,180	1,087	279
Revenues			
Services and assessments	1,487	1,550	1,550
Investment earnings	29	22	10
Total Revenues	1,516	1,572	1,560
Total Available	3,696	2,659	1,839
Other Financing Uses			
Transfers to other funds	2,609	2,380	1,803
Total Other Financing Uses	2,609	2,380	1,803
Fund Balance June 30	1,087	279	36
Real Estate Guaranty Fund (N.J.S.A. 45:15-34)			
Fund Balance July 1	2,200	1,342	1,437
Revenues			
Licenses and fees	155	100	100
Investment earnings	17	20	20
Total Revenues	172	120	120
Total Available	2,372	1,462	1,557
Expenditures			
Economic planning, development, and security	30	25	30
Total Expenditures	30	25	30
Other Financing Uses			
Transfers to other funds	1,000	--	--
Total Other Financing Uses	1,000	--	--
Total Expenditures and Other Financing Uses	1,030	25	30
Fund Balance June 30	1,342	1,437	1,527
Resource Recovery and Solid Waste Disposal Facility Fund (P.L. 1985, c.330)			
Fund Balance July 1	494	563	571
Revenues			
Investment earnings	7	8	9
Other	62	--	--
Total Revenues	69	8	9
Total Available	563	571	580
Fund Balance June 30	563	571	580

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Safe Drinking Water Fund (P.L. 1983, c. 443)			
Fund Balance July 1	2,749	1,845	335
Revenues			
Taxes	3,381	3,000	3,000
Investment earnings	47	27	3
Other	7	--	--
Total Revenues	3,435	3,027	3,003
Total Available	6,184	4,872	3,338
Expenditures			
Community development and environmental management	576	100	100
Total Expenditures	576	100	100
Other Financing Uses			
Transfers to other funds	3,763	4,437	3,139
Total Other Financing Uses	3,763	4,437	3,139
Total Expenditures and Other Financing Uses	4,339	4,537	3,239
Fund Balance June 30	1,845	335	99
Sanitary Landfill Facility Contingency Fund (P.L. 1981, c. 306)			
Fund Balance July 1	10,974	11,413	13,043
Revenues			
Services and assessments	2,317	2,200	2,300
Investment earnings	125	180	190
Total Revenues	2,442	2,380	2,490
Total Available	13,416	13,793	15,533
Expenditures			
Community development and environmental management	171	750	750
Economic planning, development, and security	1,832	--	--
Total Expenditures	2,003	750	750
Fund Balance June 30	11,413	13,043	14,783
Shore Protection Fund (P.L. 1983, c. 356)			
Fund Balance July 1	11,092	11,086	10,786
Revenues			
Investment earnings	114	157	153
Other	77	70	70
Total Revenues	191	227	223
Total Available	11,283	11,313	11,009
Expenditures			
Community development and environmental management	6	300	300
Total Expenditures	6	300	300
Other Financing Uses			
Transfers to other funds	191	227	223
Total Other Financing Uses	191	227	223
Total Expenditures and Other Financing Uses	197	527	523
Fund Balance June 30	11,086	10,786	10,486

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
State Disability Benefit Fund (N.J.S.A. 43:21-46a)			
Fund Balance July 1	217,004	218,182	128,678
Revenue			
Taxes	481,214	488,500	512,300
Services and assessments	31,143	33,200	33,500
Investment earnings	1,085	800	800
Other	52	--	--
Total Revenues	513,494	522,500	546,600
Total Available	730,498	740,682	675,278
Expenditures			
Economic planning, development and security	450,169	469,000	485,000
Total Expenditures	450,169	469,000	485,000
Other Financing Uses			
Transfers to other funds	62,147	143,004	33,035
Total Other Financing Uses	62,147	143,004	33,035
Total Expenditures and Other Financing Uses	512,316	612,004	518,035
Fund Balance June 30	218,182	128,678	157,243
State Land Acquisition and Development Fund (P.L. 1978, c. 118)			
Fund Balance July 1	1,007	417	317
Revenues			
Investment earnings	11	6	5
Total Revenues	11	6	5
Total Available	1,018	423	322
Expenditures			
Community development and environmental management	526	100	100
Government direction, management, and control	64	--	--
Total Expenditures	590	100	100
Other Financing Uses			
Transfers to other funds	11	6	5
Total Other Financing Uses	11	6	5
Total Expenditures and Other Financing Uses	601	106	105
Fund Balance June 30	417	317	217
State Recreation and Conservation Land Acquisition and Development Fund (P.L. 1974, c.102)			
Fund Balance July 1	1,548	899	799
Revenues			
Investment earnings	12	13	11
Total Revenues	12	13	11
Total Available	1,560	912	810
Expenditures			
Community development and environmental management	649	100	100
Total Expenditures	649	100	100
Other Financing Uses			
Transfers to other funds	12	13	11
Total Other Financing Uses	12	13	11
Total Expenditures and Other Financing Uses	661	113	111
Fund Balance June 30	899	799	699

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS

APPENDIX 1A
(thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
State Recycling Fund (P.L. 1981, c. 278)			
Fund Balance July 1	6,681	6,534	5,198
Revenues			
Investment earnings	38	45	45
Other	81	80	80
Total Revenues	119	125	125
Other Financing Sources			
Transfers from other funds	3,725	3,625	3,625
Total Other Financing Sources	3,725	3,625	3,625
Total Available	10,525	10,284	8,948
Expenditures			
Community development and environmental management	3,041	3,625	3,625
Total Expenditures	3,041	3,625	3,625
Other Financing Uses			
Transfers to other funds	950	1,461	--
Total Other Financing Uses	950	1,461	--
Total Expenditures and Other Financing Uses	3,991	5,086	3,625
Fund Balance June 30	6,534	5,198	5,323
Stock Workers' Compensation Security Fund (N.J.S.A. 34:15-105)			
Fund Balance July 1	42,098	24,054	--
Revenues			
Services and assessment	20,827	9,512	--
Investment earnings	356	216	--
Other	--	12,837	--
Total Revenues	21,183	22,565	--
Total Available	63,281	46,619	--
Expenditures			
Economic planning, development, and security	39,227	18,721	--
Total Expenditures	39,227	18,721	--
Other Financing Uses			
Transfers to other funds	--	27,898	--
Total Other Financing Uses	--	27,898	--
Total Expenditures and Other Financing Uses	39,227	46,619	--
Fund Balance June 30	24,054	--	--
Stormwater Management and Combined Sewer Overflow Abatement Fund (P.L. 1989, c. 181)			
Fund Balance July 1	6,523	3,223	11,648
Revenues			
Investment earnings	83	125	150
Total Revenues	83	125	150
Other Financing Sources			
Proceeds from sale of bonds	--	10,000	--
Other	--	--	--
Total Other Financing Sources	--	10,000	--
Total Available	6,606	13,348	11,798
Expenditures			
Community development and environmental management	3,207	1,500	1,500
Government direction, management, control	176	200	200
Total Expenditures	3,383	1,700	1,700
Fund Balance June 30	3,223	11,648	10,098

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Supplemental Workforce Fund for Basic Skills (P.L.2001, c.152)			
Fund Balance July 1	20,254	29,020	9,620
Revenues			
Taxes	24,186	25,300	26,700
Investment earnings	207	300	130
Total Revenues	24,393	25,600	26,830
Total Available	44,647	54,620	36,450
Expenditures			
Public safety and criminal justice	200	--	--
Economic planning, development and security	13,744	43,000	34,450
Total Expenditures	13,944	43,000	34,450
Other Financing Uses			--
Transfers to other funds	1,683	2,000	2,000
Total Other Financing Uses	1,683	2,000	2,000
Total Expenditures and Other Financing Uses	15,627	45,000	36,450
Fund Balance June 30	29,020	9,620	--
Tobacco Settlement Fund			
Fund Balance July 1	1,504,174	16,344	17,961
Revenues			
Investment earnings	305	264	55
Other	122,648	1,361	--
Total Revenues	122,953	1,625	55
Total Available	1,627,127	17,969	18,016
Other Financing Uses			
Transfers to other funds	1,610,783	8	12,416
Total Other Financing Uses	1,610,783	8	12,416
Fund Balance June 30	16,344	17,961	5,600
Unclaimed Child Support Trust Fund (P.L. 1995, c.115)			
Fund Balance July 1	2,139	2,187	2,236
Revenues			
Investment earnings	21	28	30
Other	35	31	31
Total Revenues	56	59	61
Total Available	2,195	2,246	2,297
Expenditures			
Government direction, management, and control	8	10	10
Total Expenditures	8	10	10
Fund Balance June 30	2,187	2,236	2,287

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Unclaimed Utility Deposits Trust Fund (P.L. 2000, c.132)			
Fund Balance July 1	2,969	3,164	3,559
Revenues			
Investment earnings	21	25	23
Other	4,196	3,145	2,530
Total Revenues	4,217	3,170	2,553
Total Available	7,186	6,334	6,112
Expenditures			
Government direction, management, and control	4,001	2,750	2,375
Total Expenditures	4,001	2,750	2,375
Other Financing Uses			
Transfers to other funds	21	25	23
Total Other Financing Uses	21	25	23
Total Expenditures and Other Financing Uses	4,022	2,775	2,398
Fund Balance June 30	3,164	3,559	3,714
Unemployment Compensation Auxiliary Fund (NJSA 43:21-14g)			
Fund Balance July 1	269	932	3
Revenues			
Investment earnings	105	144	120
Other	18,088	16,590	17,520
Total Revenues	18,193	16,734	17,640
Total Available	18,462	17,666	17,643
Other Financing Uses			
Transfers to other funds	17,530	17,663	17,607
Total Other Financing Uses	17,530	17,663	17,607
Fund Balance June 30	932	3	36
Universal Services Fund (P.L. 1999, c.23)			
Fund Balance July 1	--	609	609
Revenues			
Services and assessments	74,434	75,650	75,650
Investment earnings	171	262	270
Total Revenues	74,605	75,912	75,920
Total Available	74,605	76,521	76,529
Other Financing Uses			
Transfers to other funds	73,996	75,912	75,920
Total Other Financing Uses	73,996	75,912	75,920
Fund Balance June 30	609	609	609

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STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
University of Medicine and Dentistry of New Jersey - Self Insurance Reserve Fund			
Fund Balance July 1	3,598	94	169
Revenues			
Services and assessments	6,500	7,000	7,000
Investment earnings	30	75	75
Total Revenues	6,530	7,075	7,075
Other Financing Sources			
Transfers from other funds	17,200	18,000	18,000
Total Other Financing Sources	17,200	18,000	18,000
Total Available	27,328	25,169	25,244
Expenditures			
Economic planning, development, and security	27,234	25,000	25,000
Total Expenditures	27,234	25,000	25,000
Fund Balance June 30	94	169	244
Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund (P.L. 1997, c.125)			
Fund Balance July 1	20,206	20,347	20,496
Revenues			
Investment earnings	122	130	120
Other	19	19	20
Total Revenues	141	149	140
Total Available	20,347	20,496	20,636
Fund Balance June 30	20,347	20,496	20,636
Vietnam Veterans' Memorial Fund (P.L. 1985, c.494)			
Fund Balance July 1	118	15	15
Revenues			
Contributions	15	90	90
Total Revenues	15	90	90
Total Available	133	105	105
Expenditures			
Special government services	118	90	90
Total Expenditures	118	90	90
Fund Balance June 30	15	15	15
Volunteer Emergency Service Organizations Loan Fund (P.L. 1987, c. 8)			
Fund Balance July 1	2,955	3,000	3,048
Revenues			
Investment earnings	12	15	5
Other	33	33	33
Total Revenues	45	48	38
Total Available	3,000	3,048	3,086
Fund Balance June 30	3,000	3,048	3,086

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Wastewater Treatment Fund (P.L. 1985, c. 329)			
Fund Balance July 1	750,325	802,530	795,767
Revenues			
Federal and other grants	60,332	54,124	54,124
Investment earnings	4,318	6,000	6,000
Total Revenues	64,650	60,124	60,124
Total Available	814,975	862,654	855,891
Expenditures			
Community development and environmental management	3,689	58,413	8,000
Total Expenditures	3,689	58,413	8,000
Other Financing Uses			
Transfers to other funds	8,756	8,474	6,792
Total Other Financing Uses	8,756	8,474	6,792
Total Expenditures and Other Financing Uses	12,445	66,887	14,792
Fund Balance June 30	802,530	795,767	841,099
1992 Wastewater Treatment Fund (P.L. 1992, c. 88)			
Fund Balance July 1	23,503	29,617	29,520
Revenues			
Investment earnings	58	136	133
Other	8	--	--
Total Revenues	66	136	133
Other Financing Sources			
Proceeds from sale of bonds	6,000	--	--
Other	233	--	--
Total Other Financing Sources	6,233	--	--
Total Available	29,802	29,753	29,653
Expenditures			
Government direction, management and control	185	233	--
Total Expenditures	185	233	--
Fund Balance June 30	29,617	29,520	29,653
Water Conservation Fund (P.L. 1969, c. 127)			
Fund Balance July 1	1,236	1,185	1,010
Revenues			
Federal and other grants	51	225	225
Investment earnings	10	15	11
Other	14	11	6
Total Revenues	75	251	242
Total Available	1,311	1,436	1,252
Expenditures			
Community development and environmental management	102	400	450
Total Expenditures	102	400	450
Other Financing Uses			
Transfers to other funds	24	26	17
Total Other Financing Uses	24	26	17
Total Expenditures and Other Financing Uses	126	426	467
Fund Balance June 30	1,185	1,010	785

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES SPECIAL REVENUE FUNDS

APPENDIX 1A (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
2003 Water, Resources, and Wastewater Treatment Fund (P.L. 2003, c.162)			
Fund Balance July 1	--	--	10,030
Revenues			
Investment earnings	--	30	135
Total Revenues	--	30	135
Other Financing Sources			
Proceeds from sale of bonds	--	10,000	10,000
Total Other Financing Sources	--	10,000	10,000
Total Available	--	10,030	20,165
Fund Balance June 30	--	10,030	20,165
Water Supply Fund (P.L. 1981, c. 261)			
Fund Balance July 1	172,465	171,888	159,819
Revenues			
Investment earnings	572	713	497
Other	4,415	4,400	4,400
Total Revenues	4,987	5,113	4,897
Total Available	177,452	177,001	164,716
Expenditures			
Community development and environmental management	2,058	13,000	22,000
Total Expenditures	2,058	13,000	22,000
Other Financing Uses			
Transfers to other funds	3,506	4,182	4,206
Total Other Financing Uses	3,506	4,182	4,206
Total Expenditures and Other Financing Uses	5,564	17,182	26,206
Fund Balance June 30	171,888	159,819	138,510
Water Supply Replacement Trust Fund (P.L. 1988, c. 106)			
Fund Balance July 1	70	63	56
Revenues			
Investment earnings	1	1	1
Total Revenues	1	1	1
Total Available	71	64	57
Expenditures			
Community development and environmental management	8	8	--
Total Expenditures	8	8	--
Fund Balance June 30	63	56	57

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
SPECIAL REVENUE FUNDS**

**APPENDIX 1A
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Workers Compensation Security Fund (P.L. 2004, c.179)			
Fund Balance July 1	--	--	29,406
Revenues			
Services and assessments	--	3,988	13,500
Investment earnings	--	175	440
Other	--	--	--
Total Revenues	--	4,163	13,940
Other Financing Sources			
Transfer from other funds	--	31,522	--
Total Other Financing Sources	--	31,522	--
Total Available	--	35,685	43,346
Expenditures			
Economic planning, development and security	--	6,279	15,700
Total Expenditures	--	6,279	15,700
Fund Balance June 30	--	29,406	27,646
Worker and Community Right To Know Fund (P.L. 1983, c. 315)			
Fund Balance July 1	7	505	399
Revenues			
Services and assessments	3,615	3,620	3,620
Investment earnings	24	35	25
Total Revenues	3,639	3,655	3,645
Total Available	3,646	4,160	4,044
Other Financing Uses			
Transfers to other funds	3,141	3,761	3,792
Total Other Financing Uses	3,141	3,761	3,792
Fund Balance June 30	505	399	252

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES CAPITAL PROJECTS FUNDS

APPENDIX 1B (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Correctional Facilities Construction Fund (P.L. 1982, c. 120)			
Fund Balance July 1	597	597	572
Revenues			
Investment earnings	6	9	8
Total Revenues	6	9	8
Total Available	603	606	580
Expenditures			
Public safety and criminal justice	--	25	--
Total Expenditures	--	25	--
Other Financing Uses			
Transfers to other funds	6	9	8
Total Other Financing Uses	6	9	8
Total Expenditures and Other Financing Uses	6	34	8
Fund Balance June 30	597	572	572
Correctional Facilities Construction Fund of 1987 (P.L. 1987, c.178)			
Fund Balance July 1	3,119	1,898	1,128
Revenues			
Investment earnings	30	22	9
Other	11	--	--
Total Revenues	41	22	9
Total Available	3,160	1,920	1,137
Expenditures			
Public safety and criminal justice	884	351	1,000
Total Expenditures	884	351	1,000
Other Financing Uses			
Transfers to other funds	378	441	137
Total Other Financing Uses	378	441	137
Total Expenditures and Other Financing Uses	1,262	792	1,137
Fund Balance June 30	1,898	1,128	--
Energy Conservation Fund (P.L. 1980, c.68)			
Fund Balance July 1	(220)	294	180
Revenues			
Investment earnings	1	4	15
Total Revenues	1	4	15
Other Financing Sources			
Proceeds from sale of bonds	500	--	1,600
Other	14	--	--
Total Other Financing Sources	514	--	1,600
Total Available	295	298	1,795
Expenditures			
Economic planning, development, and security	--	100	1,780
Government direction, management and control	--	14	--
Total Expenditures	--	114	1,780
Other Financing Uses			
Transfers to other funds	1	4	15
Total Other Financing Uses	1	4	15
Total Expenditures and Other Financing Uses	1	118	1,795
Fund Balance June 30	294	180	--

**STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
CAPITAL PROJECTS FUNDS**

**APPENDIX 1B
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Human Services Facilities Construction Fund (P.L. 1984, c. 157)			
Fund Balance July 1	165	212	68
Revenues			
Investment earnings	1	2	--
Other	147	--	--
Total Revenues	148	2	--
Total Available	313	214	68
Expenditures			
Educational, cultural, and intellectual development	99	144	68
Special Government Services	1	--	--
Total Expenditures	100	144	68
Other Financing Uses			
Transfers to other funds	1	2	--
Total Other Financing Uses	1	2	--
Total Expenditures and Other Financing Uses	101	146	68
Fund Balance June 30	212	68	--
Motor Vehicle Commission Fund (P.L. 2003, c.13)			
Fund Balance July 1	158,075	145,438	108,655
Revenues			
Investment earnings	1,573	1,892	1,049
Total Revenues	1,573	1,892	1,049
Total Available	159,648	147,330	109,704
Expenditures			
Public safety and criminal justice	13,773	38,675	77,477
Government direction, management, and control	437	--	--
Total Expenditures	14,210	38,675	77,477
Fund Balance June 30	145,438	108,655	32,227
New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation Fund (P.L. 1989, c. 180)			
Fund Balance July 1	6,617	6,165	5,537
Revenues			
Investment earnings	155	98	85
Total Revenues	155	98	85
Total Available	6,772	6,263	5,622
Expenditures			
Transportation programs	452	628	571
Total Expenditures	452	628	571
Other Financing Uses			
Transfers to other funds	155	98	85
Total Other Financing Uses	155	98	85
Total Expenditures and Other Financing Uses	607	726	656
Fund Balance June 30	6,165	5,537	4,966
New Jersey Bridge Rehabilitation and Improvement Fund (P.L. 1983, c. 363)			
Fund Balance July 1	66	6	6
Total Available	66	6	6
Expenditures			
Government direction, management, and control	60	--	--
Total Expenditures	60	--	--
Fund Balance June 30	6	6	6

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES CAPITAL PROJECTS FUNDS

APPENDIX 1B (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Public Purpose Buildings and Community-Based Facilities Construction Fund (P.L. 1989, c. 184)			
Fund Balance July 1	7,476	4,873	4,820
Revenues			
Investment earnings	135	74	71
Total Revenues	135	74	71
Other Financing Sources			
Proceeds from sale of bonds	--	2,000	2,000
Total Other Financing Sources	--	2,000	2,000
Total Available	7,611	6,947	6,891
Expenditures			
Public safety and criminal justice	2,044	2,053	5,483
Physical and mental health	221	--	--
Educational, cultural and intellectual development	64	--	--
Economic planning, development and security	18	--	--
Government direction, management, and control	256	--	--
Total Expenditures	2,603	2,053	5,483
Other Financing Uses			
Transfers to other funds	135	74	71
Total Other Financing Uses	135	74	71
Total Expenditures and Other Financing Uses	2,738	2,127	5,554
Fund Balance June 30	4,873	4,820	1,337
Public Purpose Buildings Construction Fund (P.L. 1980, c. 119)			
Fund Balance July 1	275	246	121
Revenues			
Investments earnings	2	2	1
Total Revenues	2	2	1
Total Available	277	248	122
Expenditures			
Educational, cultural, and intellectual development	29	125	121
Total Expenditures	29	125	121
Other Financing Uses			
Transfers to other funds	2	2	1
Total Other Financing Uses	2	2	1
Total Expenditures and Other Financing Uses	31	127	122
Fund Balance June 30	246	121	--
State Facilities for Handicapped Fund (P.L. 1973, c. 149)			
Fund Balance July 1	238	241	--
Revenues			
Investment earnings	3	2	--
Total Revenues	3	2	--
Total Available	241	243	--
Expenditures			
Educational, cultural, and intellectual development	--	243	--
Total Expenditures	--	243	--
Fund Balance June 30	241	--	--

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES
CAPITAL PROJECTS FUNDS

APPENDIX 1B
(thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
1999 Statewide Transportation and Local Bridge Fund (P.L. 1999, c. 181)			
Fund Balance July 1	60,587	58,042	28,947
Revenues			
Investment earnings	481	600	250
Total Revenues	481	600	250
Other Financing Sources			
Proceeds from sale of bonds	41,000	--	--
Other	1,595	--	--
Total Other Financing Sources	42,595	--	--
Total Available	103,663	58,642	29,197
Expenditures			
Transportation programs	33,938	26,000	26,000
Government direction, management, and control	8,283	1,595	--
Total Expenditures	42,221	27,595	26,000
Other Financing Uses			
Transfers to other funds	3,400	2,100	--
Total Other Financing Uses	3,400	2,100	--
Total Expenditures and Other Financing Uses	45,621	29,695	26,000
Fund Balance June 30	58,042	28,947	3,197
Transportation Rehabilitation and Improvement Fund (P.L. 1979, c. 165)			
Fund Balance July 1	568	568	568
Revenues			
Investment earnings	3	3	3
Total Revenues	3	3	3
Total Available	571	571	571
Other Financing Uses			
Transfers to other funds	3	3	3
Total Other Financing Uses	3	3	3
Fund Balance June 30	568	568	568

APPENDIX

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES PRIVATE PURPOSE TRUST FUNDS

APPENDIX 1C (thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
Insurance Annuity Trust Fund			
Fund Balance July 1	87	94	101
Revenues			
Investment earnings	1	1	1
Other	6	6	6
Total Revenues	7	7	7
Total Available	94	101	108
Fund Balance June 30	94	101	108
Motor Vehicle Security Responsibility Fund (P.L. 1959, c.146)			
Fund Balance July 1	--	--	--
Revenues			
Investment earnings	2	3	3
Total Revenues	2	3	3
Total Available	2	3	3
Other Financing Uses			
Transfers to other funds	2	3	3
Total Other Financing Uses	2	3	3
Fund Balance June 30	--	--	--
Unclaimed County Deposits Trust Fund (P.L. 1992, c.173)			
Fund Balance July 1	3,417	3,748	3,963
Revenues			
Investment earnings	92	130	130
Other	279	135	135
Total Revenues	371	265	265
Total Available	3,788	4,013	4,228
Expenditures			
Government direction, management, and control	40	50	50
Total Expenditures	40	50	50
Fund Balance June 30	3,748	3,963	4,178
Unclaimed Insurance Payments on Deposit Accounts Fund			
Fund Balance July 1	1,980	1,941	1,841
Revenues			
Investment earnings	22	30	27
Other	2	--	--
Total Revenues	24	30	27
Total Available	2,004	1,971	1,868
Expenditures			
Government direction, management, and control	41	100	100
Total Expenditures	41	100	100
Other Financing Uses			
Transfers to other funds	22	30	27
Total Other Financing Uses	22	30	27
Total Expenditures and Other Financing Uses	63	130	127
Fund Balance June 30	1,941	1,841	1,741

STATEMENT OF REVENUES, EXPENDITURES AND FUND BALANCES

PROPRIETARY FUNDS

APPENDIX 1D
(thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2004 Actual	2005 Estimated	2006 Estimated
State Lottery Fund (N.J.S.A. 5:9-21)			
Fund Balance July 1	17,712	21,102	17,971
Revenues			
Investment earnings	1,126	1,800	1,800
Other	2,231,038	2,289,397	2,620,061
Total Revenues	2,232,164	2,291,197	2,621,861
Total Available	2,249,876	2,312,299	2,639,832
Expenditures			
Government direction, management, and control	1,413,188	1,463,928	1,627,520
Total Expenditures	1,413,188	1,463,928	1,627,520
Other Finance Uses			
Transfers to other funds	815,586	830,400	992,400 *
Total Other Financing Uses	815,586	830,400	992,400
Total Expenditures and Other Finance Uses	2,228,774	2,294,328	2,619,920
Fund Balance June 30	21,102	17,971	19,912
<i>Note: Anticipate additional \$150 million from video lottery.</i>			
Unemployment Compensation Fund (N.J.S.A. 43:21-9a)			
Fund Balance July 1	2,135,721	1,539,201	1,393,701
Revenue			
Federal and other grants	388,965	30,000	29,400
Services and assessments	1,406,548	1,708,800	1,670,800
Investment earnings	88,823	56,400	50,200
Other	669	700	700
Total Revenues	1,885,005	1,795,900	1,751,100
Total Available	4,020,726	3,335,101	3,144,801
Expenditures			
Economic planning, development and security	2,481,525	1,941,400	1,874,200
Total Expenditures	2,481,525	1,941,400	1,874,200
Fund Balance June 30	1,539,201	1,393,701	1,270,601

APPENDIX

DESCRIPTION OF FUNDS

Alcohol Education, Rehabilitation and Enforcement Fund (N.J.S.A. 54:32C)

Special Revenue Fund

Annual deposits of \$11 million are made to this Fund from annual collections of the Alcohol Beverage Excise Tax. The monies collected shall be dedicated as follows: 75.0 percent to alcohol rehabilitation, 15.0 percent to enforcement, and 10.0 percent to education.

Additionally, a \$40 fee paid by persons convicted of operating a motor vehicle under the influence of intoxicating liquor or drugs are deposited into this Fund to be used for the screening, evaluation, education, and referral of persons who have been convicted of drunk driving.

Atlantic City Parking Fees Fund (P.L. 1993, c.159)

Special Revenue Fund

Effective July 1, 2003, P.L. 2003, c.116 imposes a \$3 parking fee per diem for each vehicle parked, garaged, or stored in any casino hotel parking space. One half of the revenue collected is to be made available to the Casino Reinvestment Development Authority. The remaining one half is deposited into the Casino Revenue Fund.

Atlantic City Tourism Promotion Fund (P.L. 1991, c.376)

Special Revenue Fund

This Fund accounts for revenues collected for fees of \$2 per day for each occupied room in any hotel providing casino gaming and \$1 per day for each occupied room in any other hotel in the eligible municipality. The revenues are collected, certified, and distributed on a monthly basis to the Atlantic City Convention and Visitors Authority. Amounts expended are solely for the purpose of promoting tourism, conventions, resorts, and casino gaming.

Beaches and Harbor Fund (P.L. 1977, c.208)

Special Revenue Fund

An amount of \$30 million of General Obligation bonds was authorized to research, plan, acquire, develop, construct, and maintain beaches and harbors.

Boarding House Rental Assistance Fund (N.J.S.A. 55:14K-14)

Special Revenue Fund

The purpose of this Fund is to finance life safety improvement loans by the New Jersey Housing and Mortgage Finance Agency for the benefit of residents of boarding homes; and to provide a source of repayment for such life safety improvement loans.

Body Armor Replacement Fund (P.L. 1997, c.177)

Special Revenue Fund

The Body Armor Replacement Fund is a repository fund for monies used exclusively for the purchase of body vests for law enforcement officers and correction officers.

Capital City Redevelopment Loan and Grant Fund (P.L. 1987, c.58)

Special Revenue Fund

This Fund was established for the redevelopment and revitalization of the City of Trenton. The State has established the Capital City Redevelopment Corporation operating within the boundaries of the Trenton district, which plans, coordinates, and promotes the public and private development of that district in a manner that enhances the Trenton area's vitality as a place of commerce, recreation, and culture and as an area which to conduct public business and visit historic sites.

Casino Control Fund (N.J.S.A. 5:12-143)

Special Revenue Fund

The Casino Control Fund accounts for fees from the issuance and annual renewal of casino licenses, work permit fees, and other license fees. Appropriations fund the operations of the Casino Control Commission and the Division of Gaming Enforcement.

Casino Revenue Fund (N.J.S.A. 5:12-145)**Special Revenue Fund**

The Casino Revenue Fund accounts for the tax on gross revenues generated by the casinos. Gross revenue refers to the total of all sums actually received by a licensee from gaming operations, less the total sums paid out as winnings to patrons and a deduction for uncollectible gaming receivables. Appropriations from this Fund must be used for reductions in property taxes, utility charges, and other specified expenses of eligible senior citizens.

Casino Simulcasting Fund (P.L. 1992, c.19)**Special Revenue Fund**

Casino simulcasting is defined as the simultaneous transmission by picture of running or harness horse races conducted at race tracks to Atlantic City casinos and pari-mutuel wagering at those gambling establishments on the results of those races. A portion of the revenue generated from casino simulcasting is to be deposited into this Fund and shall be used for services to benefit senior citizens.

Casino Simulcasting Special Fund (P.L. 1992, c.19)**Special Revenue Fund**

Casino simulcasting is defined as the simultaneous transmission by picture of running or harness horse races conducted at race tracks to Atlantic City casinos and pari-mutuel wagering at those gambling establishments on the results of those races. A portion of the revenue generated from casino simulcasting is to be deposited into this Fund and shall be disbursed to the Atlantic City Racetrack, Atlantic City casinos conducting simulcasting, and for other miscellaneous purposes.

Catastrophic Illness in Children Relief Fund (P.L. 1987, c.370)**Special Revenue Fund**

The purpose of this Fund is to provide assistance to children and their families whose medical expenses due to a child's "catastrophic illness" extend beyond the families' available resources. Revenue is derived from a \$1 annual surcharge per employee for all employers who are subject to the New Jersey Unemployment Compensation Law.

Cigarette Tax Securitization Fund (P.L. 2004, c.68)**Special Revenue Fund**

This fund was established in order to receive bond proceeds from the New Jersey Economic Development Authority, which issued \$1.461 billion of Cigarette Tax Revenue Bonds. An amount of \$1.190 billion was transferred to the General Fund. The amount transferred was used to fund any lawful purpose of the State for which moneys on deposit in the State's General Fund may be used. The remaining proceeds were transferred to the New Jersey Economic Development Authority in order to fund capitalized interest, a debt service reserve fund, and to pay for costs of issuance and underwriter's discount.

Clean Communities Account Fund (P.L. 1985, c.533)**Special Revenue Fund**

P.L. 2002, c.128, enacted during fiscal year 2003, revised portions of legislation affecting the Clean Communities Account Fund and the State Recycling Fund. Specifically, this legislation imposes a user fee on sales of litter-generating products to be credited to the Clean Communities Account Fund. Of the annual amount credited to the Fund, 25.0 percent, but not more than \$4 million per year, is appropriated to the State Recycling Fund to provide recycling grants to municipalities and counties for local recycling programs. The balance of money credited to the Fund shall be used to provide grants to eligible municipalities for programs of litter pickup and removal; and shall also be used for a State program of litter pickup and removal and of enforcement of litter-related laws.

Clean Energy Fund (P.L. 1999, c.23)**Special Revenue Fund**

This fund accounts for revenues collected from a "societal benefit charge" on monthly utility bills. The funds generated from this charge are used to support clean energy initiatives.

APPENDIX

Clean Waters Fund (P.L. 1976, c.92)

Special Revenue Fund

An amount of \$120 million of General Obligation bonds was authorized to research, plan, acquire, develop, construct, and maintain water supply and wastewater treatment facilities.

Correctional Facilities Construction Fund (P.L. 1982, c.120)

Capital Projects Fund

An amount of \$170 million of General Obligation bonds was authorized for construction of new medium security prisons, a program of county assistance, and renovations and modifications to existing State facilities.

Correctional Facilities Construction Fund of 1987 (P.L. 1987, c.178)

Capital Projects Fund

An amount of \$198 million of General Obligation bonds was authorized for the planning, erection, acquisition, improvement, construction, reconstruction, development, extension, rehabilitation, demolition, and equipment of State and county correctional facilities.

Cultural Centers and Historic Preservation Fund (P.L. 1987, c.265)

Special Revenue Fund

An amount of \$100 million of General Obligation bonds was authorized for the purpose of financing the construction and development of cultural centers (\$40 million); the restoration, repair, or rehabilitation of historic structures in the State (\$25 million); and for the purpose of providing for grants and loans to assist municipalities, counties, and other units of local government to acquire and develop lands for recreation and conservation purposes (\$35 million).

2003 Dam, Lake and Stream Project Revolving Loan Fund (P.L. 2003, c.162)

Special Revenue Fund

An amount of \$110 million of General Obligation bonds was authorized to make low interest loans to owners of dams, lakes or streams, or private lake associations for dam restoration and repair projects, lake dredging and restoration projects, or stream cleaning and desnagging projects.

2003 Dam, Lake, Stream, and Flood Control Project Fund (P.L. 2003, c.162)

Special Revenue Fund

An amount of \$40 million of General Obligation bonds was authorized to provide assistance, other than full or matching grants, to owners of dams, lakes or streams, or private lake associations for dam restoration and repair projects, lake dredging and restoration projects, or stream cleaning and desnagging projects, and for State flood control projects or State dam restoration and repair projects.

1992 Dam Restoration and Clean Waters Trust Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of \$20 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland, and Historic Preservation Bond Act of 1992 to finance dam restoration and inland water projects and loans.

1989 Development Potential Bank Transfer Fund (P.L. 1989, c.183)

Special Revenue Fund

General Obligation bonds, authorized in the amount of \$20 million, provide for the acquisition and development rights of land by the State for recreation and conservation purposes.

Developmental Disabilities Waiting List Reduction Fund (P.L. 1994, c.108)

Special Revenue Fund

An amount of \$160 million of General Obligation bonds was authorized for the purpose of planning, construction, reconstruction, development, erection, acquisition, extension, improvement, rehabilitation, and equipping of community based residential facilities for clients on the New Jersey Department of Human Services' Developmental Disabilities Waiting List.

Division of Motor Vehicles Surcharge Fund (P.L. 1994, c.57)**Special Revenue Fund**

The Fund is comprised of revenues from surcharges and interest for payment to the New Jersey Economic Development Authority's Market Transition Facility Revenue Fund to pay principal and interest on the Market Transition Facility bonds. Excess funds are available for transfer to the State's General Fund.

Dredging and Containment Facility Fund (P.L. 1996, c.70)**Special Revenue Fund**

An amount of \$185 million of General Obligation bonds was authorized for the construction of sub-aqueous pits, the construction of containment facilities, projects related to the decontamination of dredged materials, and dredging projects. Additionally, an amount of \$20 million of General Obligation bond proceeds was authorized for the purpose of dredging navigation channels located in the port region.

Drinking Water State Revolving Fund (P.L. 1998, c.84)**Special Revenue Fund**

This Fund is the depository for the receipt of federal capitalization grants and other funds made available to the State for drinking water projects and set-asides pursuant to the Federal Safe Drinking Water Act.

1996 Economic Development Site Fund (P.L. 1996, c.70)**Special Revenue Fund**

An amount of \$20 million of General Obligation bonds was authorized for the purchase of real property, equipment, and any building, construction, and miscellaneous site improvements associated with an economic development site.

Emergency Flood Control Fund (P.L. 1978, c.78)**Special Revenue Fund**

An amount of \$25 million of General Obligation bonds was authorized to acquire, develop, construct, and maintain flood control facilities and for the development of a comprehensive flood control master plan.

Emergency Medical Technician Training Fund (P.L. 1992, c.143)**Special Revenue Fund**

This Fund was established to annually reimburse any private agency, organization, or entity which is certified by the Commissioner of Health and Senior Services to provide training and testing for volunteer ambulance, first aid, and rescue squad personnel who are seeking emergency medical tech-ambulance and defibrillation intermediate, or who are taking refresher courses or recertification for which that entity is not otherwise reimbursed.

Emergency Services Fund (N.J.S.A. 52:14E-5)**Special Revenue Fund**

Established in 1972, this fund reimburses municipalities or counties for damage or excess costs as a result of an emergency. Payments must be certified by the Governor's Advisory Council and approved by the Governor.

Energy Conservation Fund (P.L. 1980, c.68)**Capital Projects Fund**

An amount of \$50 million of General Obligation bonds was authorized, of which \$3 million is appropriated for energy audits and \$47 million is appropriated for energy-saving renovations to educational facilities, institutions, and public buildings of the State.

Enterprise Zone Assistance Fund (P.L. 1983, c.303)**Special Revenue Fund**

The purpose of this Fund is to concentrate the benefits of zone designation and to provide gradual and geographically balanced introduction of such zones. The law is aimed at encouraging the revitalization of some of the State's most distressed urban areas with incidence of poverty and unemployment.

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1996 Environmental Cleanup Fund (P.L. 1996, c.70)

Special Revenue Fund

An amount of \$70 million of General Obligation bonds was authorized to provide for the remediation of hazardous discharge sites and for the construction of water supply facilities to replace potable water supplies determined to be contaminated or threatened by a discharge.

1989 Farmland Preservation Fund (P.L. 1989, c.183)

Special Revenue Fund

An amount of \$50 million of General Obligation bonds was authorized for the purpose of the preservation of farmland for agricultural use and production.

1992 Farmland Preservation Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of \$50 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 for the purpose of the preservation of farmland for agricultural use and production.

1995 Farmland Preservation Fund (P.L. 1995, c.204)

Special Revenue Fund

An amount of \$50 million was authorized from the Green Acres, Farmland and Historic Preservation Bond Act of 1995, and Blue Acres Bond Act of 1995 for the purpose of farmland preservation and agricultural use.

Fund for Support of Free Public Schools (N.J.S.A. 18A:56-1)

Special Revenue Fund

The Fund consists of proceeds from the sale of riparian lands, rents received on leased riparian State lands, licenses and fees related to such lands, and the income from earnings on investments. The income is appropriated by the Annual Appropriations Act for the support of free public schools. The income of the Fund is then transferred to the General Fund in support of such appropriations.

P.L. 2003, c.118 provides for the establishment of a school bond reserve. The school bond reserve consists of two accounts, the old school bond reserve account and the new school bond reserve account. The old school bond reserve account shall be funded in an amount equal to at least 1.5 percent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities, or school districts for school purposes for all such indebtedness issued prior to July 1, 2003. The new school bond reserve account shall be funded in an amount equal to at least 1.0 percent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities, or school districts for school purposes for all such indebtedness issued on or after July 1, 2003, exclusive of bonds for debt service, which is provided by State appropriations.

Garden State Farmland Preservation Trust Fund (P.L. 1999, c.152)

Special Revenue Fund

The Garden State Farmland Preservation Trust Fund was authorized for the preservation of farmland for agricultural use and production. It receives funding from the Garden State Preservation Trust.

Garden State Green Acres Preservation Trust Fund (P.L. 1999, c.152)

Special Revenue Fund

The Garden State Green Acres Preservation Trust Fund was authorized for the acquisition and development of lands by the State for recreation and conservation purposes. It receives funding from the Garden State Preservation Trust.

Garden State Historic Preservation Trust Fund (P.L. 1999, c.152)

Special Revenue Fund

The Garden State Historic Preservation Trust Fund was authorized for the work relating to the conservation, improvement, repair, restoration, or stabilization of historic property. It receives funding from the Garden State Preservation Trust.

General Fund

This Fund accounts for all State revenues not otherwise restricted by statute. The largest part of the total financial operations of the State is accounted for in the General Fund. Most revenues received from taxes, federal sources, and certain miscellaneous revenue items are recorded in this Fund. The Appropriations Act enacted by the State Legislature provides the basic framework for the operations of the General Fund.

Green Trust Fund (P.L. 1983, c.354)**Special Revenue Fund**

An amount of \$83 million of General Obligation bonds was authorized from the 1983 New Jersey Green Acres Fund for the purpose of making loans and grants to local government units for the acquisition and development of lands for recreation and conservation.

Gubernatorial Elections Fund (N.J.S.A. 54A:9-25.1)**Special Revenue Fund**

The Gubernatorial Elections Fund accounts for receipts from the one-dollar designation on New Jersey Gross Income Tax returns. When indicated by the taxpayer, one dollar of the tax is reserved from gross income tax revenues (Property Tax Relief Fund) and credited to the Gubernatorial Elections Fund. These funds are available for appropriation pursuant to The New Jersey Campaign Contributions and Expenditures Reporting Act, as amended.

Hazardous Discharge Fund of 1981 (P.L. 1981, c.275)**Special Revenue Fund**

An amount of \$100 million of General Obligation bonds was authorized for the identification, cleanup, and removal of hazardous discharges.

Hazardous Discharge Fund of 1986 (P.L. 1986, c.113)**Special Revenue Fund**

An amount of \$200 million of General Obligation bonds was authorized for the purpose of financing the cost of identification, cleanup, and removal of hazardous discharges.

Hazardous Discharge Site Cleanup Fund (P.L. 1985, c.247)**Special Revenue Fund**

This Fund was established for the purposes of preparing feasibility studies, engineering designs, and undertaking other work necessary to the cleanup or mitigation of hazardous discharge sites in the State. An amount of \$100 million was appropriated from the Hazardous Discharge Fund of 1981.

Health Care Subsidy Fund (P.L. 1992, c.160)**Special Revenue Fund**

This Fund is comprised of revenues from employee and employer contributions, cigarette and tobacco taxes, hospital assessments, interest, and penalties. Monies in the Fund shall be used to distribute charity and other uncompensated care disproportionate share payments to hospitals; provide subsidies for the New Jersey Kid Care program; and provide financial assistance for hospitals, other health care initiatives, and hospital bond assistance.

Higher Education Facility Renovation and Rehabilitation Fund (P.L. 1990, c.126)**Special Revenue Fund**

The sum of \$45 million of General Obligation bonds was appropriated from the Jobs, Education and Competitiveness Fund to the Higher Education Facility Renovation and Rehabilitation Fund for the renovation and rehabilitation of existing higher education buildings at various State colleges and universities, and the New Jersey Institute of Technology.

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1992 Historic Preservation Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of \$25 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 for the purpose of providing State matching grants to assist State agencies or entities, local government units, and qualifying tax exempt nonprofit organizations to meet the historic preservation project cost for historic properties, structures, facilities, or sites owned or leased on a long-term basis by those agencies, entities, units, or organizations.

1995 Historic Preservation Fund (P.L. 1995, c.204)

Special Revenue Fund

The purpose of this Fund is to provide matching grants to assist State agencies or entities, local government units, and qualified tax-exempt nonprofit organizations to meet historic preservation project costs.

Historic Preservation Revolving Loan Fund (P.L. 1991, c.41)

Special Revenue Fund

There was appropriated \$3 million to the Historic Preservation Revolving Loan Fund for the purpose of making low interest loans to counties, municipalities, or tax exempt non-profit organizations to finance the costs of acquiring, restoring, repairing, or rehabilitating historic structures.

Horse Racing Injury Compensation Fund (P.L. 1995, c.329)

Special Revenue Fund

The purpose of this Fund is to provide workers' compensation coverage to employees in the thoroughbred and standard bred horse racing industries in New Jersey. The costs of providing coverage shall be funded from assessments to both the thoroughbred and standard bred industries based on their respective experience rating.

Housing Assistance Fund (P.L. 1968, c.127)

Special Revenue Fund

An amount of \$12.5 million was authorized for interest rate subsidies on contracts and agreements with qualified mortgagors and mortgagees of housing developments to decrease rental and carrying charges to low and moderate income occupants of such housing, and to provide financial assistance to qualified housing developments that were constructed, financed, or rehabilitated under federal law and moderate income financing programs.

Human Services Facilities Construction Fund (P.L. 1984, c.157)

Capital Projects Fund

An amount of \$60 million of General Obligation bonds was authorized for the planning, construction, reconstruction, development, erection, acquisition, extension, improvement, rehabilitation, and equipping of human services facilities.

Insurance Annuity Trust Fund (Superior Court of New Jersey, Law Division, Morris County Docket No. L-081390-83)

Private Purpose Trust Fund

This Fund was established to account for deposits made by Western National Life Insurance Company or its assignees on behalf of the State of New Jersey resulting from a lawsuit filed against the State.

Jobs, Education and Competitiveness Fund (P.L. 1988, c.78)

Special Revenue Fund

An amount of \$350 million of General Obligation bonds was authorized for the construction, reconstruction, development, extension, improvement, and equipment of classrooms, academic buildings, libraries, computer facilities, and other higher education buildings at New Jersey's public and private institutions of higher education; the establishment and construction of advanced technology centers at public and private institutions of higher education; and for the expansion and construction of additional facilities at, and acquisition of additional and upgraded equipment for, existing advanced technology centers sponsored by the New Jersey Commission on Science and Technology.

Jobs, Science and Technology Fund (P.L. 1984, c.99)**Special Revenue Fund**

An amount of \$90 million of General Obligation bonds was authorized for the establishment and construction of a network of advanced technology centers at public and private institutions of higher education; providing for the construction and improvement of technical and engineering facilities and for high technology job training and retraining programs at public and private institutions of higher education.

Korean Veterans' Memorial Fund (P.L. 1996, c.72)**Special Revenue Fund**

The Korean Veterans' Memorial Fund is credited with funds collected by the Korean Veterans' Memorial Committee. The purpose of this Fund is to locate a suitable site for the construction of a memorial in the State of New Jersey honoring the veterans of the Korean War.

1996 Lake Restoration Fund (P.L. 1996, c.70)**Special Revenue Fund**

An amount of \$5 million of General Obligation bonds was authorized for the removal of sand, silt, mud, sediment, rocks, stumps, vegetation, algae blooms, or other materials from lakes, or the abatement and control of pollution caused by storm water runoff, soil erosion, or other types of non-point source or point source pollution.

Lead Hazard Control Assistance Fund (P.L. 2003, c.311)**Special Revenue Fund**

This fund was established for the purpose of providing financial assistance in the form of grants or loans to eligible homeowners to make their homes lead-safe. Money will be received from various sources, including a \$20 fee assessed to homeowners of multiple dwelling units, a portion of the sales tax generated on the sale of paint, and the Catastrophic Illness in Children Relief Fund.

Legal Services Fund (P.L. 1996, c.52)**Special Revenue Fund**

Revenues generated from the increase in certain filing fees in civil actions are credited to the Fund and are used to provide legal services to the poor in civil matters, funding for ten Superior Court judgeships, and support to Rutgers–Newark Law School, Rutgers–Camden Law School, and Seton Hall Law School for clinical programs which provide free legal representation to the poor.

Luxury Tax Fund (N.J.S.A. 40:48-8.30a (B), (P.L. 1991, c.375)**Special Revenue Fund**

This Fund accounts for revenues collected under the provisions of the Luxury Tax Fund Act. The Act amends existing statutes wherein Atlantic City imposes a tax on certain sales and services. A portion of these tax revenues are dedicated to the payment of debt service on bonds issued for the construction of Convention Hall facilities, to subsidize Convention Center operating budget deficits, and to provide housing opportunities for low and moderate income families.

Medical Malpractice Liability Insurance Premium Assistance Fund (P.L. 2004, c.17)**Special Revenue Fund**

This fund was established to provide medical malpractice liability insurance premium relief to certain health care providers who have experienced or are experiencing a liability insurance premium increase in an amount established by regulation by the Department of Banking and Insurance. Revenues in the fund are generated from a \$3 per employee surcharge on those businesses who are subject to the "unemployment compensation law" and an annual \$75 assessment of certain health care professionals and attorneys. The fund will expire in three years.

Mortgage Assistance Fund (P.L. 1976, c.94)**Special Revenue Fund**

An amount of \$25 million of General Obligation bonds was authorized for mortgage assistance and to spur construction, rehabilitation, and maintenance of housing for senior citizens and families of low and moderate income, and to provide funds for second mortgages and for a neighborhood preservation program.

APPENDIX

Motor Vehicle Commission Fund (P.L. 2003, c.13)

Capital Projects Fund

The Motor Vehicle Security and Customer Service Act created the Motor Vehicle Commission Fund which authorized the issuance of \$160 million in installment obligation bonds. An amount of \$10 million is to be transferred to the Administrative Office of the Courts for improvements to the automated traffic system, and the remainder is for the payment of the costs of capital improvements for Motor Vehicle Commission facilities, including but not limited to building improvements, and the acquisition and installation of furniture, fixtures, machinery, computers and electronic equipment.

Motor Vehicle Security Responsibility Fund (N.J.S.A. 39:6-30.1)

Private Purpose Trust Fund

Security deposits made by motorists not having the required minimum motor vehicle insurance coverage in the State, who have been involved in a motor vehicle accident resulting in bodily injury or death and/or property damage, are recorded in this Fund. The deposits may be disbursed in satisfaction of judgments rendered or returned to the motorist upon release of liability.

Motor Vehicle Surcharge Securitization Fund (P.L. 2004, c.70)

Special Revenue Fund

This fund was established in order to receive bond proceeds from the New Jersey Economic Development Authority, which issued \$807.5 million of Motor Vehicle Surcharges Revenue Bonds. An amount of \$740.0 million was transferred to the General Fund. The amount transferred was used to fund any lawful purpose of the State for which moneys on deposit in the State's General Fund may be used. The remaining proceeds were transferred to the New Jersey Economic Development Authority in order to fund capitalized interest, and to pay for costs of issuance and underwriter's discount.

Municipal Landfill Closure and Remediation Fund (P.L. 1996, c.124)

Special Revenue Fund

This Fund is dedicated for the purpose of reimbursing a developer who enters into a redevelopment agreement related to the closure, remediation, and redevelopment of municipal landfill sites and is certified for reimbursement in accordance with the provisions of the law. Costs of the closure and remediation of the municipal solid waste landfill may be eligible for 75.0 percent reimbursement upon the commencement of a business operation within a redevelopment project. The reimbursements are made from designated Sales and Use Tax collections.

Mutual Workers' Compensation Security Fund (N.J.S.A. 34:15-112)

Special Revenue Fund

Monies received from assessments levied against mutual insurance carriers writing workers' compensation insurance in the State are deposited in this Fund. Payments from the Mutual Workers' Compensation Fund are made to persons entitled to receive workers' compensation when a mutual carrier is determined to be insolvent.

Natural Resources Fund (P.L. 1980, c.70)

Special Revenue Fund

An amount of \$145 million of General Obligation bonds was authorized to fund state and local projects for resource recovery, sewage treatment, water supply, dam restoration, and harbor clean-up projects.

New Home Warranty Security Fund (N.J.S.A. 46:3B-7)

Special Revenue Fund

Monies received from participating builders of dwellings not previously occupied, excluding those constructed solely for lease, are deposited in this Fund. Payments are authorized by approved claims of owners for defects in new homes covered by the new home warranty.

New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation Fund (P.L. 1989, c.180)

Capital Projects Fund

An amount of \$115 million of General Obligation bonds was authorized for the purposes of rehabilitating and improving bridges in the State and the preservation and acquisition of railroad rights-of-way.

New Jersey Bridge Rehabilitation and Improvement Fund (P.L. 1983, c.363)**Capital Projects Fund**

An amount of \$135 million of General Obligation bonds was authorized for the purpose of rehabilitating and improving bridges in the State's rail and road system. Of this sum, \$97.5 million was reserved for the cost of rehabilitation and improvement of bridges carrying State highways and \$37.5 million was reserved for the State share of the cost of rehabilitation and improvement of bridges carrying county and municipal roads.

1995 New Jersey Coastal Blue Acres Trust Fund (P.L. 1995, c.204)**Special Revenue Fund**

An amount of \$15 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation Bond Act of 1995, and Blue Acres Bond Act of 1995 for the purpose of providing State grants and loans to assist local government units to meet the coastal blue acres cost of acquiring, for recreation and conservation purposes, lands in the coastal area that have been damaged by, or may be prone to incurring damage caused by, storms or storm-related flooding, or may buffer or protect other lands from such damage.

New Jersey Cultural Trust Fund (P.L. 2000, c.76)**Special Revenue Fund**

The Annual Appropriations Act provides funding to a dedicated non-lapsing account in the General Fund. The State Treasurer shall transfer to the trust fund from this account an amount equal to donations made to the Cultural Trust Fund subject to the availability of monies in the dedicated account. Interest or other monies earned on the deposits made to the Fund shall be used for assisting in the funding of capital facilities projects and endowment development, and contributing to the financial stability of qualified organizations in New Jersey.

1983 New Jersey Green Acres Fund (P.L. 1983, c.354)**Special Revenue Fund**

An amount of \$135 million of General Obligation bonds was authorized for public acquisition and development of land for recreation and conservation purposes to meet the future needs of the expanding population. Of this amount, \$52 million is allocated for the acquisition and development of land by the State. An amount of \$83 million is to be transferred to the Green Trust Fund and is allocated for grants or loans to local government units for acquisition or development of land.

1989 New Jersey Green Acres Fund (P.L. 1989, c.183)**Special Revenue Fund**

An amount of \$90 million of General Obligation bonds was authorized from the 1989 Open Space Preservation Bond Act to provide monies for State grants to assist local government units to acquire and develop land for recreation and conservation purposes.

1992 New Jersey Green Acres Fund (P.L. 1992, c.88)**Special Revenue Fund**

An amount of \$80 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 for the purpose of acquiring and developing land by the State for recreation and conservation purposes.

1995 New Jersey Green Acres Fund (P.L. 1995, c.204)**Special Revenue Fund**

An amount of \$115 million of General Obligation bonds was authorized from the 1995 Green Acres, Farmland and Historic Preservation, and Blue Acres Bond Act of 1995 to provide monies for public acquisition and development of land for recreation and conservation purposes.

1989 New Jersey Green Trust Fund (P.L. 1989, c.183)**Special Revenue Fund**

An amount of \$140 million of General Obligation bonds was authorized from the 1989 Open Space Preservation Bond Act to provide monies for public acquisition and development of land for recreation and conservation purposes.

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1992 New Jersey Green Trust Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of \$120 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 for the purpose of providing State grants and loans to assist local government units to acquire and develop land for recreation and conservation.

1995 New Jersey Green Trust Fund (P.L. 1995, c.204)

Special Revenue Fund

An amount of \$135 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation Bond Act of 1995, and Blue Acres Bond Act of 1995 to provide monies for public acquisition and development of land for recreation and conservation purposes.

1995 New Jersey Inland Blue Acres Fund (P.L. 1995, c.204)

Special Revenue Fund

An amount of \$15 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation Bond Act of 1995, and Blue Acres Bond Act of 1995 for the purpose of providing monies to meet the inland blue acre cost of acquisition by the State, for recreation and conservation purposes, of lands in the floodway of the Passaic River and its tributaries that have been damaged by, or may be prone to incurring damage caused by, storms or storm related flooding, or that may buffer or protect other lands from such damage.

New Jersey Insolvent Health Maintenance Organization Assistance Fund (P.L. 2000, c.12)

Special Revenue Fund

The purpose of this Fund is to protect, subject to certain limitations, covered individuals and providers against the failure or inability of HIP Health Plan of New Jersey, Inc. and the American Preferred Provider Plan, Inc. to perform certain contractual obligations due to their insolvency. An amount of \$41.1 million from the Tobacco Settlement Fund as well as an aggregate amount not to exceed \$50 million from HIP Health Plan of New Jersey, Inc. and the American Preferred Provider Plan, Inc. has been appropriated to this fund.

New Jersey Local Development Financing Fund (N.J.S.A. 34:1B-36)

Special Revenue Fund

An amount of \$45 million of General Obligation bonds was authorized to capitalize the New Jersey Local Development Financing Fund. The Fund provides financial assistance to municipal governments, local development corporations, and other organizations sponsoring commercial and industrial projects which encourage municipal economic development.

New Jersey Racing Industry Special Fund (P.L. 2001, c.199)

Special Revenue Fund

The New Jersey Racing Industry Special Fund accounts for inactive or dormant wagering accounts, breakage and outstanding parimutual money exceeding required racing costs, and the excess takeout rate. Money deposited shall be disbursed monthly by the New Jersey Racing Commission primarily to those holding permits to conduct horse racing.

New Jersey Spill Compensation Fund (N.J.S.A. 58:10-23.11i)

Special Revenue Fund

Receipts from taxes and penalties levied upon each owner or operator of a major facility of hazardous substances are deposited in this Fund. The tax is measured by the number of barrels of hazardous substances of the first transfer to the major facility. Payments may be authorized for clean-up costs, removal costs, research, and payments of approved claims.

New Jersey Spinal Cord Research Fund (P.L. 1999, c.201)

Special Revenue Fund

A \$1 surcharge on motor vehicle fines and penalties are credited to this Fund. Money collected shall be used exclusively for the purpose of making grants for approved spinal cord research projects at qualified research institutions.

New Jersey Workforce Development Partnership Fund (P.L. 1992, c.44)**Special Revenue Fund**

This Fund was established to provide qualified displaced, disadvantaged, and employed workers with employment and training services most likely to provide the greatest opportunity for long range career advancement with high levels of productivity and earning power. The program shall provide those services by means of training grants or customized training services, provided the funding is not available from federal or other sources. Beginning January 1, 1993, each worker and employer shall contribute to the fund an amount equal to 0.025 percent of the workers' wages. These funds will reduce contributions to the Unemployment Compensation Fund.

Petroleum Overcharge Reimbursement Fund (P.L. 1987, c.231)**Special Revenue Fund**

The Petroleum Overcharge Reimbursement Fund accounts for monies received by the State from the Federal government pursuant to court settlements with various petroleum companies and distributors as payments for overcharges for petroleum products. Appropriations are made from the Fund for energy efficiency and conservation programs.

Pinelands Infrastructure Trust Fund (P.L. 1985, c.302)**Special Revenue Fund**

An amount of \$30 million of General Obligation bonds was authorized for the purpose of providing grants and loans to local units of government for transportation, wastewater treatment, water supply, and other infrastructure capital projects necessary to accommodate development in the pinelands area.

Pollution Prevention Fund (P.L. 1991, c.235)**Special Revenue Fund**

The purpose of this Fund is the implementation of a comprehensive pollution prevention program which integrates the air pollution, water pollution, and hazardous waste management programs. The Fund shall be credited with fees imposed upon employers and collected by the New Jersey Department of Labor.

Property Tax Relief Fund (N.J.S.A. 54A:9-25)**Special Revenue Fund**

The Property Tax Relief Fund accounts for revenues from the New Jersey Gross Income Tax. Revenues realized from the Gross Income Tax are dedicated by the State Constitution. All receipts from taxes levied on personal income of individuals, estates, and trusts must be appropriated exclusively for the purpose of reducing or offsetting property taxes. Annual appropriations are made from the Fund, pursuant to formulas established by the State Legislature, to counties, municipalities, and school districts.

Public Purpose Buildings and Community-Based Facilities Construction Fund (P.L. 1989, c.184)**Capital Projects Fund**

An amount of \$125 million of General Obligation bonds was authorized for the purpose of the planning, construction, reconstruction, development, erection, acquisition, extension, improvement, rehabilitation, and equipment of State and community-based human services facilities and State correctional facilities.

Public Purpose Buildings Construction Fund (P.L. 1980, c.119)**Capital Projects Fund**

An amount of \$159 million of General Obligation bonds was authorized for construction of public purpose buildings, including \$50 million for facilities for the mentally retarded, \$67 million for correctional facilities, \$7 million for a veterans' long-term care facility, \$3.5 million for facilities for children in need of supervision, and \$21.5 million for facilities for the mentally ill.

The Public Purpose Buildings Construction Fund also provides an additional \$10 million to the Department of Human Services for the establishment of a loan guarantee fund to encourage the construction of long-term care facilities which will provide additional Medicaid beds.

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Real Estate Guaranty Fund (N.J.S.A. 45:15-34)

Special Revenue Fund

Monies received from additional fees on annual licenses of real estate brokers and real estate salesmen are deposited in this Fund. Claim payments, as certified by court orders, are made to persons aggrieved by the embezzlement, conversion, or unlawful obtaining of money or property by a licensed real estate broker or a real estate salesman, or an unlicensed employee of a real estate broker.

Resource Recovery and Solid Waste Disposal Facility Fund (P.L. 1985, c.330)

Special Revenue Fund

An amount of \$85 million of General Obligation bonds was authorized to provide funds for loans or grants to local government units for the construction of resource recovery facilities and environmentally sound sanitary landfill facilities.

Safe Drinking Water Fund (N.J.S.A. 58:12A-12)

Special Revenue Fund

This Fund accounts for tax revenues collected from owners or operators of public community water systems pursuant to the Safe Drinking Water Act. Monies in this Fund are subject to appropriation to the Department of Environmental Protection for all costs associated with the department's administration of programs set forth in the Act.

Sanitary Landfill Facility Contingency Fund (N.J.S.A. 13:1E-100)

Special Revenue Fund

Receipts from taxes and penalties levied upon each owner or operator of every sanitary landfill facility are deposited in this Fund. The tax is levied per cubic yard of solids and per gallon of liquids. The Fund shall be liable for all direct and indirect damages resulting from the operations or closure of any sanitary landfill.

Shore Protection Fund (P.L. 1983, c.356)

Special Revenue Fund

An amount of \$50 million of General Obligation bonds was authorized for the purpose of State projects and the making of State grants and loans to counties and municipalities for researching, planning, acquiring, developing, constructing, and maintaining shore protection projects. Of the total available, \$40 million was allocated for State shore protection projects and for State grants to counties and municipalities. The remaining \$10 million was allocated for State loans to counties and municipalities.

State Disability Benefit Fund (N.J.S.A. 43:21-46a)

Special Revenue Fund

Deposits from contributions of workers and employers who are subject to the contribution section on taxable wages under the unemployment compensation law of the State are recorded in the Fund. Deposits are also made from special assessments, fines, penalties, and investment earnings. Payments from the Fund may be made to persons entitled to disability benefits and benefits not covered by the Workers' Compensation Law, for authorized refunds of contributions, and for administrative expenses.

State Facilities for Handicapped Fund (P.L. 1973, c.149)

Capital Projects Fund

An amount of \$25 million of General Obligation bonds was authorized for the expansion and renovation of the Marie H. Katzenbach School for the Deaf and for the planning, acquisition, improvements, and construction of regional day-school facilities to educate children with severe handicaps.

State Land Acquisition and Development Fund (P.L. 1978, c.118)

Special Revenue Fund

An amount of \$200 million of General Obligation bonds was authorized for State and local acquisition and development to continue efforts to conserve open space and provide recreation areas. Half of the amount is allocated to urban areas.

State Lottery Fund (N.J.S.A. 5:9-21)**Proprietary Fund**

Monies derived from the sale of State lottery tickets are deposited into this Fund. Disbursements are authorized for the payment of prizes to holders of winning lottery tickets and for the administrative expenses of the Division of State Lottery. The balance of funds is paid to the General Fund in support of the amounts annually appropriated for State institutions and for education. The present value of obligations for future installment payments of lottery prizes funded by the purchase of deposit fund contracts are accounted for in this Fund.

State Recreation and Conservation Land Acquisition and Development Fund (P.L. 1974, c.102)**Special Revenue Fund**

An amount of \$200 million of General Obligation bonds was authorized to enable the State to acquire and develop land and to provide for State grants to assist municipalities, counties, and other units of local government to acquire and develop land for recreation and conservation purposes.

State Recycling Fund (N.J.S.A. 12:1E-92)**Special Revenue Fund**

P.L. 2002, c.128, enacted during fiscal year 2003, revised prior portions of legislation affecting this Fund. Specifically, this legislation requires that 25.0 percent of the balance in the Clean Communities Account Fund, but not more than \$4 million per year, is appropriated to this Fund, to provide recycling grants to municipalities and counties for local recycling programs.

1999 Statewide Transportation and Local Bridge Fund (P.L. 1999, c.181)**Capital Projects Fund**

An amount of \$500 million of General Obligation bonds was authorized for the purpose of rehabilitating and improving State transportation, including local bridges. Of this sum, \$250 million was reserved for grants to county and municipal governments for the cost of rehabilitation and improvement of structurally deficient bridges carrying county or municipal roads including railroad overhead bridges. The remaining \$250 million is reserved for transportation projects.

Stock Workers' Compensation Security Fund (N.J.S.A. 34:15-105)**Special Revenue Fund**

Monies received from assessments levied against stock insurance carriers writing workers' compensation insurance in the State are deposited in this Fund. Payments from the Stock Workers' Compensation Fund are made to persons entitled to receive workers' compensation when a stock carrier is determined to be insolvent.

Stormwater Management and Combined Sewer Overflow Abatement Fund (P.L. 1989, c.181)**Special Revenue Fund**

An amount of \$50 million of General Obligation bonds was authorized for the purpose of providing grants and loans to local government units for the costs of projects identified pursuant to the stormwater management and combined sewer overflow abatement project priority list.

Supplemental Workforce Fund for Basic Skills (PL 2002, c.152)**Special Revenue Fund**

Beginning July 1, 2001, each employer shall contribute an amount equal to the amount that the employer's contribution is decreased pursuant to subparagraph (5) of subsection (c) of R.S.43:21-7. Beginning January 1, 2002, each worker shall contribute 0.0175 percent of the worker's wages as determined in paragraph (3) of subsection (b) of R.S. 43:21-7. The monies in this Fund shall be used for the basic skills training; reemployment services, and training programs for displaced disadvantaged workers.

Tobacco Settlement Fund**Special Revenue Fund**

Payments received from the Master Settlement Agreement (MSA), dated November 23, 1998, are deposited into this Fund. The MSA is the national settlement reached with the tobacco industry in which participating states will be paid in perpetuity. During Fiscal Year 2003, the State sold its rights of future installments acquired via the MSA to the Tobacco Settlement Financing Corporation, Inc. for \$2.8 billion plus any interest accrued on monies held in escrow.

APPENDIX

Transportation Rehabilitation and Improvement Fund (P.L. 1979, c.165)

Capital Projects Fund

An amount of \$475 million of General Obligation bonds was authorized to provide an improved transportation system for the State. Of this amount, \$150 million was reserved for the improvement of public transportation facilities, \$80 million was reserved for the improvement of county and municipal roads, and \$245 million was reserved for the improvement of State highways.

Unclaimed Child Support Trust Fund (P.L. 1995, c.115)

Special Revenue Fund

All monies received, as abandoned child support shall be deposited into this Fund. Each year, within 45 days of the receipt of such funds, payments shall be made to the Judiciary consisting of the Federal Government's Title IV-D share. The remaining portions shall be used to pay claims duly presented and allowed and all expenses and costs incurred by the State of New Jersey.

Unclaimed County Deposits Trust Fund (P.L. 1992, c.173)

Private Purpose Trust Fund

All monies received as unclaimed county deposits shall be deposited in the Fund. Each year 75.0 percent of the deposits received from a respective county shall be paid to that county. The remaining portion shall be retained in the Fund and used to pay claims duly presented and allowed and all expenses and costs incurred by the State of New Jersey.

Unclaimed Insurance Payments on Deposit Accounts Fund

Private Purpose Trust Fund

The Unclaimed Deposits Amendment Act of 1993 (UDAA) controls the disposition of unclaimed insurance payments on deposit accounts for insured depository institutions which are placed into receivership after July 28, 1993. Pursuant to the UDAA, unclaimed insurance deposits are placed into this Fund and held for ten years. Payments will be made to the owner upon determining that such individual or entity is the rightful owner of such funds. At the end of the ten-year period, any remaining deposits will be forwarded to the Federal Deposit Insurance Corporation (FDIC).

Unclaimed Utility Deposits Trust Fund (P.L. 2000, c.132)

Special Revenue Fund

All monies received in unclaimed property deposits from electric and gas utilities are deposited into this Fund. Each year, unless the administrator deems it prudent and advisable to do otherwise, the administrator shall pay to the New Jersey Statewide Heating Assistance and Referral for Energy Services (SHARES) non-profit corporation, or to another statewide non-profit energy assistance organization designated by the Board of Public Utilities within 45 days of the receipt of such funds, 75.0 percent of the unclaimed utility deposits received from each of the electric and gas utilities by the administrator. Money received from the administrator shall be used exclusively for the payment of expenses associated with the restoration of electric or gas service, or to prevent the termination of electric or gas service. The remaining portion shall be retained in the Fund and used to pay claims duly presented and allowed.

Unemployment Compensation Auxiliary Fund (N.J.S.A. 43:21-14g)

Special Revenue Fund

Amounts collected as penalties and interest assessed against employers who have failed to make payment of contributions required under the Unemployment Compensation Law to the State on a timely basis are deposited in this Fund.

Payments from the Fund are authorized for the refund of any interest and/or penalty credited hereto, determined to have been collected or remitted by mistake. The remaining amounts may be expended by appropriations for administrative costs of the Unemployment Compensation Law and for costs of programs which generate employment, such as the Work Incentive Program (WIN), authorized training programs, and economic development activities.

Unemployment Compensation Fund (N.J.S.A. 43:21-9a)**Proprietary Fund**

This Fund accounts for monies deposited from contributions of employers and employees for unemployment compensation, amounts credited or advances made by the Federal government, and amounts received herein from any other source.

After consideration is given to any claim for refund of overpayment of contributions, the remainder is transferred by the Division of Employment Security to the Treasurer of the United States for credit to the State of New Jersey Unemployment Compensation Fund and held by the Treasurer of the United States in the State of New Jersey Unemployment Trust Fund. Drawdowns against the State of New Jersey Unemployment Trust Fund are made by requests submitted to the Treasurer of the United States by the Division of Employment Security on an as-needed basis, which amounts are transferred back to the Unemployment Compensation Fund and are then disbursed by the Division of Employment Security to persons entitled to receive unemployment benefits.

Any shortfall in the Unemployment Compensation Fund needed to pay benefits is covered by Federal statutes, which authorize advances from the Federal government for unemployment benefits. Such advances are repayable by increased rates on federally taxable wages reported by New Jersey employers, or the advances may be repaid out of the Fund assets at any time by the Governor.

Universal Services Fund (P.L. 1999, c.23)**Special Revenue Fund**

Monies deposited into this Fund are generated from a “societal benefit charge” on monthly utility bills. The funds generated from the charge will support the Lifeline program as well as clean energy initiatives.

**University of Medicine and Dentistry of New Jersey - Self-Insurance Reserve Fund
(N.J.S.A. 52:18A-1 et seq.)****Special Revenue Fund**

This Fund was established by a trust agreement between the State and the University of Medicine and Dentistry to cover malpractice claims against the hospitals and the University. Fund deposits are managed by the Division of Investment with earnings increasing the Fund. This insurance is required by the New Jersey Health Care Facilities Financing Authority for protection of the Authority’s bondholders.

Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund (P.L. 1997, c.125)**Special Revenue Fund**

An amount of \$20 million of General Obligation bonds was authorized to provide financing for the demolition and disposal of unsafe buildings in urban and rural centers.

Vietnam Veterans’ Memorial Fund (P.L. 1985, c.494)**Special Revenue Fund**

This Fund receives monies from donations and income tax checkoffs to fund the Vietnam Veterans’ Memorial honoring New Jersey veterans of the Vietnam conflict.

Volunteer Emergency Service Organizations Loan Fund (P.L. 1987, c.8)**Special Revenue Fund**

The purpose of this Fund is to provide low-interest loans to volunteer emergency service organizations for the purpose of modernizing or replacing outmoded or unsafe emergency vehicles, apparatus, equipment, or facilities, or to establish facilities to meet an increasing demand for a higher level of service in the communities in which they serve.

Wastewater Treatment Fund (P.L. 1985, c.329)**Special Revenue Fund**

An amount of \$190 million of General Obligation bonds was authorized for the purpose of financing the cost of construction of wastewater treatment systems. Of the total amount authorized, \$150 million is allocated for the purpose of making grants and low or zero interest loans to local government units for financing the cost of the construction of wastewater treatment systems. In addition, this fund is the depository for the receipt of federal capitalization grants made available to the State for the purpose of financing wastewater treatment systems.

APPENDIX

1992 Wastewater Treatment Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of \$45 million was authorized for the purpose of making zero interest loans to local government units for wastewater treatment system projects, in order to bring such systems into full compliance with permits issued pursuant to the Water Pollution Control Act; to provide adequate wastewater treatment in areas where large numbers of septic systems have malfunctioned or become obsolete; or to connect an obsolete or malfunctioning wastewater treatment system to another wastewater treatment system.

Water Conservation Fund (P.L. 1969, c.127)

Special Revenue Fund

An amount of \$271 million of General Obligation bonds was authorized to conduct research, plan, acquire, develop, construct, and maintain water supply and wastewater treatment facilities for the preservation, sale, or exchange of water for potable, industrial, commercial, irrigational, recreational, and other public purposes.

2003 Water Resources and Wastewater Treatment Fund (P.L. 2003, c.162)

Special Revenue Fund

An amount of \$45 million of General Obligation bonds was authorized to provide loans to, or on behalf of, local government units or public water utilities to finance the costs of water resources projects or to make improvements to water supply facilities, or to provide loans to, or on behalf of, local government units to finance the costs of wastewater treatment system projects.

Water Supply Fund (P.L. 1981, c.261)

Special Revenue Fund

An amount of \$350 million of General Obligation bonds was authorized to provide loans for State or local projects for the rehabilitation, repair, or consolidation of antiquated, damaged, or inadequately operating water supply facilities, as recommended by the New Jersey Water Supply Master Plan.

Water Supply Replacement Trust Fund (P.L. 1988, c.106)

Special Revenue Fund

This Fund provides loans to municipalities or municipally owned public water systems for the purpose of providing a permanent alternate water supply to persons whose principal source of potable water is contaminated or is threatened with contamination by hazardous substances.

Worker and Community Right to Know Fund (N.J.S.A. 34:5A-1)

Special Revenue Fund

This Fund was established to account for all fees collected from employers pursuant to the Worker and Community Right to Know Act. Monies in the Fund are allocated for expenses incurred in connection with the Act's provisions by the Department of Health and Senior Services, Department of Environmental Protection, Department of Labor and Workforce Development, and the Department of the Treasury.

Workers' Compensation Security Fund (P.L. 2004, c.179)

Special Revenue Fund

Monies received from assessments levied against mutual and stock insurance carriers writing workers' compensation insurance in the State are deposited in this Fund. Payments from this Fund are made to persons entitled to receive workers' compensation when a mutual or stock carrier is determined to be insolvent.

STATE LOTTERY FUND SCHEDULE

(thousands of dollars)

The estimated revenue available from the State Lottery Fund for education and institutions in fiscal 2005-2006 is \$970 million. These funds will be applied to support a portion of the programs listed in the schedule below.

DIRECT STATE SERVICES

<i>Department of Education</i>	
Statewide Assessment Program	23,225
Marie H. Katzenbach School for the Deaf	2,899
<i>Department of Human Services</i>	
Operation of State Psychiatric Hospitals	250,245
Operation of Centers for the Developmentally Disabled	200,047
<i>Department of Military and Veterans' Affairs</i>	
Operation of Homes for Disabled Soldiers	32,220
Subtotal, Direct State Services	508,636

GRANTS-IN-AID

<i>Department of Education</i>	
Governor's School	1,929
<i>Higher Educational Services</i>	
Senior Public Institutions-Operating Aid	857,243
Tuition Aid Grants	211,908
Higher Education Capital Improvement Program	29,100
Aid to Independent Colleges and Universities	23,962
Opportunity Program Grants	23,410
Higher Education Facilities Trust Fund	18,183
Outstanding Scholar Recruitment Program	13,169
Supplementary Education Program Grants	12,885
Coordinated Garden State Scholarship Programs	7,562
Veterinary Medicine Education	1,337
Higher Education for Special Needs Students	1,100
Subtotal, Grants-in-Aid	1,201,788

STATE AID

<i>Department of Agriculture</i>	
School Nutrition	11,677
<i>Department of Education</i>	
Nonpublic School Aid	100,118
School Construction and Renovation	62,000
<i>Higher Education Services</i>	
Aid to County Colleges for Operational Costs	148,562
Subtotal, State Aid	322,357
Grand Total	2,032,781

CASINO REVENUE FUND SCHEDULE

(thousands of dollars)

The estimated revenue from the Casino Revenue Fund in Fiscal Year 2006 is \$487,204,000. These funds will be applied to support a portion of the programs listed below that originated in the Casino Revenue Fund or were created to be included within the Fund.

SENIOR CITIZEN PROPERTY TAX FREEZE	98,400
MEDICAL ASSISTANCE	
Personal Assistance Services	3,734
Personal Care	149,929
Home Care Expansion	190
Pharmaceutical Assistance to the Aged & Disabled	367,736
Traumatic Brain Injury	22,320
Community Care/Sixth Omnibus Budget Reconciliation Act	272,741
Respite Care	5,566
Hearing Aid Assistance	200
Statewide Birth Defects Registry	529
Health and Senior Services Administration	871
TRANSPORTATION ASSISTANCE	
Senior Citizens and Disabled Residents	34,352
Sheltered Workshop Transportation	2,440
HOUSING PROGRAMS	
Safe Housing and Transportation	1,726
Developmental Disabilities	38,409
Congregate Housing Support Services	2,006
OTHER	<u>5,678</u>
GRAND TOTAL	<u>1,006,827</u>

CASINO REVENUE FUND

The Casino Revenue Fund (CRF) was established in 1976 with the provision that State revenues derived from casino gambling would be applied solely for the purpose of “providing funding for reductions in property taxes, rental, telephone, gas, electric, and municipal utilities charges of eligible senior citizens and disabled residents of the State in accordance with such formulae as the Legislature shall by law provide.” The Fund’s authorized use was expanded in 1981 to include additional or expanded health services or benefits, transportation services, or benefits to eligible senior and disabled residents.

Total CRF resources of \$487.2 million, including \$800,000 from the Casino Simulcasting Fund, are projected for fiscal 2006. Total CRF resources also include \$85.6 million from five taxes implemented in fiscal 2004. These taxes are: an increase in the casino parking fee from \$2 to \$3, a \$3 per room per day fee on casino hotel rooms, a 4.25% tax on casino comps, a 7.5% tax on the casinos’ adjusted net income, and an 8% tax on multi-casino progressive slot machine revenue.

The majority of total CRF resources are being used to maintain CRF funding of the Pharmaceutical Assistance to the Aged and Disabled (PAAD) program. This program was once entirely funded with casino revenues, but due to the rapid increase in the cost of prescription drugs now requires a substantial subsidy from the General Fund. Transportation assistance to senior citizens and the disabled will also receive significant funding this fiscal year, with an increase of \$9.1 million over fiscal 2005. This increase is based on a statutory formula that sets current year funding for transportation services provided by NJ Transit equal to 7.5% of prior year actual CRF collections.

The summary and projection table at the end of this section illustrates CRF revenues and the programs receiving Fund appropriations over the past several years. Some CRF appropriations have been shifted to the General Fund and other funds over the past several fiscal years (see the General Fund Subsidy section of the table).

BUDGET INITIATIVES AND ONGOING PROGRAMS

The following programs are currently receiving significant funding through the Casino Revenue Fund:

- Pharmaceutical Assistance to the Aged and Disabled (PAAD) — \$284.7 million
- Personal Care — \$60.1
- Residential Care Developmental Disabilities — \$38.4 million
- Transportation Assistance — \$34.4 million
- Community Care Alternatives — \$30.1 million
- Waiver Initiatives — \$16.5
- Personal Assistance Services Program — \$3.7 million
- Sheltered Workshop Transportation — \$2.4 million
- Home Care Expansion Program — \$190,000

APPENDIX

CASINO REVENUE FUND SUMMARY AND PROJECTION (millions of dollars)

	Fiscal 2000	Fiscal 2001	Fiscal 2002	Fiscal 2003	Fiscal 2004	Fiscal 2005	Rec. 2006
Opening surplus	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$22.70	\$ ---
Revenues	335.7	347.0	350.0	346.0	467.5	480.8	485.6
Lapses and adjustments	1.8	---	14.2	18.8	0.7	1.4	1.6
TOTAL RESOURCES	\$337.5	\$347.0	\$364.2	\$364.8	\$468.2	\$504.9	\$487.2
PROPERTY TAX DEDUCTION	\$17.2	\$17.2	\$ --- c	\$ ---	\$ ---	\$ ---	\$ ---
MEDICAL ASSISTANCE							
Personal assistance	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Home care expansion	0.7	0.5	0.4	0.3	0.2	0.2	0.2
PAAD -- expanded	218.8 a	229.9 b	257.9	259.9	254.7	313.6	284.7
Community care and Waivers	3.3	1.6	3.0	3.3	44.7	44.5	46.6
Respite care	4.8	4.8	5.2	5.4	5.4	5.7	5.6
Hearing aid assistance	0.3	0.2	0.2	0.3	0.1	0.2	0.2
Statewide birth defects registry	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Health and Senior Services Admin.	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Personal Care	---	---	---	---	60.1	60.1	60.1
LIFELINE CREDITS	34.6	32.7	34.7	34.6	--- d	---	---
TRANSPORTATION ASSISTANCE							
Senior citizens and disabled residents	22.8	25.7	24.8	24.9	25.5	25.3	34.4
Sheltered workshop transportation	2.4	2.4	2.4	2.4	2.4	2.4	2.4
HOUSING PROGRAMS							
Congregate housing support	1.9	0.5	3.3	1.9	1.9	2.0	2.0
Safe housing and transportation	1.6	1.6	1.7	1.7	1.7	1.7	1.7
Developmental Disabilities	19.6	19.6	19.6	19.6	38.3	38.4	38.4
OTHER	4.4	5.2	5.9	5.4	5.4	5.7	5.8
TOTAL APPROPRIATIONS	\$337.5	\$347.0	\$364.2	\$364.8	\$445.5	\$504.9	\$487.2
ENDING SURPLUS	\$ ---	\$ ---	\$ ---	\$ ---	\$22.7	\$ ---	\$ ---
GENERAL FUND SUBSIDY							
Lifeline	\$36.2	\$36.2	\$36.2	\$11.2	\$ --- d	\$ ---	\$ ---
SOBRA for Aged and Disabled	118.6	123.8	128.8	133.9	198.8	218.2	242.6
Community Care and Waivers	38.8	41.2	41.2	45.9	0.6	2.3	5.8
Personal Care	103.1	96.7	116.2	130.2	75.0	81.0	89.8
Senior Citizens Property Tax Freeze	23.7	10.6	10.6	23.0	17.7	73.4	98.4
PAAD -- expanded	20.0 a	49.5	92.9 e	123.9	128.9	70.8	83.0
VALUE OF PROGRAMS SHIFTED	\$340.4	\$358.0	\$425.9	\$468.1	\$421.0	\$445.7	\$519.6

Notes:

- (a) Includes \$5.1 million of the Supplemental Appropriation of \$25.1 million; the remaining \$20 million of this amount has been shifted to the General Fund and charged to the Tobacco Settlement Trust Fund.
- (b) In addition to this amount, \$49.5 million shifted to the General Fund and charged to the Tobacco Settlement Trust Fund.
- (c) The Property Tax Deduction appropriation has been shifted to the Property Tax Relief Fund.
- (d) Beginning in fiscal 2004, the Lifeline program will be funded through the Board of Public Utilities.
- (e) Includes Supplemental Appropriation of \$25 million, \$21.3 of which was unexpended and carried forward to be a resource in fiscal 2003.

911 System and Emergency Response Fee (thousands of dollars)

The estimated revenue from the mobile telecommunications service and telephone exchange service fee in fiscal 2006 totals \$119 million. In accordance with the enabling legislation (P.L. 2004, c.48), these funds will be deposited into the 911 System and Emergency Response Trust Fund Account and applied to offset a portion of the cost of related programs listed below:

Department of Community Affairs	
Municipal Homeland Security Assistance Aid	32,000
Department of Health and Senior Services	
Bioterrorism Response	4,000
Disease Surveillance	3,250
Interdepartmental	
Verizon Contract – 911	15,067
Enhanced - 911 County Grants	525
Local Grants/Assistance	8,000
Geographic Information System (GIS) Mapping	2,500
Public Service Answering Points (PSAPs) - Equipment	6,400
State Police Emergency Operations Center	955
State Police Multipurpose Bldg and Troop C Headquarters	5,122
Statewide Security – Capital	3,000
Office of Emergency Telecommunications Service (OETS)	1,500
Department of Law and Public Safety	
Counterterrorism	2,000
State Police CAD System	600
State Police Forensic Lab	4,375
State Police Multipurpose Building/TroopC Maintenance	3,278
Office of Emergency Management - Enhancement	1,000
Supplemental State Police Recruit Classes	6,949
Vehicle Purchases	10,300
State Police Dispatch Unit	1,400
911 Expanded Call Takers	1,950
State Police Central Monitoring Station	654
State Police Radio Upgrade	2,000
Nuclear Facility Detail	1,600
Critical HVAC/Radio Systems – Capital	500
Emergency Operations Center, Fitup – Capital	3,555
State Police - Remaining Operating Budget	263,005
Military and Veterans' Affairs	
Nuclear Facility Detail	3,180
Military Services – National Guard and Support Services	8,648
Department of Treasury	
Cyberterrorism	1,700
OIT Availability and Recovery Site (OARS) – Capital	1,400
Total, State Appropriations	368,413

APPENDIX

TRANSPORTATION TRUST FUND

(thousands of dollars)

The New Jersey Transportation Trust Fund Authority (P.L. 1984, c. 73 as amended) funds the development and preservation of the State's transportation infrastructure. The Authority funds State highway and bridge projects, and public transportation projects outlined in the Department of Transportation's annual capital plan. Funds appropriated to the Authority are composed of motor fuels taxes, petroleum products gross receipts taxes, and sales and use taxes. The Authority may also issue bonds to supplement State appropriations.

	Fiscal 2004 <u>Expended</u>	2005 Adjusted <u>Approp.</u>	Year Ending June 30, 2006 <u>Requested</u> <u>Recommended</u>	
Transportation Trust Fund				
Subtotal, State Transportation Funding Authorization	1,116,431	1,292,597	1,205,000	1,205,000
Subtotal, Federal Highway and Third-Party Funding Authorization	1,273,836	1,246,203	1,380,933	1,380,933
Total Program Authorization, Transportation Trust Fund	<u>2,390,267</u>	<u>2,538,800</u> (a)	<u>2,585,933</u>	<u>2,585,933</u> (b)

Distribution of State Transportation Funds by Project Type

State Highway Projects	417,926	541,000	521,000	521,000
Local Aid Highway Projects	160,953	145,000	150,000	150,000
Public Transportation Projects	537,552	606,597	534,000	534,000
Subtotal, State Transportation Funds	<u>1,116,431</u>	<u>1,292,597</u>	<u>1,205,000</u>	<u>1,205,000</u>

Distribution of State Transportation Funds by Phase of Work

Construction	1,006,797	1,212,250	1,075,241	1,075,241
Design and Engineering	24,785	36,347	39,139	39,139
Right-of-Way Acquisition	59,952	27,200	67,830	67,830
Study and Development	18,644	300	1,500	1,500
Planning	6,253	16,500	21,290	21,290
Total, State Transportation Funds	<u>1,116,431</u>	<u>1,292,597</u>	<u>1,205,000</u>	<u>1,205,000</u>

Distribution of Federal Highway and Third-Party Funds by Project Type

State Highway Projects	614,794	652,635	813,801	813,801
Local Aid Highway Projects	68,696	75,048	74,372	74,372
Public Transportation Projects	590,346	518,520	492,760	492,760
Subtotal, Federal Highway and Third-Party Funds	<u>1,273,836</u>	<u>1,246,203</u>	<u>1,380,933</u>	<u>1,380,933</u>

Distribution of Federal Highway Funds and Third-Party Funds by Phase of Work

Construction	1,128,006	1,082,737	1,223,597	1,223,597
Design and Engineering	55,131	54,150	71,751	71,751
Right-of-Way Acquisition	52,834	67,591	51,166	51,166
Study and Development	37,865	41,725	34,419	34,419
Total, Federal Highway and Third-Party Funds	<u>1,273,836</u>	<u>1,246,203</u>	<u>1,380,933</u>	<u>1,380,933</u>
Total, State Transportation Funds	1,116,431	1,292,597	1,205,000	1,205,000
Total, Federal Highway and Third-Party Funds	<u>1,273,836</u>	<u>1,246,203</u>	<u>1,380,933</u>	<u>1,380,933</u>
Total Program Authorization	<u>2,390,267</u>	<u>2,538,800</u>	<u>2,585,933</u>	<u>2,585,933</u>

(a) Fiscal 2005 adjusted appropriation is derived from the fiscal 2005 Transportation Capital Construction Program.

(b) The specific projects represented by these amounts will be available in the fiscal 2006 Transportation Capital Construction Program due to be issued in March, 2005.

STATE OF NEW JERSEY
STATEMENT OF GENERAL LONG-TERM DEBT
JUNE 30, 2004 (a)
(thousands of dollars)

	ACT OF	AUTHORIZED (a)	UNISSUED	RETIRED (b)	OUTSTANDING
State Transportation Bonds	1968	640,000	0	640,000	0
Water Conservation Bonds	1969	271,000	0	267,069	3,931
State Recreation and Conservation Land					
Acquisition and Development Bonds	1974	200,000	0	198,371	1,629
Clean Waters Bonds	1976	120,000	5,000	114,209	791
Institutions Construction Bonds	1976	80,000	0	78,800	1,200
State Mortgage Assistance Bonds	1976	25,000	0	24,600	400
Medical Education Facilities Bonds	1977	120,000	0	120,000	0
Beaches and Harbors Bonds	1977	30,000	0	29,400	600
Emergency Flood Control Bonds	1978	25,000	0	25,000	0
Institutional Construction Bonds	1978	100,000	0	99,400	600
State Land Acquisition and Development Bonds	1978	200,000	1,500	193,850	4,650
Transportation Rehabilitation and					
Improvement Bonds	1979	475,000	0	466,857	8,143
New Jersey Public Purpose Buildings					
Construction Bonds	1980	159,000	0	159,000	0
Natural Resources Bonds	1980	145,000	9,600	101,172	34,228
Energy Conservation Bonds	1980	50,000	1,600	46,925	1,475
Water Supply Bonds	1981	350,000	93,400	256,600	0
Hazardous Discharge Bonds	1981	100,000	43,000	53,221	3,779
Community Development Bonds	1982	85,000	0	82,302	2,698
New Jersey Green Acres Bonds	1983	135,000	14,500	119,995	505
Shore Protection Bonds	1983	50,000	0	49,856	144
Jobs, Science and Technology Bonds	1984	90,000	0	90,000	0
New Jersey Human Services Facilities Construction					
Bonds	1984	60,000	0	59,357	643
Refunding Bonds	1985	4,466,185	0	2,286,700	2,179,485
Pinelands Infrastructure Trust Bonds	1985	30,000	8,000	22,000	0
Wastewater Treatment Bonds	1985	190,000	0	190,000	0
Resource Recovery and Solid Waste Disposal					
Facility Bonds	1985	85,000	0	69,975	15,025
Hazardous Discharge Bonds	1986	200,000	48,000	83,203	68,797
Correctional Facilities Construction Bonds	1987	198,000	0	198,000	0
Green Acres, Cultural Center and Historic					
Preservation Bonds	1987	100,000	9,000	85,060	5,940
Jobs, Education & Competitiveness Bonds	1988	350,000	0	320,418	29,582
New Jersey Open Space Preservation Bonds	1989	300,000	26,000	232,354	41,646
Public Purpose Buildings and Community-Based					
Facilities Construction Bonds	1989	125,000	5,000	101,295	18,705
Stormwater Management and Combined Sewer					
Overflow Abatement Bonds	1989	50,000	21,500	19,515	8,985
New Jersey Bridge Rehabilitation and					
Improvement and Railroad Right-of-way					
Preservation Bonds	1989	115,000	0	90,437	24,563
Green Acres, Clean Water, Farmland &					
Historic Preservation Bonds	1992	345,000	26,780	196,080	122,140
Developmental Disabilities Waiting List Reduction					
and Human Services Facilities Construction Bonds	1994	160,000	5,000	80,814	74,186
Green Acres, Farmland and Historic Preservation,					
and Blue Acres Bonds	1995	340,000	25,500	152,775	161,725
Port of New Jersey Revitalization, Dredging, Environmental					
Cleanup, Lake Restoration, and Delaware Bay Area					
Economic Development Bonds	1996	300,000	199,000	32,550	68,450
Urban and Rural Centers Unsafe Building					
Demolition Bonds	1997	20,000	0	3,030	16,970
Statewide Transportation and Local Bridge Bonds	1999	500,000	0	165,515	334,485
Dam, Lake, Stream, Flood Control, Water Resources, and					
Wastewater Treatment Project Bonds	2003	200,000	200,000	0	0
Total Long-Term Debt:		11,584,185	742,380	7,605,705	3,236,100

(a) An additional \$1,000,000 Emergency Housing Bonds (Act of 1946) remain authorized but are not to be issued.

(b) Retired includes bonds for which provisions for payment have been made through the sale and issuance of refunding bonds.

APPENDIX

State Appropriations Limitation Act (CAP Law)

The State Appropriations Limitation Act (P.L. 1990, c.94), commonly called the CAP law, limits the growth of appropriations in the Direct State Services section of the Budget, which encompasses the operations of State government. Exempt from the limitation are Grants-in-Aid; State Aid to counties, municipalities, local school districts, and other instrumentalities; federal funds appropriations; Capital Construction and Debt Service; and monies deposited in and expended from the Property Tax Relief Fund, the Casino Control Fund, the Casino Revenue Fund, and the Gubernatorial Elections Fund.

The law provides that the CAP may be exceeded upon passage of a bill making an appropriation approved by a two-thirds vote of all members of each legislative body.

Under the formula in the law, the maximum appropriation for fiscal 2006 is computed by multiplying the base year appropriation (fiscal 2005) subject to the percentage limitation by the average three-year growth rate in per capita personal income calculated on a fiscal basis. The fiscal 2006 CAP is calculated using 2.00%.

The calculation results in a maximum increase of \$111.9 million over the fiscal 2005 Adjusted Appropriation or a maximum appropriation of \$5.708 billion for Direct State Services for fiscal 2006. The Governor's recommendation for fiscal 2006, for items under the CAP, is \$5.703 billion, or \$4.9 million under the CAP limit. Data used to compute the appropriation limit are presented in the accompanying tables.

The average per capita personal income for the State and the average percentage change for the last four fiscal years are displayed below.

STATE INCOME

(\$ in millions)

Fiscal 2001	327,167
Fiscal 2002	336,079
Fiscal 2003	339,804
Fiscal 2004	352,789

Source: U.S. Department of Commerce,
Bureau of Economic Analysis

STATE POPULATION

Fiscal 2001	8,560,267
Fiscal 2002	8,577,250
Fiscal 2003	8,642,412
Fiscal 2004	8,698,879

Source: U.S. Bureau of the Census data.
(State Pop. Estimates July 1, 2001 - July 1, 2004)

STATE AVERAGE PER CAPITA

	Personal Income	Percentage Change
Fiscal 2001	38,219	
Fiscal 2002	39,183	2.52%
Fiscal 2003	39,318	0.35%
Fiscal 2004	40,556	3.15%

Source: U.S. Bureau of the Census data.
(State Pop. Estimates, July 1, 2001 - July 1, 2004)

**Computation of 2006 Cap
Subject to Expenditure Limitation Law Percentage
(thousands of dollars)**

Appropriation and Adjustments for Fiscal 2005	\$ 28,400,429
Less Statutory Exemptions:	
Grants-In-Aid	(7,863,655)
State Aid	(3,735,441)
Capital Construction	(1,120,529)
Debt Service	(441,533)
Property Tax Relief Fund	(8,969,252)
Casino Control Fund	(69,285)
Casino Revenue Fund	(475,431)
Gubernatorial Elections Fund	(8,870)
Less: Funding for Division of Youth and Family Services Reform Efforts In Accordance With A Court Settlement	(94,222)
Less: Funding for Corrections Mental Health Treatment Appropriated In Accordance With A Court Settlement	(25,638)
Amount Subject to Limitation	5,596,573
Fiscal 2005 Base Subject to Percentage Limitation	5,596,573
Per Capita Personal Income Rate	2.00%
Maximum Increase in Appropriation for Fiscal 2006	111,931
Maximum Appropriation for Fiscal 2006	5,708,504
Fiscal 2006 Recommendation	5,859,807
Less: Funding for Expansion of Public Defender Law Guardian and Pool Attorneys In Accordance With A Court Settlement	(3,438)
Less: Funding for Division of Youth and Family Services Reform Efforts In Accordance With A Court Settlement	(127,144)
Less: Funding for Corrections Mental Health Treatment Appropriated In Accordance With A Court Settlement	(25,638)
Amount of Fiscal 2006 Appropriation Subject to the CAP Limitation	5,703,587
Amount Over/(Under) the CAP Limitation	\$ (4,917)

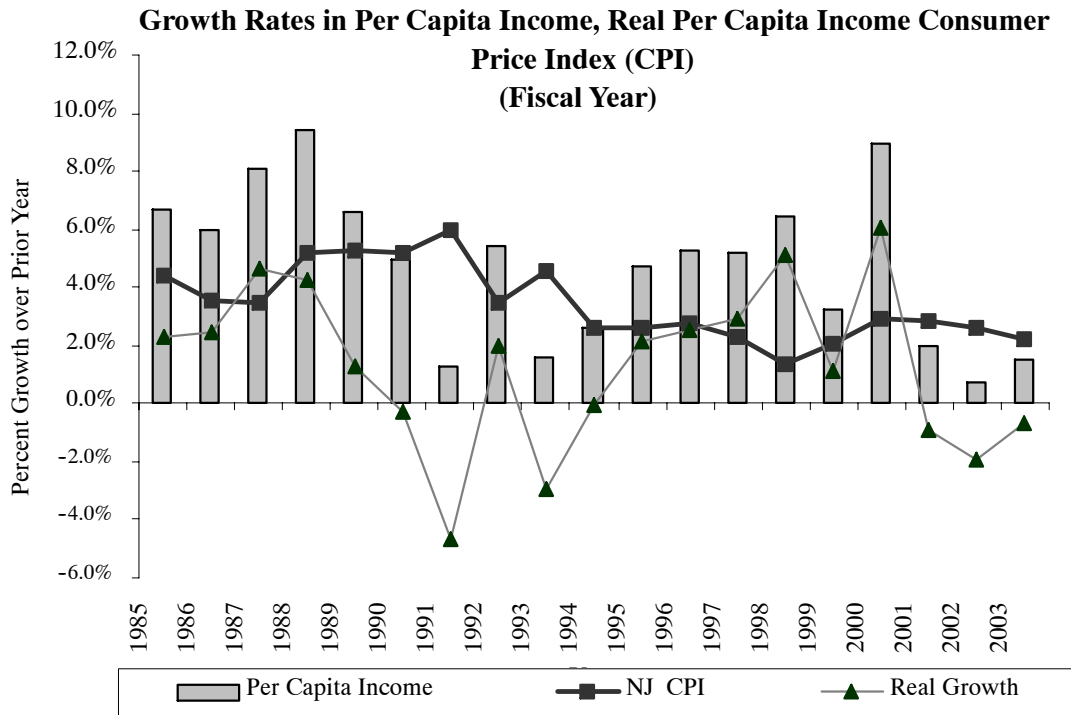
APPENDIX

Population and Personal Income

The total population of New Jersey is 8.7 million, based on the latest update of the U.S. Bureau of the Census in July 2004.

New Jersey has the highest rank for per capita personal income of the mid-Atlantic states (see table below). And in 2003 was the state with the second highest per-capita income nationwide.

New Jersey's per capita income has failed to experience real growth, i.e., annual growth in excess of consumer price index (CPI) growth, for the third straight year (see figure below).



**PER CAPITA PERSONAL INCOME FOR
THE UNITED STATES, NEW JERSEY, AND MIDDLE ATLANTIC STATES
(2003 Calendar Year)**

	Amount	Percent of National Average	National Ranking
United States	\$31,459	---	---
New Jersey	\$40,002	127%	2
New York	\$36,296	115%	5
Maryland	\$37,424	119%	4
Delaware	\$33,321	106%	11
Pennsylvania	\$31,706	101%	17

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

WORKFORCE

Recommended State funding for Executive Branch employees in fiscal 2006 provides for an increase of 495 full-time employees compared to the actual number of employees on January 28, 2005, primarily for Child Welfare Reform, additional State troopers, nurses and other support for State Veterans' Homes, Corrections officers for juvenile and adult facilities, and additional staff to address priority environmental concerns. This staffing level assumes a 500 employee reduction included within actions that are intended to save \$50 million.

As was the case in fiscal 2005, the largest single increase in employees is for the State's Child Welfare Reform effort. Compared to January 28, 2005, fiscal 2006 funding will allow the number of employees to increase by 1,016, taking into account State and federal funding. Of this number, slightly less than half represent hires that will occur before July 1, 2005 due to increased funding in the Fiscal 2005 Budget. Additional funding for fiscal 2006 will allow the Division of Youth and Family Services (DYFS), now contained within the umbrella organization, the Office of Children's Services, to move towards its goal of achieving caseload-to-staff ratios of 12 to one for protective staff and 15 to one for permanency staff.

In addition to the staff provided directly to DYFS, over 100 employees will be added to the Departments of Law and Public Safety and the Public Defender to meet their increased responsibilities under the Child Welfare Reform Plan using increased funding provided in fiscal 2005.

The Fiscal 2006 Budget includes funding for a net increase of 247 State troopers after attrition and retirements are considered. This will bring total troop strength to 3,015, the highest level in the history of the State Police.

Additional staff have also been added to the Fiscal 2006 Budget for ethics reform: 36 new staff have been added to the Election Law Enforcement Commission, 18 staff have been added to the Office of the Inspector General and there is also growth in the State Commission of Investigation (within the Legislature) and a 70% increase in funding for the Commission on Ethical Standards.

The State funding increase of 139 for the Department of Military and Veterans' Affairs is due to hiring still to be done at the Veterans' Homes due to expansions funded in fiscal 2005 for the Menlo Park Veterans' Home and the opening of the new Vineland Home.

Non-state funding represents positions that are supported from sources other than the State's General Fund and includes federal,

fee-supported and other dedicated funding. Almost half of the 2,173 Executive Branch employee increase is for the Department of Human Services, including the Child Welfare Reform program previously discussed. Growth for Community Affairs includes additional staff for Uniform Fire Code and other housing code enforcement programs, while growth at the Department of Environmental Protection is largely for Smart Growth Permitting.

The growth of 304 for the Motor Vehicles Commission represents continuation of upgrades to the agencies in order to improve access, security and customer service. Non-state growth for Law & Public Safety includes:

New Positions funded from dedicated sources to implement legislation that greatly expands DNA testing for law enforcement purposes; and

Other increases include federal and dedicated funding for Homeland Security, the Commercial Vehicle Enforcement Program, the Medical Examiner and the Racing Commission.

APPENDIX

STATE FUNDED WORKFORCE 1/28/05 vs. FY 2006 FUNDED POSITIONS COMPARISON

	STATE EMPLOYEES 1/28/2005	FY 2006 FUNDED POSITIONS
Agriculture	155	153
Banking and Insurance	4	4
Chief Executive Office	108	108
Community Affairs	185	202
Corrections (Balance)	8,957	8,960
Parole Board	713	747
Education	429	464
Environmental Protection	2,437	2,543
Health and Senior Services	850	867
Human Services (Total)	14,977	15,057
Management and Budget	416	416
Medical Assistance	191	149
Disability Services	16	19
Family Development	219	246
Addiction Services	18	18
Commission for the Blind and Visually Impaired	176	168
Youth and Family Services/ Children's Services	4,012	4,130
Deaf and Hard of Hearing	9	9
Developmental Disabilities	5,022	4,957
Mental Health and Hospitals	4,898	4,945
Labor (Balance)	235	238
Public Employee Relations Commission	36	39
Law and Public Safety (Balance)	2,844	2,913
State Police	2,133	2,380
Election Law Enforcement Commission	54	96
Violent Crimes Compensation Board	48	48
Executive Commission on Ethical Standards	9	10
Juvenile Justice	1,295	1,315
Military and Veterans' Affairs	1,320	1,459
Personnel	381	394
State (Balance)	130	143
Commission on Higher Education	17	18
New Jersey Network	113	111
Higher Education Student Assistance Authority	27	27
Transportation	2,892	2,899
Motor Vehicle Commission	---	---
Treasury (Balance)	3,301	3,370
Casino Control Commission	---	---
Office of Administrative Law	103	112
Office of Information Technology	---	---
Public Defender	1,047	1,117
Commission on Science and Technology	5	6
Board of Public Utilities / Ratepayer Advocate	---	---
Miscellaneous Commissions	2	2
Subtotal Executive Branch	44,807	45,802
		Less: 500
		45,302 (a)
Legislature	463	485
State Commission of Investigation	50	59
Judiciary (Administrative Office of the Courts)	1,526	1,558
Statewide Total (w/o Courts)	46,846	47,404
Judiciary (County Courts)	6,398	6,341
Grand Total	53,244	53,745

(a) Growth is largely due to increased employees for Child Welfare Reform (Youth and Family Services/Children's Services), nurses and other support for the Veteran's Homes (Military and Veterans' Affairs), staffing for Prisons and Juvenile Correctional Facilities, priority environmental programs and additional State Troopers.

NON-STATE FUNDED WORKFORCE
1/28/05 vs. FY 2006 FUNDED POSITIONS COMPARISON

	STATE EMPLOYEES 1/28/2005	FY 2006 FUNDED POSITIONS
Agriculture	108	133
Banking and Insurance	493	506
Chief Executive Office	---	---
Community Affairs	907	1,079
Corrections (Balance)	449	449
Parole Board	---	---
Education	519	585
Environmental Protection	1,005	1,167
Health and Senior Services	1,298	1,351
Human Services (Total)	5,999	7,042
Management And Budget	168	172
Medical Assistance	414	425
Disability Services	12	10
Family Development	207	244
Addiction Services	116	128
Commission for the Blind and Visually Impaired	91	104
Youth and Family Services/ Children's Services	1,174	2,072
Deaf and Hard of Hearing	---	---
Developmental Disabilities	3,784	3,849
Mental Health and Hospitals	33	38
Labor (Balance)	3,528	3,528
Public Employee Relations Commission	---	---
Law and Public Safety (Balance)	2,142	2,337
State Police	635	635
Election Law Enforcement Commission	---	---
Violent Crimes Compensation Board	---	---
Executive Commission on Ethical Standards	---	---
Juvenile Justice	472	472
Military and Veterans' Affairs	150	181
Personnel	56	65
State (Balance)	68	66
Commission on Higher Education	2	2
New Jersey Network	45	47
Higher Education Student Assistance Authority	175	198
Transportation	1,019	1,023
Motor Vehicle Commission	2,538	2,842
Treasury (Balance)	399	417
Casino Control Commission	346	364
Office of Administrative Law	10	11
Office of Information Technology	936	954
Public Defender	4	4
Commission on Science and Technology	---	---
Board of Public Utilities / Ratepayer Advocate	345	363
Miscellaneous Commissions	---	---
Subtotal Executive Branch	23,648	25,821
Legislature	---	---
State Commission of Investigation	---	---
Judiciary (Administrative Office of the Courts)	315	303
Statewide Total (w/o Courts)	23,963	26,124
Judiciary (County Courts)	1,183	1,227
Grand Total	25,146	27,351

FY 2005 Supplementals
(thousands of dollars)

Requires Legislative Action

<i>Community Affairs</i>	
Subsidies for low income housing through State Rental Assistance Program	15,000
<i>Corrections</i>	
Contractual salary increases	15,072
Institutional overtime costs	1,000
<i>Education</i>	
Actual FY2005 Abbott district funding requirements	98,092
Payments for Human Services-placed and homeless students	4,500
Designation of Salem City as Abbott District	3,960
Additional Charter Schools cost based on actual October 2004 enrollment	1,200
Restoration of regional office positions	709
<i>Environmental Protection</i>	
Contractual salary increases	398
<i>Health & Senior Services</i>	
Funding for Cancer Institute of New Jersey facility in New Brunswick	6,000
Nut allergies fact sheet publication	250
Additional funding for primary/comprehensive stroke centers	3,000
Additional funding for AIDS drugs and testing	5,000
<i>Human Services</i>	
Offsets lower than expected federal revenue for Title XIX Community Care Waiver	20,103
Growth in cash assistance caseloads	14,046
Offsets lower than expected federal revenue for Title IV-E Foster Care	8,000
Growth in DYFS Grants In Aid caseloads	6,600
Fingerprinting/background checks	1,200
Costs associated with closing Brisbane Child Treatment Center	2,437
Pilot program to increase enrollment in NJ FamilyCare	90
<i>Law & Public Safety</i>	
Contractual salary increases	9,110
State Police recruit class and radio upgrade	5,000
Additional Salary Costs for State Police and Juvenile Justice Officers	8,300
Extending polling place hours for June elections	3,300
Election Law Enforcement Commission positions	2,000
Additional cost for providing in-house medical care for incarcerated juveniles	900
<i>Transportation</i>	
Study to reduce traffic congestion throughout the State	75
Defrays signage costs on Trooper Zimmerman Highway	2
Defrays signage costs on Donald Goodkind Bridge	3
<i>Treasury</i>	
Citizens' Task Force expenses for Property Tax Convention	250
<i>Subtotal (Requires Legislative Action)</i>	235,597

Offset by Revenues

<i>Community Affairs</i>	
Contractual salary increases for self-supporting operations	1,222
<i>Education</i>	
Contractual salary increases for self-supporting operations	117
<i>Environmental Protection</i>	
Expands compliance, enforcement and permitting	1,500
Provides additional funding for Nuclear Emergency Response salary costs	928
Contractual salary increases for self-supporting operations	180
<i>Human Services</i>	
Vendor to maximize federal revenue to the State	1,390
Contractual salary increases for self-supporting operations	59

FY 2005 Supplementals
(thousands of dollars)

<i>Labor</i>	
Contractual salary increases for self-supporting operations	558
<i>Law & Public Safety</i>	
Gaming Enforcement administration costs	2,900
<i>State</i>	
State Records Management program start-up costs	1,528
<i>Treasury</i>	
Advertising costs to increase New Jersey Lottery revenues	8,809
Casino Control Commission administration costs	785
One-time Division of Investment diversification costs	400
Subtotal (Offset by Revenues)	20,376
<u>Other</u>	
<i>Legislature</i>	
Continuation and expansion of data processing system	657
<i>Banking and Insurance</i>	
Insurance fraud advertising campaign	1,000
<i>Community Affairs</i>	
Newsletter promoting awareness of Division on Women programs	43
<i>Education</i>	
Audits of State-operated school districts	600
Additional costs for Teacher Certification	131
<i>Environmental Protection</i>	
Implements Smart Growth legislation provisions	4,500
Increased permitting and enforcement for Highlands	2,166
Free hunting and fishing licenses for National Guard and Disabled Veterans	280
Recalculation of actual municipal payments in lieu of taxes	500
<i>Health & Senior Services</i>	
Establishes Statewide NJ Allogenic Cord Blood Bank	2,500
<i>Human Services</i>	
Purchase of new Health Care billing system	600
<i>Transportation</i>	
Additional snow removal costs throughout the State	13,402
<i>Treasury</i>	
Collection service fees	12,683
Senior Tax Freeze payments and administration costs	6,223
Camden Economic Recovery program expenses	1,500
Various enhancements to revenue collection and auditing processes	11,326
<i>Interdepartmental</i>	
Security and maintenance costs for closed facilities in N. Princeton and Marlboro	2,500
Increased utility and security costs	3,000
Third party administrator tort settlements	5,000
Associated costs for workers' compensation claims	8,000
FICA adjustment to comply with GAAP	37,649
Municipal Rehabilitation and Economic Recovery debt service funds	1,069
Business Employment Incentive Program (BEIP) debt service funds	366
Office of Emergency Telecommunications Services	1,500
Subtotal (Other)	117,195
Grand Total	373,168

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