

Fiscal 2007

BUDGET

IN

BRIEF



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March 21, 2006

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State of New Jersey

OFFICE OF THE GOVERNOR

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JON S. CORZINE
Governor

**FISCAL YEAR 2007 BUDGET
OF
JON S. CORZINE
GOVERNOR OF NEW JERSEY
TRANSMITTED TO THE FIRST ANNUAL SESSION
OF THE TWO HUNDRED TWELFTH LEGISLATURE**

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

In accordance with the provisions of C.52:27B-20, I hereby submit my budget recommendations for fiscal year 2006 - 2007.

This document provides a summary of my recommendations, and outlines the key aspects of my overall financial plan for the governmental services to be provided by the State to the Citizens of New Jersey.

The budget detail, including information on specific line items of appropriations, will be submitted to the Legislature separately and will be available within ten working days of this date.

Respectfully submitted,

A handwritten signature of Jon S. Corzine in dark ink, written over a circular embossed seal.

JON S. CORZINE
Governor of New Jersey

Attest:

A handwritten signature of Stuart Rabner in dark ink.

Stuart Rabner
Chief Counsel to the Governor

March 21, 2006

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BUDGET HIGHLIGHTS

OVERVIEW

Governor Jon S. Corzine's proposed Fiscal 2007 Budget seeks to restore fiscal integrity to the State of New Jersey. This \$30.9 billion Budget is an important first step in a multi-year process to reestablish prudent fiscal management. A fundamental principle reflected throughout this Budget is that we, as a State, must pay the bills for the current operations of State government. We cannot continue to defer the costs of our decisions to future generations, or even until next year. This simple practice of matching current expenditures with current revenues has been missing from State budgets for too long.

This Budget exhibits a strong sense of fiscal discipline by matching ongoing spending with ongoing resources in a realistic manner. This Budget is a fiscal plan that makes hard choices in a way that is responsible and sustainable into the future.

Absent the tough choices proposed in this Budget, the State's spending would have grown in the coming fiscal year to approximately \$34 billion, or nearly a 21% increase from this year's original total appropriation. Inclusive of full funding of pension obligations and the Governor's commitment to restore the Property Tax rebates to 2004 levels, that growth in expenditures and requested programs would have exceeded the growth in resources by over \$4.8 billion. Simply stated, we cannot afford that. Accordingly, this proposed Budget addresses that gap through a combination of program and spending reductions, constrained growth and selected revenue enhancements.

Some of the major highlights of this proposed Budget include:

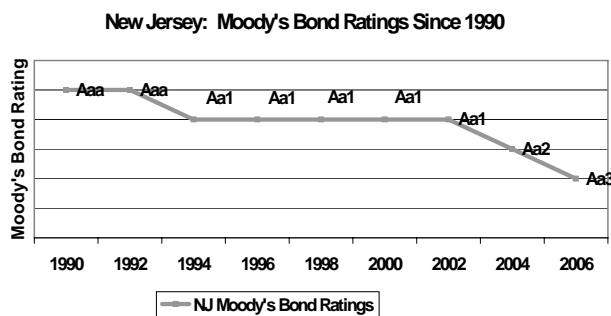
- Achieving balance through a greater reliance on spending reductions and constraining growth (\$3.0 billion) than revenue enhancements (\$1.8 billion);

- Reduction of more than 1,000 staff positions with accompanying savings of \$54 million through a rigorous hiring freeze, administrative efficiencies and responsible reorganization of select government functions. Limiting the filling of attrited vacancies will yield opportunities to not only control government growth but also to do more with less by enhancing management efficiencies and streamlining services;
- Creating a new Office of Economic Growth to coordinate the actions of State government designed to grow the economy and create jobs. It also will work closely with the State's business, labor, and community leaders and local and county economic officials;
- Creating, by Executive Order, a new Office of Homeland Security and Preparedness within the Department of Law and Public Safety to coordinate security programs across all levels of government and to oversee the distribution of related State and federal funds;
- Creating a new Department of Children and Families, focusing attention on child welfare and related issues;
- Providing Tax Relief for Lower Income Working Families;
- Use of non-recurring resources for ongoing spending is limited to approximately \$500 million, of which nearly half is attributable to increased current year surplus achieved through restrained spending. This amount represents only 18% of the average one-time revenue used over the past four fiscal years and is less than 2% of the total State appropriations proposed in the Fiscal 2007 State Budget;

- Proposing a one percentage point increase in the State Sales Tax and broadening of its base in order to provide recurring revenue stability in the Budget;
- Maximizing federal revenues and reimbursements;
- Targeting for elimination waste, fraud and abuse of taxpayer dollars;
- Investing limited resources to protect and increase opportunities for New Jersey's most vulnerable citizens. These initiatives are responsibly limited to a total of \$50 million in new spending, or approximately two-tenths of 1% of the entire Budget;
- Revenues realized from one-time sales of capital assets will not be used to fund ongoing expenses. The proposed investing of \$80 million on one-time, long-overdue capital improvement projects that will improve the quality of life for the people of New Jersey follows this principle.

Fiscal Solvency: Defining the Problem

New Jersey, in only 20 years, has gone from being a financial powerhouse, characterized by strong job growth and consistent budget surpluses, to having one of the largest structural deficits of any state in the country. As noted on the chart below, the State's bond rating has been in steady decline since 1992, when it last held triple A status. New Jersey is one of only 9 states whose bond ratings have been downgraded by Moody's Investors Service since the recession of 2001 and have not recovered.



Moody's has downgraded NJ's bond ratings three times since 1992, when NJ had the highest rating--Aaa.

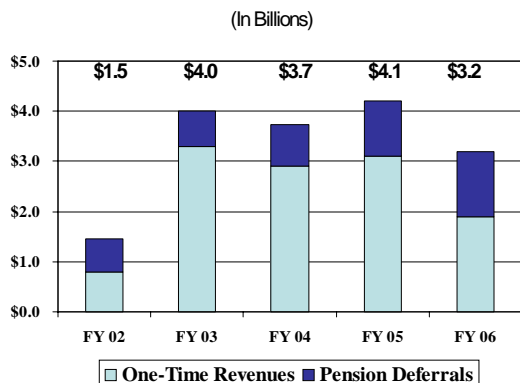
Last year, while states across the U.S. increased their budgets by an average of 6.3%, New Jersey was one of only five states to enact a budget that was essentially flat against the previous year's Budget. However, that was not nearly enough. With state budgets at their healthiest levels in five years, many other states have recently decided to expand services or reduce taxes. Yet New Jersey continues to struggle with a substantial shortfall. This structural problem is not of recent vintage, but rather has persisted on a bipartisan basis across multiple Administrations. Given New Jersey's high per capita income and relative wealth, the obvious question is: How did we let this happen?

Past budget messages dutifully quoted the rhetoric of fiscal restraint and "living within our means." However the difficult decisions often gave way to fiscal gimmicks, over-reliance on non-recurring revenues, and a conscious strategy to defer costs to the future. Gimmicks ranged from the convenient, such as slipping school aid or property tax relief costs into the previous or following fiscal year, to the persistent practice of selling long-term bonds to cover short-term operating costs.

Between fiscal 2002 and fiscal 2006 *alone*, the use of non-recurring revenue and cost deferrals totaled more than *\$16 billion* including, most prominently:

- Delayed pension contributions (\$4.5 billion);
- Securitization of tobacco settlement, cigarette tax and motor vehicle revenues (\$4.7 billion total);
- Ongoing diversions from the Unemployment Insurance Fund (\$1.6 billion).

NJ's Use of One-Time Revenues & Pension Contribution Deferrals FY 2002 to FY 2006

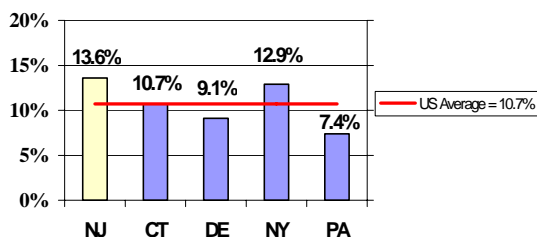


NJ has utilized more than \$16 billion in one-time revenues & pension contribution deferrals over the last five years.

One-time approaches to budgeting mask a simple, critical fact: the State's rate of spending far exceeds its ongoing revenue, which is the core of New Jersey's structural imbalance.

Additionally, budget control has been less than adequate. For example, in fiscal 2005, New Jersey's major tax revenue increased by 13.6% over the previous year, a rate higher than any of its neighbors and above the national average of 10.7%. Unlike other states, however, this increase in revenue did not lead to a large State surplus.

NJ's Increase in Tax Revenues vs. Neighboring States and U.S. Average* FY 2004 - FY 2005



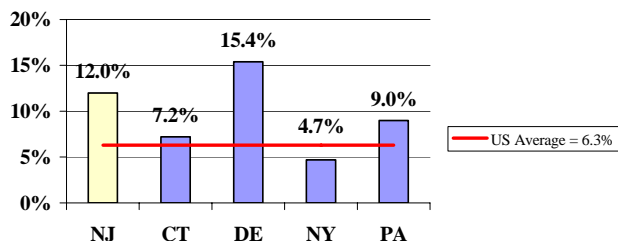
*Nicholas W. Jenny, "Solid Footing for State Finances," Nelson A. Rockefeller Institute of Government State Fiscal Brief No. 75, March 2006, Table 3.

In FY 2005, NJ's tax revenue grew faster than in all neighboring states and the U.S. average.

That is because spending of State resources in New Jersey during that year increased by 12%, nearly double the national average of 6.3%, and would have been even higher if the State's pension

obligations had been properly funded and recognized.

State Resources: NJ's Spending Increase vs. Neighboring States and U.S. Average* FY 2004 - FY 2005

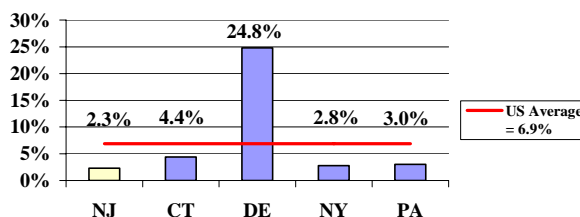


*This spending is from general funds & other state funds, excluding bonds. National Association of State Budget Officers, State Expenditures Report 2004, Table 2.

In FY 2005, NJ's spending increase was higher than all but one of its neighboring states, and was almost double the U.S. average.

The result is that, in fiscal 2005, New Jersey ranked 46th among all the states in the size of its State Budget surplus as a percentage of total State spending. As noted on the chart below, New Jersey ranked lower than all of its neighboring states in this measure. Unfortunately, since fiscal 2002, New Jersey has consistently ranked near the bottom of states, never rising higher than 35th in the country.

NJ's FY 2005 Budget Surplus as Percent of Its Spending vs. Neighboring States & U.S. Average*



* National Association of State Budget Officers, Fiscal Survey of States: December 2005, Table A-12.

In FY 2005, NJ's Budget surplus as a % of its spending ranked 46th among all states.

Over time, the degree of flexibility in the State Budget has decreased sharply as cost growth attributable to mandated programs (e.g., Medicaid), fixed costs (e.g., Employee Benefits),

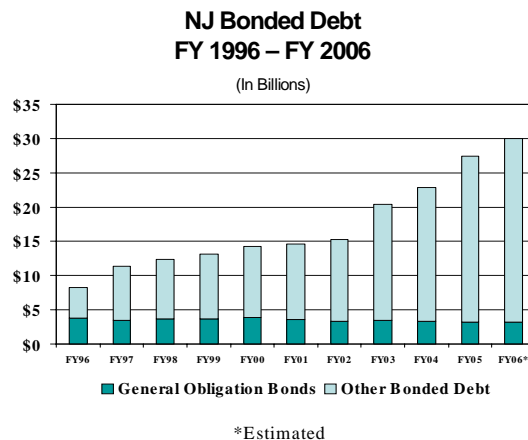
contractual commitments (e.g., collective bargaining settlements), court decisions (e.g., Abbott school districts, Child Welfare Reform), School Aid, and debt service have grown. These items now represent at least \$18.4 billion or approximately 60% of the State Budget.

Constitutional and statutory dedications have also increased budget rigidity, as they elevate certain spending above other competing priorities. Examples include Neighborhood Preservation, Shore Protection, and Open Space Preservation which, though laudable in their goals, were typically supported through the dedication of *existing* revenues, thus widening the structural deficit. *Excluding* the \$12 billion constitutionally dedicated from the income tax for property tax relief, program dedications presently lay claim to an additional \$4 billion in State revenue, or 13% of total resources. When added to the non-controllable programs described above, *nearly 75% of State resources are spoken for in a typical Budget.*

Our increased appetite for debt presents a further problem. In the past ten years alone, New Jersey has more than tripled its bonded indebtedness, from \$8.1 billion in fiscal 1996 to \$30 billion in fiscal 2006. As a result, debt service grew by 56% (\$0.9 billion) from fiscal 2003 (\$1.6 billion) to fiscal 2007 (\$2.5 billion), far outpacing base General Fund revenue growth, which increased 22% during that period. Debt Service, as a percent of base State revenues, increased from 10.5% in fiscal 2003 to 14% in fiscal 2007. High profile, high cost programs often were enacted into law, with no distinct revenue source to carry the debt service. Instead, the General Fund typically assumed the burden. Where a new revenue source *was* identified, it was often far less than required. In the case of School Construction, which alone accounted for \$8.6 billion in authorized debt, revenue dedicated from the State's cigarette tax covers only \$50 million (13%) of the estimated \$342 million in debt service projected for fiscal 2007. To make matters worse, savings from debt refinancing were often used to plug holes in the State Budget, which was the case with approximately \$430 million of one-time capital relinquished through a general obligation restructuring implemented in fiscal 2006 and the

deferral of debt payments on cigarette and motor vehicle securitizations.

We intend to continue to seek bond restructuring opportunities to reduce the State's overall borrowing costs. However, we will not use those benefits to meet our operating expenditure needs.



NJ's bonded debt has more than tripled over the last decade.

With little room for error, budget planning becomes paramount. However, the budget process in New Jersey has historically focused on the coming year, providing little in the way of multi-year planning to rationalize a larger context for funding decisions. In the absence of a formal long-range financial plan, the structural imbalance can remain hidden or obscured, allowing discretionary spending to continue unabated.

There is no reason to think, absent the application of some tough medicine, that this structural gap is likely to shrink on its own. In short, we will not simply "grow our way" out of this situation, as some would hope. Unconstrained by the actions proposed in this Budget, expenditures were projected to grow at approximately 21% above this year's original appropriation in fiscal 2007, 7% in fiscal 2008, and a similar percentage in fiscal 2009 and 2010. Those projected rates of growth exceed the average rate of growth of our baseline revenues since fiscal 2002.

Indeed, even with a continuation of the spending reductions and revenue enhancements proposed for fiscal 2007, *the current projection for the Fiscal 2008 Budget shows a budget gap of \$1.5 billion.*

Now is the time for *accountability*. Our objective is not to lay blame but to confront reality and honestly address the future. New Jersey residents deserve a hard look at the facts. They require their leaders to consider the options and make difficult decisions as to how we can correct this situation. This Budget begins to accomplish that.

Fiscal 2007 Budget: Achieving Fiscal Balance

This Budget proposes \$30.9 billion in State appropriations, an increase of \$2.6 billion or 9.2% above the \$28.3 billion adjusted appropriation for fiscal 2006. The adjusted appropriation does not include \$400 million in carried-forward spending. When this item is taken into account, the State's current spending in fiscal 2006 amounts to \$28.7 billion. For the most part, this increase is not the result of more services or aid, but rather reflects the true cost of State services already being provided and the elimination of one-time resources in this Budget.

In arriving at that recommendation, it was necessary to solve a structural deficit of approximately \$4.8 billion (17%) when compared to the original Fiscal 2006 Budget. This shortfall includes resources necessary to meet growth in existing programs, 100% funding of the State's pension contribution, a restoration of the homestead rebate to 2004 levels plus 10%, and Governor Corzine's request for \$50 million in critical new programs.

To achieve fiscal balance, the Governor is recommending a total of \$3.0 billion in spending reductions, growth restraint, funding of pensions at the 70% level, an increase of only 10% from the level of the 2005 homestead rebate, and a package of revenue enhancements that will raise \$1.8 billion.

With a deficit so deep, the decisions were often anguishing. As two prime examples, formula-based School Aid, exclusive of pension growth for teachers, is generally flat-funded against the current year budget, as are the major Municipal Aid programs (Consolidated Municipal Property Tax Relief Aid and Energy Tax Receipts). The

depth of this fiscal dilemma simply afforded no other choice.

To determine the best course, several key, guiding principles were applied:

- Constrain the rate of expenditure growth, which had become unsustainable;
- Match recurring expenses with recurring revenues to impose fiscal discipline;
- Spread the fiscal pain as equitably as possible while protecting vulnerable client populations and essential services;
- Aggressively pursue cost saving opportunities, targeting waste, fraud, and abuse, and maximizing federal reimbursements, including program areas where other states have successfully applied efficiencies.

The \$3.0 billion in spending reductions in this Budget may be characterized in three ways: reduced spending growth, cuts in base budget spending, and management efficiencies. Some of the more prominent examples are listed below:

Constrain Spending

- **School Aid and Municipal Aid** are flat funded, exclusive of additional aid for teacher pensions and post-retirement medical benefits;
- **Higher Education (\$122 million):** This Budget does not provide growth for fringe benefits (\$80 million) and salary increases (\$42 million) for senior public colleges;
- **Nursing Homes and Medical Day Care (\$26 million):** Costs will be rebased, however no inflationary adjustment is provided.

Base Spending Reductions

- **Fiscal 2006 Legislative Additions (\$193 million):** Special appropriations for a variety of programs funded by the Legislature in the current fiscal year are eliminated;

- **Higher Education (\$117 million):** Reductions of 10% in the State subsidy to senior public institutions (\$89 million), county colleges (\$16 million) and a 50% reduction in aid to independent colleges (\$12 million), all of which will need to seek the same types of cost efficiencies that the State plans to employ.

Efficiencies

- **Prescription Drug Savings (\$145 million):** A series of cost-savings initiatives in pharmaceutical drugs totaling \$145 million, including bulk purchasing and expanded use of generic drugs, will reduce budget growth in programs such as Medicaid, Pharmaceutical Assistance for the Aged and Disabled (PAAD), and the State Health Benefits Program. Rather than purchasing drugs separately, these programs will join together to secure the best price possible. These measures represent wise business practices, many of which have been aggressively employed in other states;
- **Human Services – Shift to Federal (\$118 million):** This initiative in the Department of Human Services shifts eligible State salary costs to available federal funds at the seven State developmental centers by taking advantage of prior year revenue enhancements and projected increases in fiscal 2007 federal revenue (\$112 million), and in the Division of Mental Health Services by claiming federal matching funds for certain administrative expenditures (\$6 million);
- **Fraud Detection (\$55 million):** Enhanced oversight of spending patterns in Medicaid and General Assistance through increased auditing and investigative staff. The base appropriation will be reduced to an amount that more accurately represents the true cost of the program, thus services will not be sacrificed.
- **Abbott District Afterschool/Summer Co-payment (\$30 million):** Families

living in Abbott school districts and earning more than \$60,000 per year will pay part or all of the cost of afterschool and summer child care for three- and four-year-olds.

In addition, a Hospital Provider assessment will generate \$430 million in new revenue, half of which (\$215 million) would go to the General Fund as budget relief. The remaining amount will leverage federal matching funds; therefore, the hospital industry will receive a total of \$430 million, the same value as the tax, in the form of higher Medicaid payments.

On the revenue side, there are base revenues totaling \$29 billion and revenue enhancements of \$1.8 billion. With regard to the latter, the largest recommendation is a one percentage point increase in the State sales tax rate, from the current 6% to 7%. In addition, the application of the Sales Tax would be expanded to capture certain consumer services that, since the inception of the tax in 1967, have come to comprise a large and growing portion of our economy. The full Sales Tax initiative is estimated to raise \$1.4 billion in new revenue annually, accounting for over 70% of the total revenue enhancements proposed for fiscal 2007. Other major revenue initiatives are highlighted below:

Miscellaneous Revenues - State Programs

\$100m	Urban Enterprise Zone Reform - reduce fraud and abuse by requiring qualified businesses to collect the full sales tax on equipment purchases and subsequently seek a rebate from the State;
\$60	Corporation Business Tax (CBT) - surcharge of 2.5%, effective on or after January 1, 2006. (The CBT currently accounts for approximately 8% of total State revenue collections.)
\$50	State Disability Benefit Fund (TDI) - transfer of a portion of the existing balance from this Fund;
\$38	NJ Turnpike Authority – transfer of revenue to offset the Department of Transportation’s operating costs for maintaining State highways;
\$36	Audit and Enforcement Collection;

\$24	Rural Policing – certain localities who request State Police patrol services will reimburse the State for a portion of that cost based on budget language.
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Other Revenue Initiatives

\$80m	Cigarette Tax - increase of 35 cents, from the current \$2.40/pack (of 20) to \$2.75/pack (of 20);
\$17	Realty Transfer Tax - Commercial Property Exceeding \$1 Million – expand existing Realty Transfer Tax surcharge on residential property to include commercial buildings, effective July 1, 2006;
\$17	Surcharge on New Luxury Car Registrations (Value-based) – one-time registration fee of 0.4% on newly-registered vehicles (after June, 2006) applied to two types of vehicles: those with a sticker price of \$45,000 or more and fuel-inefficient vehicles with an EPA rating of less than 15 miles per gallon;
\$12	Water Supply Surcharge - increase of .04 cents/1,000 gallons, dedicated to water supply capital projects;
\$12	Alcoholic Beverage Excise Tax - increase of 5 cents/gallon on beer (i.e., from current 12 cents to 17 cents/gallon), 10 cents/gallon on wine (i.e., from current 70 cents to 80 cents/gallon) and liquor (i.e., from current \$4.40 to \$4.50/gallon), effective July 1, 2006.

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

Fiscal 2006 - Managing the Current Budget

Continuing the trend from last year, the Fiscal 2006 Budget is being managed without mid-year program reductions, although restrictions on statewide hiring and other management efficiency measures have been implemented. Revenues are

slightly above the original estimate that was made at the time of the Appropriations Act, but several supplemental appropriations and funding reallocations are necessary to accommodate additional spending requirements. A number of accounts with under-spending have been identified to accommodate these needs, and those resources, combined with a higher than expected opening balance, will allow fiscal 2006 to close with a prudent fund balance of over \$800 million.

Some of the larger supplemental spending needs projected for fiscal 2006 are summarized below.

- \$92 million – Education Opportunity Aid to Abbott school districts mandated by court decisions and based on final awards;
- \$70 million – Medicaid and a FamilyCare shortfall caused by higher than anticipated enrollments, increased drug costs, and a shift to the General Fund of costs that are no longer supported by the Health Care Subsidy Fund;
- \$66 million – Special Municipal Aid to municipalities facing the most severe fiscal conditions to assist them in recovering from fiscal distress and improving management and financial practices;
- \$33 million – Nursing Homes and Medical Day Care increased utilization costs;
- \$22 million – Reimburse counties for the cost of housing State inmates in county correctional facilities;
- \$17 million – Additional School Aid;
- \$14 million – Snow removal;
- \$13 million – Energy Assistance programs for low-income residents;
- \$12 million – Expansion of court-mandated preschool programs in Abbott school districts.

Fiscal Year 2007 Budget Compared to Fiscal Year 2006 Budget

(in Millions)

	FY 2006 Adjusted Appropriation	FY 2007 Budget	Change From FY 2006 - FY 2007 \$	%
State Aid	11,529	12,505	976	8.5%
Grants-in-Aid	9,423	10,335	912	9.7%
Operating Departments	4,185	4,082	(104)	(2.5%)
Interdepartmental	1,867	2,245	378	20.2%
Capital Construction	1,091	1,275	184	16.8%
Debt Service	169	433	263	155.6%
Total Appropriations	<u>\$28,265</u>	<u>\$30,875</u>	<u>\$2,609</u>	9.2%

When viewed by category of funding, the recommended Fiscal 2007 Budget is allocated as follows:

- \$22.8 billion (74%) is either State Aid (\$12.5 billion, 40.5%) or Grants (\$10.3 billion, 33.5%);
- Direct State Services (DSS) totals \$6.3 billion (20.5%). When adjusted for required increases in the Department of Children and Families and without Interdepartmental, Judiciary, and the Legislature, the DSS recommendation for Executive Branch Departments decreases by approximately \$197 million, or about 4.9%.
- State Aid increases by \$976 million or 8.5%;
- Grants increase by \$912 million or 9.7%;
- General Obligation debt service increases by \$263 million due to restructuring, which provided immediate budget relief in fiscal 2005 and 2006, rather than being scheduled over time.



GOVERNOR'S PRIORITIES

Governor's Priorities

Tax Relief for Lower Income Working Families

Supporting Special Education Needs

Increasing Affordable Housing Opportunities

Investing in Our Youth: Increasing Afterschool Care

Expanding Health Insurance for Children

Fighting Hunger

Reducing Gang-Related Violence

Promoting Women's Health

Addressing Violence Against Women

Children and Families

Economic Growth

Homeland Security

Governor's Priorities - Overview

In slightly more than a decade, New Jersey has gone from an economic powerhouse to financial distress. The severe budget crisis in the State means the Corzine Administration is forced to make tough and painful choices. This Budget compensates for some of the most painful choices by investing limited resources to protect, and increase opportunities for, New Jersey's most vulnerable citizens. These investments include expanding opportunities for affordable housing, eliminating the income tax burden on the lowest paid New Jerseyans, investing in special education to provide relief to schools and families, fighting hunger, improving child welfare, addressing the gang violence that plagues our communities and our homes, and expanding health care for children and low-income women. These choices embrace

the values of equality, opportunity, and fairness for all New Jerseyans.

Tax Relief for Lower Income Working Families

A signature initiative of Governor Corzine's Budget is his proposal to entirely eliminate the income tax burden on 414,000 households, and to significantly reduce the income tax on an additional 200,000 taxpayers. This initiative will help seniors who are working to supplement their Social Security checks, single mothers struggling to balance part-time jobs with child care, college students paying their way through higher education, and men and women who work hard every day, but earn too little to get ahead.

Governor Corzine believes strongly that we should mitigate the impact of the spending cuts and taxes in this Budget on the most vulnerable among us. Even those working above the minimum wage have difficulties making ends meet and obtaining financial independence. We must keep those who are struggling to put food on their families' tables and earn enough to pay their monthly rent checks from falling farther into the likelihood of poor health, deficient housing, and other consequences of inadequate resources.

In the effort to break the grip of poverty in our communities, the 100% refundable credit will be given to married couples with total taxable income below \$25,000 and to singles (and married couples filing separately) below \$15,000. A partial credit will be provided to these New Jerseyans as their income rises and they ease into becoming full taxpayers at \$30,000 (married) and \$20,000 (single). With a budget impact estimated at \$105 million per year, this tax relief will help ensure that these families are financially secure.

Supporting Special Education Needs

Federal funding for special education falls dramatically short of federal promises and shortchanges the needs of special education students. When the Individuals with Disabilities Education Act (IDEA) was first established, the federal government promised to pay 40% of the national average per pupil expenditure; however, the federal government has never fully funded IDEA. For fiscal 2007, the federal government proposes to fund just 17% of its obligation. Governor Corzine recognizes this shortfall and seeks to assist school districts in meeting the high costs of special education.

Since 2000, the number of children classified as autistic has more than doubled from 3,300 to 7,400. More specifically, New Jersey appears to be experiencing an increase in the incidence of autism spectrum disorders, which are a group of life-long developmental disabilities characterized by differences in social interaction, communication skills, and behavior. Autism spectrum disorders include autistic disorder, pervasive developmental disorder, and Asperger's disorder.

In New Jersey, many students with autism are currently educated in out-of-district separate public or private programs, which are typically the most expensive special education placements. In 2005, about 40% of students with autism were educated in out-of-district separate public or private programs, compared to 9% of all students with disabilities.

To address these trends and high costs, approximately 140 school districts across the State have started autism programs within their districts. Of those districts, about 50, or 35%, increased the number of autistic programs they provided last year.

The Governor seeks to address some of the immediate needs of school districts that operate or plan to operate in-district programs for students with autism spectrum disorders. This Budget proposes \$15 million for a grant program for districts to help with their planning and start-up costs of these programs. Districts will be able to use these funds for professional development, personnel costs, special education teachers, program coordinators, behavior intervention specialists, parent outreach, transition planning, assistive technology, and similar activities. Multiple districts will be able to apply for the grants jointly if they have plans to collaborate on programs that serve multiple communities.

While proposing this \$15 million in funding to support students with autism spectrum disorders, the Governor also recognizes that school districts face challenges in serving special education students with other needs. This Budget includes \$4.5 million in new grants funding for planning and start-up costs for districts that seek to develop or enhance their special education programs. Many districts are facing high costs to send special education students to out-of-district placements, and they cannot afford the planning and start-up costs for in-district programs in addition to their immediate special education costs. Like the grants to develop capacity for in-district programs for students with autism spectrum disorders, these grants will be available for activities such as professional development, personnel, transition planning, and assistive technology. We intend to encourage cross-district planning so we can begin

an effective and efficient multi-district approach to meeting the needs of this most vulnerable population.

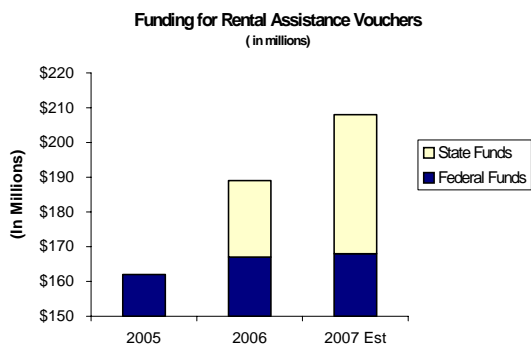
Increasing Affordable Housing Opportunities

Skyrocketing housing prices have contributed to making New Jersey increasingly unaffordable for too many families. The most recent data available from 2004 shows that in New Jersey, 38% of households with a mortgage and more than 47% of all renting households spent more than 30% of their income on housing costs, which is the widely accepted standard for affordability.

To combat this challenge, Governor Corzine is committing to create and preserve 100,000 units of housing that is affordable for low- and middle-income families over the next 10 years.

Increased Funding - Rental Assistance Program

More than 40,000 New Jerseyans are currently on waiting lists for affordable rental housing vouchers. The NJ State Rental Assistance Program (SRAP) was implemented in May 2005, providing a boost to federal Section 8 rental assistance. Governor Corzine proposes increasing State resources for SRAP by \$15 million, including a \$10 million increase in State appropriations and \$5 million in dedicated dollars from the Balanced Housing Fund. This raises total State resources for this program to \$40 million, which will provide rental vouchers to allow an additional 1,500 families to afford decent housing.



With increased State resources, state-funded rental assistance vouchers will almost double, to 4,100 vouchers in FY 2007.

Making Homeownership Affordable

Helping to fulfill the dream of home ownership for New Jerseyans is a means for empowering people while investing in New Jersey's future. This Administration will work to increase homeownership opportunities for everyone in this State, which in turn allows New Jersey's residents to make a positive contribution to the economy.

Last year, the State, through the Housing Mortgage and Finance Agency (HMFA), provided 600 first-time homebuyer mortgages. The Corzine Administration proposes to double the amount of first-time homebuyer mortgages provided to 1,200 in fiscal 2007 at no cost to our General Fund. These first-time homebuyer mortgages are necessary investments in New Jersey's most precious asset: its people.

Investing in our Youth: Increasing Afterschool Care

The hours after school are a vital time for children and youth to experience enriching programs and activities that will improve their academic performance and keep them safe and productive. Afterschool programs provide children and youth with an important alternative to harmful activities, like drinking, drugs, violence, or gang-related activities.

According to a survey commissioned by the Afterschool Alliance, approximately one in four New Jersey children of working families is unsupervised in the afternoons. These "latchkey" children spend an average of nearly seven hours per week unsupervised after school.

The Budget reflects Governor Corzine's renewed commitment to afterschool activities to address this unmet need. This is also a significant component of the Governor's gang violence initiative. The proposed Budget would double funding for the New Jersey After 3 program to \$15 million to cover 2,000 more children by the end of the 2006-2007 school year.

With these additional funds comes additional responsibility. New Jersey After 3 is a public-private partnership that awards grants to non-profit

organizations to run high-quality afterschool programs at elementary and middle schools. This program is uniquely positioned to leverage private dollars for afterschool care, and this Budget requires that they commit to raising additional private funds to serve even more children.

New Jersey After 3 provides a significant return on investment. Research has shown that every dollar invested in afterschool programs will save taxpayers approximately \$3 in improved school performance, increased future wages, and reduced crime and welfare costs. The benefits from afterschool activities are even greater for at-risk children, who are likely to have repeated problems with crime, drugs, or other challenges; each dollar invested in afterschool programs for an at-risk child has a return of \$8 to \$12. This is an investment New Jersey cannot afford to let pass.

Just as New Jersey After 3 holds its grantees to a high level of accountability, the State intends to hold New Jersey After 3 accountable for serving more children and expanding the pool of resources for afterschool programs through private fundraising. In addition, the Governor would like to see increased coordination between New Jersey After 3 and the other State and non-profit afterschool programs. This increased coordination will help ensure that more children and youth have access to high quality afterschool programs.

Expanding access to afterschool programs is not the Governor's only goal. New Jersey After 3 will also enhance the quality of afterschool programs statewide by working with the Department of Education, the Department of State, and other agencies to integrate more cultural, art, and historical activities and events into afterschool programs. This cultural enrichment will provide unique learning opportunities during the afterschool hours.

Expanding Health Insurance for Children

In addition to being a moral imperative, providing health insurance for children is vital to New Jersey's overall health. Expanding insurance coverage for children increases access to preventive and primary care, thereby improving

health outcomes and school attendance; reducing caretaker absenteeism from work, emergency room visits and charity care costs; and lessens stress and financial difficulties for families. In short, healthier children create healthier families and a healthier New Jersey. That is why Governor Corzine is investing \$5 million in FamilyCare. These funds, together with \$9.3 million of federal funding, will enable New Jersey to cover 50,000 additional children by June 2007.

New Jersey's strong commitment to insuring children dates back to 1998 when it created the NJ KidCare program. New Jersey's investment in KidCare enabled the State to leverage increased federal dollars – on a 65% federal match basis through the State Children's Health Insurance Program (SCHIP) – to help uninsured children access affordable health coverage. When KidCare first began, it provided free to low-cost health insurance for children in families earning up to 200% of the federal poverty level. In 1999, New Jersey strengthened its commitment to children using State-only funding to include children with family income up to 350% of the federal poverty level.

Over time, as KidCare evolved into the NJ FamilyCare program, through the addition of uninsured adults, one thing has remained constant – New Jersey is a national leader, covering nearly 400,000 of New Jersey's most vulnerable children in families who earn less than 133% of the Federal Poverty Level (\$26,600 for a family of four) and an additional 111,000 children in families who earn between 133% and 350% of the Federal Poverty Level (\$70,000 for a family of four). Despite the strengths of this program, however, too many children remain uninsured in New Jersey. Governor Corzine believes we can and will do better.

The 2005 "Family Health Care Coverage Act," sponsored by Senator Joseph Vitale, reformed the program and provided for an expansion of FamilyCare and Medicaid eligibility. In order to build on Senator Vitale's leadership and the Legislature's momentum toward achieving universal health coverage for children, Governor Corzine proposes \$5 million in additional State funds to strengthen FamilyCare. Through

aggressive interdepartmental collaborative efforts to maximize existing enrollment opportunities, as well as through targeted marketing and outreach, New Jersey will reach its goal of enrolling an additional 50,000 children by June 2007. Together, we will fulfill the promise of FamilyCare.

Fighting Hunger

In one of the most affluent States in the nation, approximately 1.6 million New Jerseyans still go to bed hungry, including roughly 470,000 children. That is why, despite severe fiscal constraints, Governor Corzine finds it unacceptable to leave these individuals behind in this Budget. For the last 11 years, New Jersey has spent only \$338,000 on hunger alleviation programs, the bare minimum necessary for New Jersey to receive matching federal funds. Approximately 500,000 New Jerseyans are turned away every year when they seek assistance in feeding themselves and their children.

The Budget calls for an investment of \$3 million in the Department of Agriculture's Food Distribution Program, which services the major Emergency Feeding Organizations and 660 food pantries, soup kitchens, and homeless shelters. With this increase in funding, New Jersey will take a large step toward alleviating hunger, enabling the Department of Agriculture to purchase 4.7 million pounds of food. This investment will expand the availability of food for more than 1.1 million individuals who already rely on the program and help feed an additional 500,000 people. Purchasing priorities will be to buy locally first and regionally second, when available.

While extensive reductions in state aid are necessary, we have a moral responsibility to support New Jersey's most vulnerable citizens. This investment— in conjunction with a \$1 million capital investment to improve food storage systems at distribution centers — makes significant strides toward alleviating hunger in the State.

Reducing Gang-Related Violence

Gangs have terrorized our neighborhoods for too long. Children should not be afraid to walk home from school, parents should not worry when their

children play outside, and law-abiding citizens should not be afraid to walk through their neighborhoods at night.

The Department of Law and Public Safety estimates that New Jersey's gang population has more than doubled in the last five years, from 7,400 in 2001 to 17,000 members today. The rapid growth of gang activity has spread beyond traditional law enforcement jurisdictions, necessitating pro-active regional and statewide solutions.

Governor Corzine's Budget includes \$2 million as the start of a new commitment to work with law enforcement, localities, and community partners to comprehensively reduce gang activity and ensure that our corrections and parole agencies better prepare individuals to be productive citizens upon their return.

Prevention

Keeping Children Safe After School Hours

According to FBI statistics, children are most vulnerable to juvenile and gang-related crime violence between the times of 3 p.m. and 6 p.m. Afterschool programs provide educational and recreational activities during these critical hours for otherwise unsupervised children. Studies have shown that afterschool programs can reduce juvenile crime and violence by 30% to 75%.

Governor Corzine plans to increase funding for New Jersey After 3, to provide opportunities for 13,000 children — 2,000 more than currently served — to participate in afterschool programs through the State, especially in neighborhoods with high gang activity.

Helping Children Combat Gang Recruitment

Helping our children to combat the pressure to join gangs should be a key component in any anti-gang strategy. *Project Phoenix* is a nationally recognized, gang prevention, curriculum-based program, sponsored by the Department of Education and the Juvenile Justice Commission (JJC). It currently serves 2,700 children in JJC facilities and county-operated detention centers. It has also been implemented in six schools — two in

Newark, two in Trenton, and two in Camden – serving 300 at-risk children. Governor Corzine seeks to expand this program by \$250,000 to include 100 more schools across the State, empowering an additional 5,000 more children to avoid gangs. This represents a seventeen-fold increase in the number of school children across New Jersey served by gang prevention education programs.

Criminal Justice

Dedicating Criminal Justice Resources to Fighting Gang-Related Violence

Bold and innovative action is necessary to dismantle gangs by bringing their members to justice. As a major step in that direction, the Attorney General will create a new “gang violence/organized crime” unit within the Division of Criminal Justice. The reorganization will focus exclusively on prosecuting gangs and organized crime units. This measure will not require additional resources in the Fiscal 2007 Budget.

Operation CeaseFire Expansion

Operation CeaseFire is a community-based response to gun violence in Newark and Irvington. Partnering with criminal justice, government, social service, faith-based, and community organizations, Operation CeaseFire reviews previous shootings in neighborhoods to prevent future shootings, conducts outreach to gang victims, and hosts prayer vigils and peace walks in neighborhoods where multiple shootings have occurred to show support to area residents.

Since the beginning of the program, shootings in the Newark and Irvington target areas have declined by 30%. The \$750,000 investment in Governor Corzine’s Budget would quadruple the Operation CeaseFire program, extending its reach to Trenton, Camden, and Jersey City, and enhancing existing services in Newark and Irvington.

Investing in Re-entry: Halfway Back

By investing in effective programs that assist former prisoners in transitioning home, we can help them become productive members of their communities and avoid the pressures that can lead

to gang membership. Sound re-entry policy and programs promote individual responsibility, reduce recidivism, and increase efficiency.

This Budget invests \$1 million in Halfway Back (HWB) to support additional parolees in making safe, productive decisions as they re-enter our communities. These residential treatment facilities provide structured treatment services to those who have committed technical parole violations so they do not return to prison. Services include drug treatment, relapse prevention, life skills training, anger management, employment counseling, and housing and transitional support services. According to research conducted by Drexel University in 2004, offenders who completed the New Jersey HWB program reduced their rate of recidivism by more than 30%.

HWB currently operates in seven facilities across New Jersey, utilizing 650 beds and serving an annual population of 2,400 people enrolled in four-month programs. The \$1 million increase would result in an additional 50 beds, serving an additional 150 parolees annually.

Promoting Women’s Health

Increasing health care costs and declining federal support add to the rising costs of family planning services. Governor Corzine is committing \$2 million to promote women’s health through family planning services in the Department of Health and Senior Services’ Division of Family Health Services. Family planning programs in New Jersey currently provide reproductive health care services to more than 124,000 women and men throughout the State. This additional funding will support an additional 4,500 patients, expand hours of operation, and reduce waiting periods for patients, both for scheduling appointments and for clinic services. Along with this added funding, Governor Corzine calls on the family planning agencies to focus on private fundraising efforts with the goal of matching their private funding to their State funding.

Family planning services often serve as the only source of primary health care services for low income and working poor families who would otherwise not seek traditional preventive health

care. In addition, these services help prevent unintended pregnancies, lower the rate of abortion and sexually-transmitted diseases, substantially decrease the risks of infant mortality, and provide prenatal care, HIV testing and counseling, as well as essential screenings for breast and cervical cancer, hypertension, and diabetes. Every public dollar spent on family planning services saves an estimated \$3 in Medicaid costs – a solid return on investment.

Addressing Violence Against Women

Nationwide, one in four women report they have been physically or sexually assaulted by an intimate partner in their lifetime. Domestic violence affects families of all different backgrounds, and survivors of domestic violence need support and security. Governor Corzine is committing \$1 million to address violence against women through grants from the Department of Law and Public Safety's (LPS) Division of Criminal Justice. LPS currently distributes grants to support domestic violence survivors through non-profit agencies and other programs. These programs provide legal and medical assistance, counseling, and other important supports to address domestic violence and related issues. The proposed additional \$1 million will expand the number of grants awarded to approximately 75 – a 50% increase that will ensure that many more women and their families will receive the support they need.

Creation of Department of Children and Families

This Budget reflects Governor Corzine's commitment to helping those who cannot help themselves, and children are central to that commitment. New Jersey's child welfare system has been in a state of crisis. Nearly three years ago, the State settled a federal class action lawsuit alleging the system's failures placed children at risk of harm. Almost two years ago, the State submitted a comprehensive plan to reform all aspects of the child welfare system, which has been monitored by a panel of national child welfare experts appointed by the federal court.

The panel has determined in its monitoring reports to date that implementation of the reform plan has been unacceptable in certain respects. If there is any area that should be marked by urgency, this is it. The stakes for the most vulnerable New Jerseyans could not be higher. A meaningful part of the problem has been that the child welfare system is embedded in one of the largest agencies in State government, the Department of Human Services (DHS). In addition to child welfare, DHS is responsible for the enormous Temporary Assistance for Needy Families (TANF) and Medicaid programs; services for persons with developmental disabilities, including the publicly-operated developmental centers; mental health programs, including public psychiatric hospitals; addiction treatment and prevention, and a host of other critical programs for disabled and vulnerable New Jerseyans.

Aggressive reform of the child welfare system requires a focus that is not possible under the current structure. New Jersey needs a Cabinet agency devoted exclusively to the State's most vulnerable children and families. In addition, Human Services clients, such as those with disabilities and mental illness, will greatly benefit from a streamlined DHS with a smaller, more focused purview. Governor Corzine looks forward to working cooperatively with the Legislature to make the necessary statutory changes to create the New Jersey Department of Children and Families (DCF) to provide this focus for both populations.

Because results must be achieved quickly, DCF will begin on July 1st, and will initially be composed only of the divisions in DHS focused on child protection, welfare, education and permanency, child behavioral health and abuse prevention. A new interim body, the Governor's Task Force on Human Service Restructuring, will be empanelled to evaluate existing resources within State government and to make recommendations for efficiency and alignment of resources to improve services in the areas of child welfare in DCF and for vulnerable residents being served by DHS. Structural change will not be a panacea; there is no such thing but it is an essential element of success in an area where failure is not an option.

Economic Growth

In an increasingly competitive economy, New Jersey must take bold action to create new jobs statewide in order to enhance tax revenue without tax increases and simultaneously reduce reliance on State-funded, safety-net programs.

In order to better manage our economic assets in austere fiscal conditions, Governor Corzine created the Office of Economic Growth in the Governor's Office, the first time in our State's history that a governor has made economic growth a central priority.

The Office of Economic Growth will coordinate the actions of State government, while working with municipal and county business, labor, community, and government leaders to grow the economy and create jobs. The Governor will also create an Economic Growth Council to regularly advise his Administration on the Office's progress.

The Governor has instructed the Economic Growth Office to work with his entire cabinet to develop and implement a business plan that will accomplish the following goals:

- Ensure that business climate and corporate tax policy are conducive to economic growth in both local communities and international trade;
- Build an innovative economy centered around a world-class workforce;

- Invest in critical infrastructure: transportation, energy, and technology; and
- Encourage entrepreneurship and small, minority and women-owned businesses.

Homeland Security

Governor Corzine recognizes that protecting New Jersey's citizens and critical assets is the top priority for the State of New Jersey and its Governor. We have entered into a new threat era with acts of terrorism, natural disasters, catastrophic events, and pandemics that require a new operational, all-hazard paradigm and approach to homeland security and emergency preparedness. For this reason, the Governor has created through executive order the Office of Homeland Security and Preparedness, which will be led by a cabinet-level Director who will advise the Governor and coordinate emergency response efforts across all levels of government, law enforcement, emergency management, non-profit organizations, agencies, authorities, other jurisdictions, and the private sector to greatly enhance the safety, security, and preparedness of New Jersey. The Director will have complete responsibility for overseeing, planning, and distributing State and federal funding for homeland security and emergency preparedness solely on the basis of risk, threat, and vulnerability, will eliminate duplication, ensure the most effective use of limited resources, and guarantee that funds are used for appropriate and necessary purposes.



CAPITAL IMPROVEMENTS

Capital Improvements

Parks, Forests, Wildlife Management Areas, and Historic Sites

Homeland Security Critical Infrastructure

Child Advocacy Centers

Homeless Shelters

Community Residences for People with Developmental Disabilities

Homeless Veterans Shelters

Substance Abuse Treatment and Recovery Centers

Women's Shelters

Food Distribution Centers

Rape Care Centers

Capital Overview

In preparation for presenting this budget proposal, the Administration identified a number of program changes and other steps that would generate \$80 million in one-time revenues. Since Governor Corzine is committed to the principle that ongoing operating expenses should be funded with recurring, not one-time, revenues, he has proposed that the \$80 million be used to fund a variety of one-time capital improvements that are overdue

and will help improve the quality of life for the people of New Jersey.

Parks, Forests, Wildlife Management Areas and Historic Sites

New Jersey's parks and other natural areas contribute to the beauty of our State and are a worthwhile environmental and economic investment. With the recent addition of three new urban State parks in Trenton, Paterson, and River

Edge, New Jersey's State park system has grown to 42 State parks, 11 forests, 3 recreation areas, 43 natural areas, and more than 50 historic sites and districts. Governor Corzine will put a down payment on the estimated \$250 million in deferred capital and maintenance needs for these programs by devoting \$40 million in one-time capital funds for maintenance and preservation.

Over the past five years, the Department of Environmental Protection (DEP) has maintained an average of 15 million visitors per year to the State park system's sites and facilities, exceeding the 50-state average of 11 million visitors per year. Since 1990, annual visitation to the state's parks, forests, and historic sites has increased by 4.5 million.

The impact of our State parks and forests on the State and local economies is substantial. According to a 2004 DEP study, the estimated value of the benefits of maintaining our State parks and forests is at least \$1.2 billion annually, or \$30 billion over a 25-year period. This includes indirect economic activity generated by recreation and tourism expenditures, as well as ecosystem services that include watershed and groundwater protection, flood control, water purification, wildlife conservation, biodiversity preservation, and storage of carbon. In addition, maintaining and preserving our parks and forests translates to the direct creation of almost 14,000 jobs, positively impacts property values, and provides enhanced public services, including education.

The proposed appropriation of \$40 million will provide an important start for much-needed capital improvements in our State parks, forests, wildlife management areas, and historic sites. Specific projects include restorations to State-owned historic sites like Batsto and Atsion Mansions, Rockingham, Waterloo Village, historic train sheds at Liberty State Park, and the DEP's most recent acquisition, the office and homestead of "Doctor" James Still in the Pinelands. DEP will also undertake critical health and safety improvements including demolition of unsafe structures, asbestos removal, lead abatement, air quality improvements, fire safety measures, dredging of our marinas, and barrier-free access improvements.

Funding will also be used to create new campsites at places like Wawayanda State Park and to upgrade existing campgrounds throughout the park system. Also, many of our popular trails will be improved for public enjoyment.

Maintaining our State parks, forests, wildlife management areas, and historic sites in good repair ensures that the value they provide, not only for recreational and conservation purposes, but also economic purposes, is carried forward for future generations.

Homeland Security Critical Infrastructure

Not a moment passes without a reminder of the way the September 11, 2001 terrorist attacks transformed American life. Our State's location and highly developed infrastructure – ports, chemical plants, bridges, tunnels, highways, and transit systems – make New Jersey a leading target for potential attacks. The most critical job of government must be to keep the people safe and secure, and the Corzine Administration is committed to doing just that. That means coordination across all levels of government: cooperation among State agencies, the private sector, and public health facilities; solid intelligence-gathering and analysis; timely dissemination; and clear lines of command, control, authority, and responsibility. This Budget invests \$20 million in the Office of Homeland Security and Preparedness for one-time homeland security needs, such as resources for interoperable communications, tools for intelligence sharing, and enhanced infrastructure protection.

Child Advocacy Centers

Child Advocacy Centers provide essential services for children and families when a child is suspected to have been sexually or physically abused. The expansion and improvement of these services will allow New Jersey to conform with national best practices for addressing and prosecuting child abuse. These centers co-locate law enforcement, mental health, and State child protective services, so that children that allege sexual abuse can tell their story and then benefit from state-of-the-art forensic interviewing, videotaping, and analysis.

Partnering with New Jersey's Regional Diagnostic Treatment Centers – unique services with physicians and clinicians specializing in the detection and treatment of child abuse – Child Advocacy Centers will afford families and children the support and services needed in these crises. Preliminary research finds that Child Advocacy Centers reduce the number of child abuse interviews per victim, improve collaboration among agencies, result in fewer foster care placements for children, and increase prosecution and conviction rates.

Child Advocacy Centers have developed as a result of a modest initial investment. These funds have enabled programs to get started, but few resources have been invested in capital. Governor Corzine is devoting \$5 million for a grant program in the new Department of Children and Families for one-time capital improvements to ensure that children feel safe and get the most appropriate treatment during these traumatic times.

Homeless Shelters

Governor Corzine is committed to leveraging limited resources to assist one of our most vulnerable populations: the homeless. By investing an additional \$5 million in capital improvements for New Jersey's Shelter Support Program, the Corzine Administration will help ensure that homeless individuals and families have a safe and accessible transitional "home" in times of need.

The Shelter Support Program is part of a coordinated, inter-departmental State effort that assists local governments and private, not-for-profit organizations in providing for the homeless community. This program provides funds to renovate, improve, and expand existing homeless shelters and transitional housing.

Last year, the State spent \$2.3 million, with an additional \$1.5 million in federal funding, for capital expenditures in the Shelter Support Program. Governor Corzine's Budget proposal would more than double the State investment in homeless shelter improvements by investing \$5 million to add new beds, repair leaking roofs, provide heating systems, repair fire safety and building code violations, improve handicapped

accessibility, replace doors and windows to make homes secure, and upgrade outdated electrical systems. This will enable shelters to increase their capacity and enhance health and safety conditions for the populations they serve.

Community Residences for People with Developmental Disabilities

Consistent with the United States Supreme Court's *Olmstead* decision, Governor Corzine is committed to increasing the availability of residential and rehabilitation opportunities in the community for individuals with developmental disabilities. This initiative will enable people with disabilities to move from more restrictive institutional settings, such as hospitals, developmental centers, and nursing homes, to residential programs with appropriate services and supports located in the community.

The *Olmstead* decision requires each state to ensure that individuals with developmental disabilities are served in the most integrated settings possible. Governor Corzine proposes to invest \$3 million in State capital funds through the Department of Human Services to create increased capacity within our communities. These resources are in addition to a dedicated investment by the Department of Human Services (DHS) to support the placement of a significant number of individuals from developmental centers into the community beginning in fiscal 2007 as part of New Jersey's *Olmstead* initiative goals.

This infusion of capital will fund special needs homes and apartments. To meet the critical concerns of this population, a portion of the funding will be used to ensure that the special needs homes will be accessible for individuals with ambulation difficulties. Also, some of the homes will specialize in supporting individuals with behavioral challenges, medical needs, or both.

Homeless Veterans Shelters

Homelessness is the most severe form of poverty and a social condition that affects far too many New Jerseyans, including veterans who have

served our nation. According to the Department of Military and Veterans Affairs (DMAVA), approximately 8,000 of New Jersey's veterans are homeless.

These men and women served our nation proudly, and it is unconscionable for the State to leave them out in the cold. Governor Corzine proposes investing \$2 million in one-time capital improvements to ensure that veterans have access to transitional housing. This capital allocation will be used by DMAVA to renovate existing facilities to create 30 new beds for our homeless veterans. This investment is a small but important step in the process of fostering self-sufficiency and improving the quality of life for New Jersey's veterans.

Substance Abuse Treatment and Recovery Centers

Substance abuse has harmful effects on personal lives, families, and our communities. Too often, children are put in harm's way as a result of the drug or alcohol use of their parents, and families are torn apart. Prevention and treatment of substance abuse is essential to minimizing these harmful effects. DHS regulates addiction treatment programs ranging from residential treatment to outpatient centers for more than 50,000 individuals each year, including 9,000 young adults, teenagers, and even children. Many of the treatment agencies are in serious need of expansion and renovation, and many cannot safely and adequately accommodate annual admissions; for every one person treated, two are waiting. The Fiscal 2007 Budget will invest \$2 million in capital improvements for New Jersey's addiction treatment centers to help pay for additional rooms, beds, and significant repairs. This capital investment will be administered as a grant program for licensed, publicly-funded agencies, directed through the Division of Addiction Services within DHS.

Women's Shelters

Women's domestic violence shelters throughout New Jersey provide temporary housing to women and their children fleeing abusive situations, with an average length of stay of about a month. Each year, the Department of Community Affairs (DCA) receives an overwhelming number of

applications from the 22 women's shelters located throughout the state for grants for capital improvements. Under the current funding level, most grant applications cannot be filled completely, and many are denied outright, leaving these shelters in a state of disrepair.

This Budget adds \$1.5 million in one-time capital investments through DCA's Division on Women to allow women's shelters to not only improve their existing facilities but also to add more beds and serve an increased number of survivors of domestic violence. In 2004 (the most recent data available), these shelters served nearly 1,700 women and approximately 2,000 children. Due to lack of capacity, however, over 1,900 women and children were turned away. This increased funding will allow for the shelters most in need to expand capacity and improve the upkeep of their buildings so that every woman seeking a safe haven can be served.

Food Distribution Centers

As part of New Jersey's effort to alleviate hunger, Governor Corzine is committing \$1 million for capital improvements of emergency food distribution centers to preserve food purchased for hungry New Jerseyans. Too many emergency food centers do not have the capacity to store or preserve perishable food items. To help rectify this situation, this Budget will invest \$1 million in capital improvements to our State's emergency food distribution centers through the Department of Agriculture Division of Food and Nutrition. This capital - in conjunction with the \$3 million Governor Corzine has committed to the purchase of millions of pounds of food for the less fortunate - will take us another step closer toward alleviating hunger in the State. The additional investment will help ensure that approximately 500,000 New Jerseyans, who are currently turned away when seeking assistance, get the food they need.

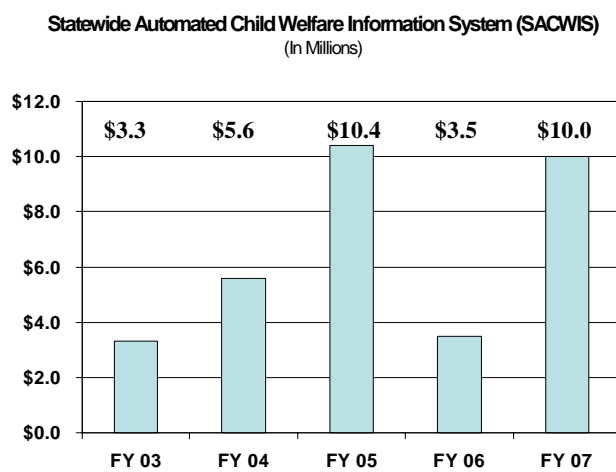
Rape Care Centers

Rape care centers in all 21 counties throughout the State provide essential services to survivors of sexual violence and their families, ensuring compassionate treatment of survivors of sexual assault who seek assistance. New Jersey's rape

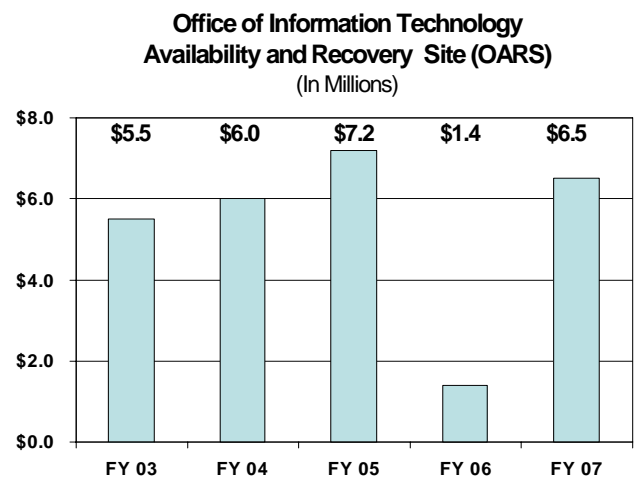
care centers are some of the most comprehensive in the country, providing free and confidential services such as crisis intervention, individual and group counseling, information and referrals for needed services, and accompaniment to hospitals, police stations, and court proceedings. Last year, over 4,200 women visited a rape care center, and rape crisis hotlines received over 24,000 hotline calls. Governor Corzine will devote \$500,000 in one-time capital funding for rape care centers to allow for much needed technological upgrades and other capital improvements that will improve the care that women receive during these difficult times.

Other Discretionary Capital Improvements

In addition to the aforementioned \$80 million for capital projects, the Budget includes \$40.8 million in discretionary capital funding for the State's most critical projects. Most prominently, \$10 million is recommended for the Statewide Automated Child Welfare Information System (SACWIS), a key component of the State's Child Welfare Reform Plan. SACWIS, which is designed to improve administration of the Title IV-B Child Welfare and Title IV-E Foster Care programs, will generate \$10 million in federal matching funds. Including the \$10 million recommended for fiscal 2007, the State will have appropriated a total of \$32.8 million for this purpose since fiscal 2003, as summarized on the accompanying chart.



To complete the State's Office of Information Technology's Availability and Recovery Site (OARS), a total of \$6.5 million is recommended. When completed, OARS will provide a fully tested, state-of-the art disaster recovery function in the event of a disaster to protect the data associated with some of the State's most critical programs, including accounting and revenue systems, human resource data, and motor vehicle records. Since fiscal 2003, the State has provided a total of \$26.6 million for this project.



Additional critical fire and life safety projects, totaling approximately \$18 million, will be funded at the Katzenbach and Piscataway Regional Day School, the Juvenile Justice Commission, and the Department of Human Services. Projects include new fire suppression systems, suicide prevention improvements, and new heating and cooling systems in State institutions serving our most vulnerable client populations. Finally, a total of \$5.6 million is recommended for DEP flood prevention projects to help leverage \$22.6 million in federal matching funds.



PROPERTY TAX RELIEF

Direct Property Tax Relief

The Fiscal 2007 Budget will continue essential property tax relief programs by providing \$1.9 billion in rebates and State-funded tax deductions to New Jersey property taxpayers. Governor Corzine has fulfilled his pledge to provide increased property tax relief in the Fiscal 2007 Budget.

Homestead Rebates

Direct property tax relief that is targeted to those who need it most – seniors and low- and moderate-income families – is an important part of the State's efforts to alleviate the property tax burden, and Governor Corzine believes we must ensure that this relief increases each year. The Governor had hoped to be able to propose a dramatic increase in property tax rebate funding by restoring funding to its 2004 level and then growing it by 10%. But given the enormous size of the structural deficit and the need for significant cuts in the budget to address it, Governor Corzine is proposing that the 10% increase be applied against the rebate level in 2005.

With an infusion of \$530 million, homestead rebates will increase over 2005 levels for all recipients. Homeowners with incomes up to \$200,000 and tenants with incomes up to \$100,000 will continue to be eligible for the program. Funded at a total of \$1.2 billion, this program will provide the highest rebates to low- and middle-income senior citizens. Specifically, senior homeowners with incomes less than \$70,000 will receive a maximum rebate of \$1,320, and senior homeowners with incomes above \$70,000 will receive a maximum rebate of \$880. Rebates for non-senior homeowners will be from \$330 to \$385. Senior tenants and non-senior tenants will receive maximum rebates of \$908 and \$83, respectively.

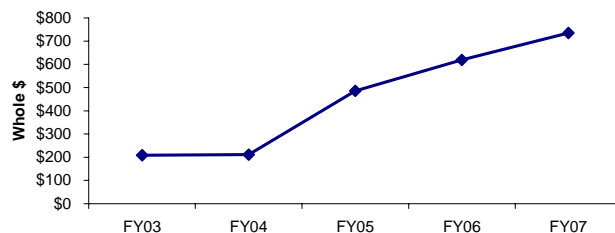
As part of Governor Corzine's emphasis on achieving management efficiencies, the Administration recognizes that the taxpayer-funded costs for a check-based homestead rebate program are significant. With printing and postal costs for

rebate checks in excess of \$2 million, the Corzine Administration will seek to convert this program over time to a credit against local property tax bills. This conversion can be achieved as the State proceeds with the Property Assessment Management System (PAMS), which is currently being developed for statewide implementation in future fiscal years.

Senior Tax Freeze

The State's low- and middle-income seniors will continue to see 100% of their property tax increases paid through the Senior and Disabled Citizens' Property Tax Freeze (Senior Tax Freeze) program. Funding for this program is increased 21% (\$20.5 million) over the 2005 level. The Senior Tax Freeze program freezes property taxes for low- and middle-income seniors, reimbursing them for any property tax increases assessed after a participant joins the program. Therefore, the annual rebates increase as local property taxes increase.

State Budget Pays for Seniors' Property Tax Increases



Average reimbursement to individual seniors for rising property tax increased from \$209 in fiscal 2003 to an estimated \$735 in fiscal 2007.

In fiscal 2007, this program is expected to provide rebates to approximately 162,000 seniors, at an average check level of \$735. (During fiscal 2006, over 152,000 seniors have received rebates to date, with checks averaging \$619 each.)

This program has a proven track record of maintaining seniors in their homes, with over 50% of seniors still in the program after three years. For fiscal 2007, the program's income eligibility

thresholds have increased by 2.7%, to \$41,972 if single and to \$51,465 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 2006. The State will reimburse municipalities a total of \$99 million for the estimated 388,000 veterans, seniors, and disabled residents expected to apply for this deduction in fiscal 2007.

The property tax deduction against State income tax liability will save middle-income taxpayers an estimated \$438 million in fiscal 2007.

The New Jersey Earned Income Tax Credit (EITC) program provides families with 20% of their federal EITC benefit. In fiscal 2007, this benefit is estimated at \$118 million, of which \$18.4 million will be paid from the federal welfare block grant.

Municipal Aid

In spite of tremendous budget constraints, the proposed Fiscal 2007 Budget maintains level funding of \$1.7 billion for formula aid to New Jersey's 566 municipalities through the Consolidated Municipal Property Tax Relief Aid (\$835.4 million), Energy Tax Receipts Property Tax Relief Fund (\$788.5 million), Municipal Homeland Security Assistance Aid (\$32 million), and Legislative Initiative Municipal Block Grant (\$34.8 million) programs.

Other municipal aid programs are funded at a level of \$151 million. More than half of this amount, or \$78.4 million, will assist the State's fiscally distressed cities. Partially offsetting this increase is a \$13 million reduction to the discretionary

Extraordinary Aid program and the elimination of the Regional Efficiency Aid Program (REAP), funded at \$11 million in fiscal 2006. Since fiscal 2003, REAP has benefited only 14 towns which achieved the highest per capita savings on property tax bills from efficiencies and consolidations that reduced property taxes. The State payment provided an incentive and reward for their efforts to consolidate, but after four years of such payments it is time to allow the residents of these towns to benefit from consolidation alone. Other municipal aid programs that maintain level funding in fiscal 2007 are the Highlands Protection Fund initiatives (\$12 million) and the Trenton Capital City Aid program (\$16.5 million).

An increase of \$500,000 is provided for Payments in Lieu of Taxes (PILOT) to municipalities for State and nonprofit preserved open space. Open space PILOT payments to municipalities grow from \$9 million in fiscal 2006 to \$9.5 million in the Fiscal 2007 Budget recommendation.

Continuation funding is also provided for Regional Efficiency Development Incentive (REDI) grants at \$4.2 million. Funding for REDI will be utilized to support the Sharing Available Resources Efficiently (SHARE) program. 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.



SCHOOL AID

Education

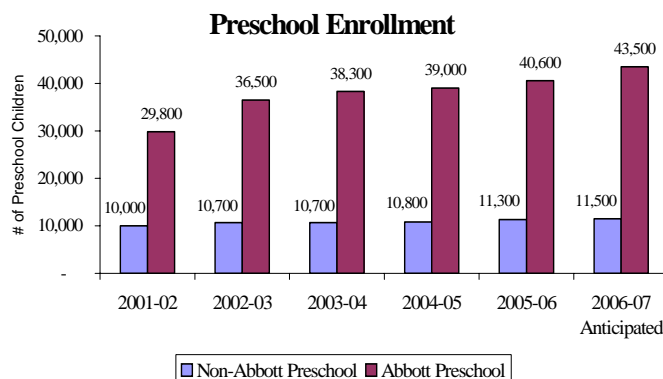
Including School Aid to localities, over one-third of the Fiscal 2007 Budget, or \$10.5 billion of the \$30.9 billion total State appropriation, is provided for Education. Some of the more prominent programs are described below.

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 best in the nation.

As the accompanying graph illustrates, the Department of Education expects preschool enrollment in the Abbott districts to grow to 43,500 for the 2006-2007 school year, an increase of approximately 46% since the program began in the 2001-2002 school year. If these enrollment levels are achieved, approximately 80% of all general education three- and four-year-olds in the Abbott districts will be enrolled in a high quality preschool program.

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 2007 Budget recommendation includes \$243.2 million for Abbott Preschool Expansion Aid. In addition, \$92.2 million in the Department of Human Services is available for programs offered before- and after-school for Abbott preschoolers.

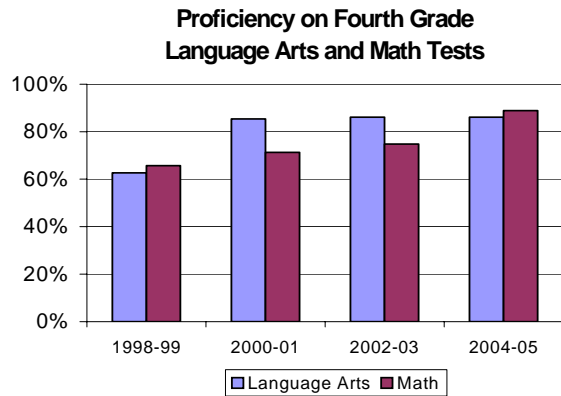


Preschool enrollment is anticipated to grow to 55,000 in FY07, a 38% increase over enrollment in FY02.

A second form of state preschool aid (Early Childhood Program Aid) supports an additional 45,534 preschoolers and kindergartners in 132 high poverty districts around the State. The Fiscal 2007 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 \$3 million recommended for this program in the Fiscal 2007 Budget will allow the program to run at the same level as fiscal 2006, increasing access to high quality preschool for four-year-olds by creating new or expanded preschool programs in the low-income districts that have participated in the program since its inception in fiscal 2005.

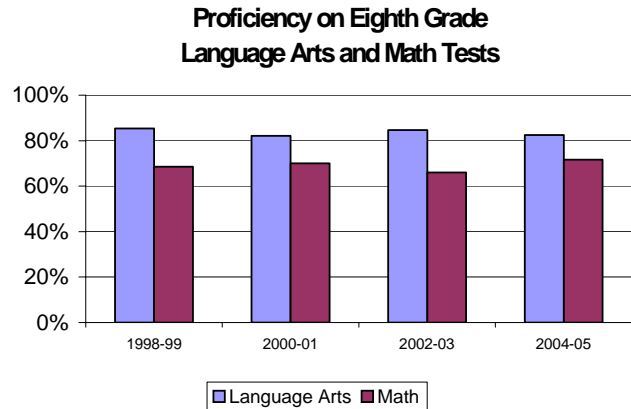
Statewide Assessment

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.



The proficiency rate of fourth graders in language arts has consistently remained approximately 86%, while proficiency in math has increased to 89%.

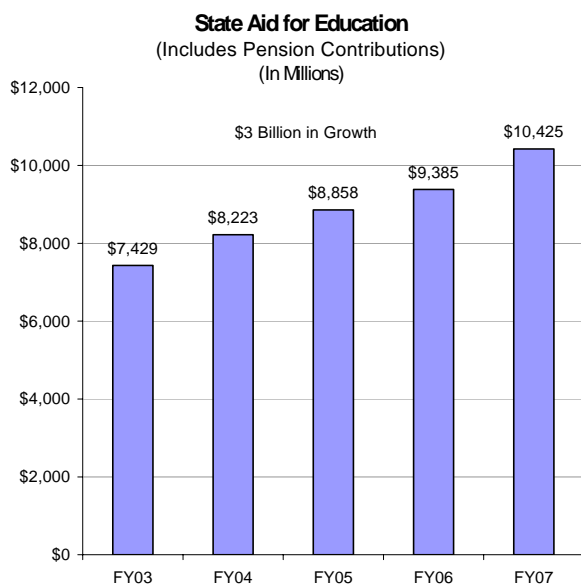
With the enactment of the federal No Child Left Behind Act in 2001, further alterations have been made to New Jersey's statewide assessment test for elementary school children in accordance with the mandate to administer annual tests in grades 3 through 8. To comply with the expectation that each state 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 accompanying graphs, New Jersey students continue to achieve high levels of proficiency in both language arts and math, while progressively approaching the federal goal of 100% proficiency. Fourth grade students are steadily achieving advanced levels of proficiency in language arts, with approximately 36.1% reaching the level of advanced proficiency, while 22.4% of eighth grade students tested at advanced levels for math.



The proficiency rate of eighth graders in language arts has consistently remained approximately 82%, while proficiency in math has increased to 71%.

School Aid

State aid for school districts is the single largest purpose to which State funds are devoted, with a total recommended amount of over \$10.4 billion for fiscal 2007, as seen in the accompanying graph. It is anticipated that in fiscal 2007, the State will support 44.1% of total per pupil costs, the highest recorded percentage. This includes the significant contributions the State makes on behalf of local school districts for employee benefits. In recognition of the continued high priority given to education, the Fiscal 2007 Budget includes \$7.6 billion in direct aid to local districts.



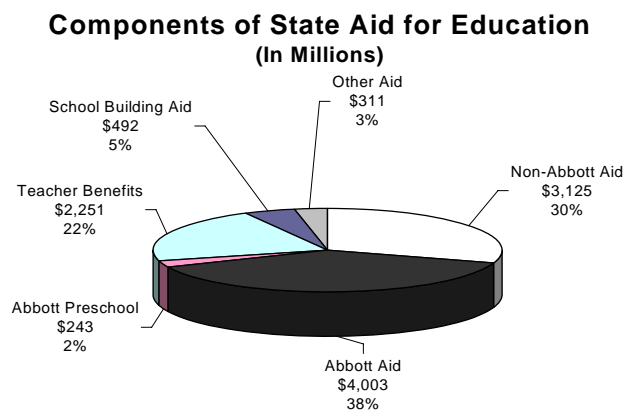
State Aid for Education has increased 40% since FY03, with the majority of the FY07 increase due to teacher and other school employees' benefits.

Fiscal 2007 school aid also includes \$375.2 million for the School Construction and Renovation program and \$116.8 million in School Building Aid. This represents an increase of \$113 million over the fiscal 2006 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 \$2.3 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 \$823.2 million over the fiscal 2006 adjusted appropriation and protects property taxpayers from shouldering these costs. The proposed funding level also recognizes the importance of a stable pension system in the recruitment and retention of high quality teachers and school leaders throughout the state. The majority of the increased cost in this category is the contribution to the Teachers' Pension and Annuity Fund, which will increase \$743 million over fiscal 2006. Although fiscal constraints limit

the Administration's ability to fully fund pension costs, this Budget accelerates the phase-in toward full funding.

The Fiscal 2007 Budget recommendation for most categories of direct aid is at the same level as in fiscal 2006. Categories of aid have been evaluated for effectiveness. Existing resources have been reallocated to recognize shifts in enrollment, both increases and decreases. Growth has been contained in aid to Charter Schools, School Choice, and Abbott Bordered Districts. Although the appropriation for High Expectations for Learning Proficiency has been reduced, the eligibility criteria have been revised to direct the resources to low-income districts for improvement of achievement levels. Teacher Quality Mentoring will be level funded at \$2.5 million. Education Opportunity Aid funding for Abbott districts will grow to \$1.5 billion, an increase of \$96 million over the fiscal 2006 appropriation. These resources will ensure parity and support educational priorities in those districts. As shown in the attached chart entitled "Components of State Aid for Education," total state aid to the Abbott districts will reach \$4 billion when all categories of formula aid are summed.



Abbott aid represents about 38% of state aid to schools.

The Governor recognizes that it is time to address the inequities that exist in the school funding system and intends to work with the Legislature and stakeholders to develop a new school funding formula in the upcoming year. The Comprehensive Educational Improvement Financing Act (CEIFA) formula has not been used

to determine state aid for the past five years. During this time, almost all of the increases in state aid have gone to the Abbott districts. As a result, Abbott districts now represent 12 of the state's 15 highest spending K-12 districts. In addition, some of the lowest spending districts are rural districts or those non-Abbott districts with high numbers of low-income students.

Promoting Literacy

The Governor's Literacy Initiative has been redesigned to target low-performing non-Abbott school districts. Under Governor Corzine, a more effective model will be applied to the Literacy Initiative, and this approach will reach a greater number of students. The initiative will provide grants and technical support to implement the core features of the Department's successful Intensive Early Literacy model. State funding will be provided for the purchase of instructional materials to support the literacy learning of students in kindergarten through grade four, including students with disabilities and students with limited English proficiency. A second grant program under the Governor's Literacy Initiative will blend State and federal funding to provide the services of a Special Education Literacy Resource Coach within the low-performing, non-Abbott districts.

Under Governor Corzine, additional emphasis will be placed on adolescent literacy. Funding from the Governor's Literacy Initiative will be used to support a pilot program to improve the literacy achievement of students in middle schools. The Department of Education will also use a grant from the National Governor's Association to support the development of policies to promote adolescent literacy.

School Construction

The New Jersey Schools Construction Corporation (SCC), a subsidiary of the New Jersey Economic Development Authority, is dedicated exclusively to school construction. To date, the SCC has managed 587 school facilities projects, including 354 Abbott health and safety projects. Of the projects, 50 represented major facilities, including renovations and additions. In addition, 2,461 grants to non-Abbott school districts have been executed, totaling \$2.1 billion. In February 2006, Governor Corzine issued Executive Order #3 that established the Interagency Working Group on School Construction to review the SCC and develop recommendations for reform. On March 15, 2006, the Group released its initial report of findings to the Governor. Workgroup suggestions include a framework for reorganization and recommendations for collaboration between the Department and local districts to prioritize facilities, as well as collaboration with the community to incorporate new or expanded facilities into the development of an urban plan. The workgroup also recommended no additional State funding be authorized until new management procedures have been implemented, new systems to improve cost control are in place, and a process is adopted for prioritizing remaining projects.



OTHER INITIATIVES

Higher Education

Even in the State's current fiscal situation, continued investment in higher education is critical to New Jersey's long-term economic and social health. Accordingly, this Budget provides over \$1.9 billion in overall support of the State's higher education system in fiscal 2007. Although this is a reduction of \$169.1 million, or 7.9%, from fiscal 2006, and will certainly challenge New Jersey's colleges and universities to find ways to improve the efficiency of their operations, this Budget maintains New Jersey's commitment to a diversified, accessible system of higher education. In particular, programs providing need-based financial assistance to students receive \$6.3 million in increased funding in this Budget, to assure that our neediest students will not be denied the opportunity to go to college.

Higher education benefits both the individual and society in a variety of ways. 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 the State's twelve senior public colleges and universities with over \$1.3 billion in overall support in fiscal 2007. This includes \$807.6 million in direct support, a reduction of \$143.5 million, or 15.1%, and \$545.7 million in indirect support through continued funding for fringe benefits for college and university personnel.

The senior public institutions have several options available to offset the fiscal 2007 reduction in State support:

- Low-priority or duplicative programs could be scaled back or eliminated.

- Operational efficiencies could be implemented.
- Non-State revenues could be increased. For example, initiating a gradual four-year phase-in of charging out-of-state undergraduates the full cost of their education would yield additional fiscal 2007 revenue of approximately \$5.7 million. Approximately 7% of all undergraduates at the senior public institutions are out-of-state students, who are subsidized by New Jersey taxpayers in the estimated amount of \$22.7 million annually.

This Budget also provides \$208.1 million in support of the State's county colleges, a decline of \$15.5 million, or 6.9%. Direct support declines by \$16.3 million, or 10%; this decline is partially offset by a net increase of \$745,000 in indirect support for these institutions.

The State's 14 independent colleges and universities will receive \$12 million in direct support during fiscal 2007, a reduction of 50% from fiscal 2006. These institutions serve an important role in providing higher education for more than 24,000 New Jersey residents, and must be supported even in this extremely difficult fiscal circumstance.

This Budget eliminates funding for the Higher Education Incentive Endowment Fund, a savings of \$3 million. This program's purpose – to create a matching incentive for private individuals and organizations to make large endowment contributions to New Jersey's higher education institutions – is a good one; however, the program has never been adequately funded. The State cannot afford to provide the funds, which would require a five-fold increase in appropriations, to fully match eligible endowment contributions already received by the colleges and universities.

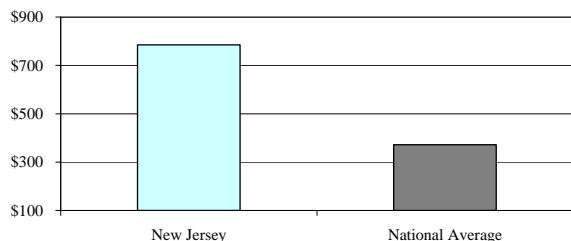
Student Financial Assistance

Even in this time of fiscal austerity, this Budget provides approximately \$290.1 million for the various student financial assistance programs, including the Tuition Aid Grant programs and the Educational Opportunity Fund programs. This Budget increases funding for need-based student assistance programs by \$6.3 million, and reduces funding for other, non-need-based student aid programs by \$5.7 million. Overall, this Budget increases funding for student assistance by \$648,000 from fiscal 2006.

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 continues to provide more than twice the national average grant support per student (see chart entitled "Tuition Aid Grant (TAG) Per Student").

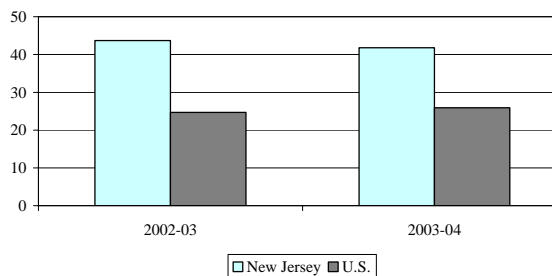
TUITION AID GRANT (TAG) PER STUDENT
TAG Funding Per Full-Time Equivalent Undergraduate Enrollment
Compared to National Average,
2003 - 2004 Academic Year



New Jersey provides more than twice the national average grant support to college students.

According to Postsecondary Education's *OPPORTUNITY* January 2006 research letter, New Jersey currently ranks second in the nation at 41.8% in college participation rates for students from low-income families (see chart entitled "College Participation"); the national average is 25.9%.

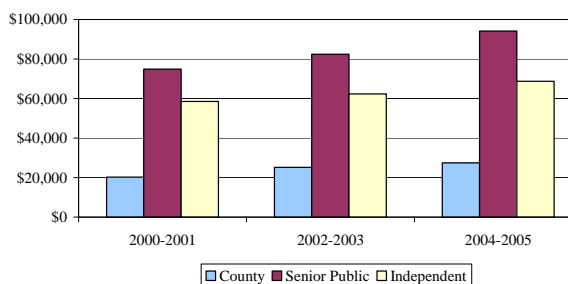
COLLEGE PARTICIPATION
Percentage of Students from Low-Income Families,
2002-03 and 2003-04



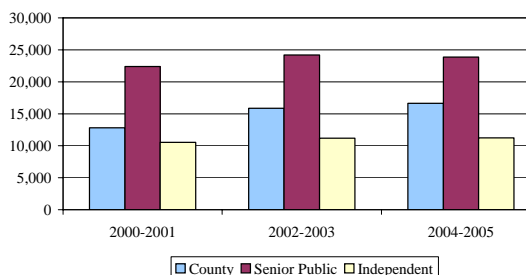
New Jersey ranks 2nd in the nation in college-attendance rates for students from low-income families.

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 charts entitled "Tuition Aid Grant (TAG) Funding" and "Tuition Aid Grant (TAG) Participants").

TUITION AID GRANT (TAG) FUNDING
By Sector: Academic Years 2001 - 2005
(000s)



TUITION AID GRANT (TAG) PARTICIPANTS
By Sector, Academic Years 2001 - 2005



The TAG program supports low-income students at all New Jersey colleges and universities.

This Budget provides \$214.7 million for the TAG program for full-time students, an increase of \$5.8 million. This Budget ensures that the State's neediest 18,800 students across all sectors will receive an additional average award increase of \$265 to mitigate anticipated tuition increases in fiscal 2007.

In addition, this Budget provides \$4.9 million for the Part-Time TAG for County Colleges program that was initiated in fiscal 2004. The \$490,000 increase in this program will support 9,941 recipients during fiscal 2007, 986 more than in fiscal 2006, with a \$497 average award.

New Jersey Educational Opportunity Fund

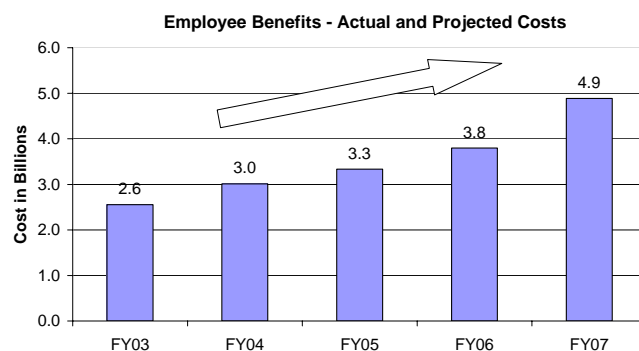
The New Jersey Educational Opportunity Fund (EOF) was created by law in 1968 to ensure meaningful access to higher education for those who come from backgrounds of economic and educational disadvantage. EOF funding has been preserved at \$40.6 million in fiscal 2007; these programs will assist disadvantaged New Jersey residents who are capable and motivated, 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.

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 also 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 \$2.3 billion or 91% from approximately \$2.6 billion in fiscal 2003 to almost \$4.9 billion in fiscal 2007. Employee Benefits costs are projected to be 15.8% of the State's overall Fiscal 2007 Budget as compared to 10.6% just four years ago.



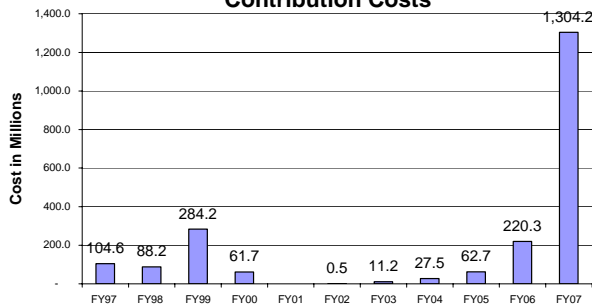
FY07 total employee benefit costs have increased by \$2.3B since FY03.

The majority of the fiscal 2007 growth is in pension contributions, with the largest increase in payments to the Teachers' Pension and Annuity Fund. Although fiscal constraints limit the Administration's ability to fully fund pension costs, this Budget accelerates toward full funding. The chart entitled "History of Defined Benefit Pension Contribution Costs" demonstrates the magnitude of the increase in fiscal 2007. The Budget also anticipates savings from recommendations of the Benefits Review Task Force for pension reforms. These changes will curtail the ability for certain public employees to manipulate the pension plans. The following changes are recommended:

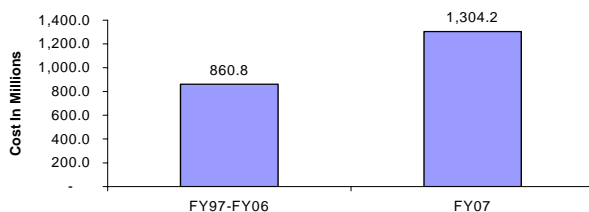
- Adoption of new criterion for membership eligibility in the Public Employees' Retirement System (PERS) to curtail the abusive practice of pension "boosting." The current minimum \$1,500 per year salary compulsory membership requirement will be replaced with the ERISA standard of a minimum of 1,000 hours worked to earn service credit or by increasing the salary standard to \$5,000;

- Elected officials who have no previous pension service credit in one of the State's defined benefit plans would only be eligible to participate in a newly designed defined contribution plan. Appointed officials will have the option of enrolling in the defined benefit or a defined contribution plan. A defined contribution plan is a more portable benefit and more appropriate for appointees and elected officials who may only remain in public employment for a short period; and
- Professional service vendors, such as municipal attorneys, tax assessors, and others who are retained by public contracts approved by an appointing agency, would not be eligible for pension system membership.

History of Defined Benefit Pension Contribution Costs



Defined Benefit Pension Contribution Costs



The FY07 defined benefit pension appropriation is \$443 million more than the total combined amount from FY97-06.

Cost containment measures are also being implemented in the area of health benefits for active and retired state employees and retired school district employees. These include bulk purchasing of pharmaceuticals, mandatory mail-order for maintenance drugs, mandatory use of

generic drugs, and improved pharmacy administration. Even with these savings, health benefits costs for active and retired members, at \$2.1 billion, comprise 43% of employee benefit costs. By statute, the State assumes all health benefit costs for eligible retired school district employees; payments for this group are expected to be \$721 million for the next fiscal year or approximately 34% of the total \$2.1 billion appropriated for this purpose. Escalating health benefit costs continue to be a significant commitment of limited resources in the State Budget.

Health

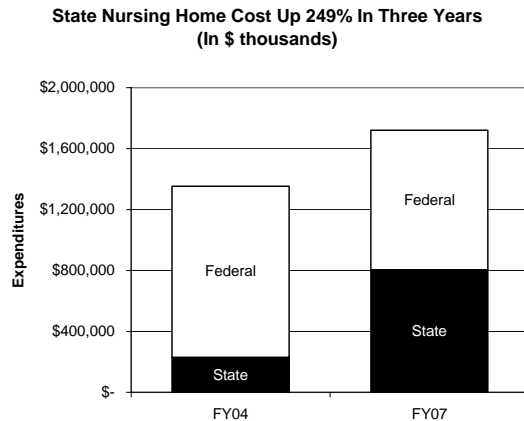
This Budget continues to enhance the State's health services and infrastructure, particularly through the expansion of health care to uninsured children across the State. This needed budget growth is tempered, however, with responsible savings initiatives to preserve fiscal integrity. Major initiatives are outlined as follows:

Long-Term Care: Cost Containment

Since fiscal 2004, Medical Day Care costs have increased by 59%, making it the fastest growing, non-institutional, long-term care program. Likewise, due to a decline in federal revenue, Nursing Home costs have grown 249% over the same time period. In fiscal 2007, cost containment of \$49.5 million will be achieved in the following ways:

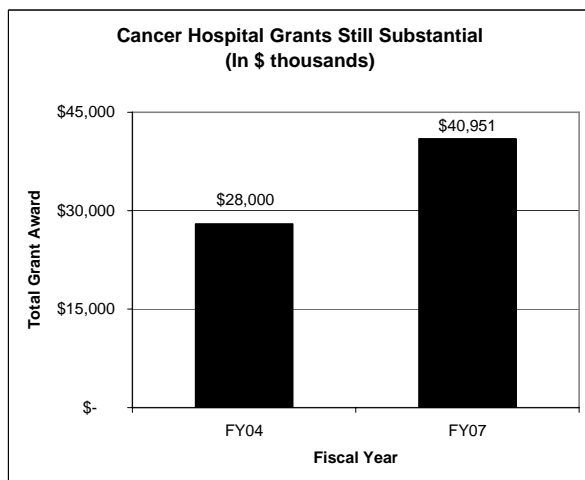
- Eliminating the inflation adjustment for nursing facilities and medical day care providers will result in a State savings of \$26 million.
- Federal legislation has increased the look-back period from three to five years for determining whether individuals improperly transferred assets to gain Medicaid-eligibility. This will save \$15 million of State funds.
- A reduction of non-Medicare patient days in fiscal 2006 reduced State revenue from the provider assessment from these

- facilities by \$8.5 million. In addition, certain facilities have not paid their share of the assessment. Payments will be reduced by this amount to cover the lost State revenue.



Reduce Operational and Capital Portions of Cancer Hospital Grants

This reduction generates a savings of \$23.3 million by focusing the grants solely on research and reducing the funding of operations and construction. Because of unprecedented growth in this area, the remaining \$41 million base appropriation still represents a 46% increase in comparison to the original State appropriation provided in fiscal 2004.



Cancer hospital grants for costly non-research activity are reduced; however, remaining research funds are still 46% higher than fiscal 2004 level.

Reduce Hospital Assistance Grants

These grants are a one-time fiscal 2006 legislative addition that supplement other State grants and programs, such as Charity Care, and are not continued in fiscal 2007, thus saving \$69.2 million. State and federal distributions from the hospital provider tax will offset this reduction for hospitals serving high volumes of low-income Medicaid patients.

Prescription Drug Cost Containment

Since fiscal 2003, the costs for the State's prescription drug programs have been increasing 10% annually, and in fiscal 2007 total spending in this area will reach \$1.4 billion. The federal Department of Health and Human Services, Office of the Inspector General conducted a study in 2002 comparing the prices that states pay for prescription drugs for their Medicaid programs. Of the states surveyed, New Jersey paid the highest amount for generic (non-innovator multiple source), single-source brand, and multi-source brand drugs.

To counter this trend, this Budget includes pharmaceutical-related savings totaling \$145 million. As an initial step, the State will institute a bulk purchasing system to maximize our market presence and secure the best possible price. This measure is estimated to save \$75 million annually in Medicaid, the Department of Health and Senior Services (e.g., PAAD and Senior Gold), and the State Health Benefits Program and will be supplemented by several other initiatives to consolidate pharmaceutical purchasing statewide.

Drug Reimbursement Rate Adjustments

A total of \$17.1 million will be saved by switching the reimbursement methodology for prescription drugs. Currently, the State pays providers the Average Wholesale Price less 12.5%. Based on new federal guidelines, by the end of the fiscal 2007 single-source brand name drugs will be reimbursed at the federally-calculated Retail Survey Price, and generic and multi-source drugs will be reimbursed at the Average Manufacturer's Price.

Medicaid Co-pay

A savings of \$13 million will be generated by a \$2 co-pay on prescription drugs in fee-for-service and Managed Care plans. To preserve access and health for all beneficiaries, co-pays are limited to \$10 per month, and pregnant women and children are exempt from the new requirements.

Use of Generic Psychotropic Drugs

Psychotropic drugs are among the most expensive prescription drugs because of their specialized use in treating serious mental illnesses, such as schizophrenia. Despite newer versions of these drugs, recent studies have shown that the current brand-name drugs are no more effective, and in some instances less effective, than the generic alternatives. This will save the State a total of \$8.8 million.

Human Services

The fiscal 2007 Budget maintains the State's commitment to its most vulnerable citizens, particularly through new initiatives transitioning developmentally disabled and mentally ill individuals from State facilities to community-based care. This growth, however, is offset by well-reasoned and fiscally sound savings.

Hospital Provider Tax

This Budget proposes a provider assessment of 5.5% based on non-Medicare hospital revenue that will generate \$430 million. Of the total, \$215 million will become a State budget resource. The remaining \$215 million will generate federal Medicaid match, resulting in a total of \$430 million that will be distributed to hospitals in the form of higher Medicaid payments. This initiative, which will benefit hospitals that have a higher than average Medicaid client base, will require State legislation.

Developmental Centers – Revenue Enhancements

In response to legislative criticism of delays in rate reconciliation on federal match programs, the Department of Human Services elevated retroactive claiming as an administrative priority for fiscal 2006. Due to the diligence of this effort,

rates were finalized for fiscal 2001 through 2004, generating \$194 million of one-time federal revenue. Updated projections for federal Intermediate Care Facility reimbursement, which provides 50% of developmental center funds, increased revenue by an additional \$17.6 million. Collectively, these initiatives will provide a total of \$211.6 million in new resources.

Of this amount, \$94 million from prior year claiming and \$17.6 million from updated projections will be used to offset State appropriations in the seven developmental centers for a total savings of \$111.6 million. Another \$50 million will fund critical fiscal 2006 needs such as Medicaid caseload increases, fuel and utility costs in the developmental centers, and additional State Aid to county psychiatric hospitals. Finally, \$50 million will be used to provide community placements for 180 developmental center residents. This three-year initiative addresses the United States Supreme Court's *Olmstead* decision requiring care in the least-restrictive setting.

Mental Health

Last year, Governor Codey championed an historic reform of the State's mental health system designed to lead more New Jerseyans with mental illness to treatment, recovery and long-term wellness. This Budget supports the initiatives of Governor Codey's Mental Health Task Force in furtherance of mental health reform. In addition, the Budget invests \$10 million to develop essential services and community capacity to facilitate the de-institutionalization of persons living in State psychiatric hospitals consistent with the United States Supreme Court's *Olmstead* decision.

Abbott Pre-School Co-pay

Currently, the Division of Family Development (DFD) provides free after-school and summer child care to families in the 31 Abbott districts, regardless of income. This structure creates serious equity imbalances across the State by directing funds to districts in amounts that are not truly indicative of need. This Budget proposes implementing a sliding-scale co-pay for child care in Abbott districts – as is the practice in all other DFD-run child care programs – which would generate a savings of \$30 million. In fiscal

2007, 2,100 families earning \$60,000 to \$75,000 will pay 50% of the annual cost, and 5,100 families earning above \$75,000 will pay the full annual cost of approximately \$3,800 per child.

Environment

The Fiscal 2007 Budget provides a total increase of \$109 million for critical Department of Environmental Protection (DEP) programs and new initiatives.

Corporation Business Tax Dedication

A constitutional dedication of 4% of Corporation Business Tax (CBT) revenues has supported critical DEP programs for the past 10 years. In fiscal 2007 this important funding source will increase by \$53.8 million due to higher collections of CBT revenues.

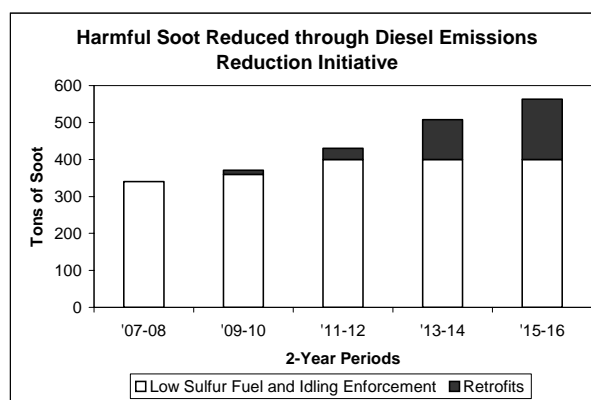
CBT Fiscal 2007 Increase:	
(In Millions)	
Diesel Emissions Reduction Program	\$22
Watershed Restoration Projects	\$5
Administrative Costs	\$5
Brownfields	\$13
Other Capital Projects	\$9
Total Increase	\$54

Along with providing additional funding for ongoing projects, such as cleanup of privately owned underground tanks, remediation of contaminated sites, and watershed monitoring and planning, the \$53.8 million increase in the CBT constitutional dedication will support two new initiatives:

Diesel Emissions Reduction

Over the next ten years, the Diesel Emissions Reduction program aims to reduce diesel exhaust emission levels through the use of ultra-low-sulfur

diesel fuel, prevention of idling, and retrofitting of 40,000 vehicles in the following categories: all school buses; garbage trucks that are publicly owned or used in a public contract; all transit and charter buses; and publicly owned on-road and non-road vehicles. By reducing exposure to diesel particulates, this new program will enable New Jersey to prevent up to 150 premature deaths each year and save up to \$1.4 billion in health care costs annually. This new program sets the framework for the most comprehensive mandatory diesel vehicle control program in the nation, and is a critical first step in reducing the risk posed by diesel emissions.



By 2016, the Diesel Emissions Reduction program will have eliminated 565 tons of soot from the atmosphere.

Watershed Restoration Projects

The Regional Stormwater Management Committees have identified over \$13 million in watershed restoration projects that are needed to address the ongoing sedimentation and pollution of impaired ponds and streams. The \$5 million Grants-In-Aid appropriation for Watershed Restoration Projects will help to address this need and successfully restore various watersheds including Lake Hopatcong, Long Swamp Creek in the Barnegat Bay Estuary, Delaware & Raritan Canal Tributaries, Wreck Pond, and Pequannock River.

Parks, Forests, Wildlife Management Areas, and Historic Sites

Recognizing the need for repairs and maintenance, an appropriation of \$40 million is proposed for fiscal 2007 for capital improvements in our state

parks, forests, wildlife management areas, and historic sites. This appropriation will provide an important step towards long-neglected capital needs and maintenance. DEP will undertake critical health and safety improvements including demolition of unsafe structures, asbestos removal, and lead abatement. Additional major projects will include restorations to State-owned historic sites, such as Batsto and Atsion Mansions, Rockingham, Waterloo Village, the historic train sheds at Liberty State Park, and DEP's most recent acquisition - the office and homestead of James Still in the Pinelands.

Water Resource Interconnection Projects

An amount of \$6 million will be appropriated to a new Water Resource Interconnection Projects program intended to protect and enhance the State's water supply through infrastructure and land acquisition projects. Some portion of this appropriation will be used to leverage approximately \$100 million in debt to finance projects required to address the State's most critical water supply needs. Major projects planned include:

- The Raritan Confluence Reservoir Project will connect Round Valley Reservoir and the confluence of the north and south branches of the Raritan River;
- An interconnection between the Central and Coastal North Drought Regions to help avert or mitigate Coastal North drought events in Southeastern Middlesex, Monmouth and Ocean Counties;
- Interconnections within the Southwest Drought Region which will extend the New Jersey American Tri-County Pipeline into Southwestern New Jersey to serve growth areas where water supplies are impacted by saltwater intrusion or contamination.

Passaic River Cleanup Litigation

To pursue the cleanup of toxic dioxin contamination in the Newark Bay Complex, the Fiscal 2007 Budget will provide an amount sufficient to cover legal and expert services, investigative expenses, and other associated costs.

For more than 20 years, Occidental Chemical and its predecessors knowingly discharged a highly toxic form of dioxin, pesticides, and other chemicals into the Passaic River from their Newark facility. The environmental and economic damage this pollution has inflicted on the state includes increased cancer risks from consuming blue claw crabs and higher costs to dredge the New York Harbor's navigational channels.

Reduced Salary Costs

As part of Governor Corzine's initiative to minimize operating costs of the State, the DEP's appropriation for salaries will be reduced by \$2.5 million. The Department will manage this reduction through more efficient reallocation of resources and staff attrition.

Impact of the Federal Budget on NJ

The President's Fiscal 2007 Budget contains major reductions in federal funding for states. If the President's proposed budget is enacted, New Jersey will see cuts in many discretionary and mandatory health, education, transportation, homeland security, labor, and justice programs. Also, several critical programs, including the Community Services Block Grant, would be eliminated. In addition to these proposed cuts, the recently enacted Deficit Reduction Act (DRA) includes new TANF mandates that will impose substantial financial burdens on the State. Finally, the State has incurred significant costs due to the serious complications that have arisen during the transition to the new Medicare Part D prescription drug program.

These critical losses of federal funding pose serious challenges for New Jersey's citizens and for the State's budget.

Medicare

The President's Fiscal 2007 Budget also imposes deep cuts in Medicare reimbursement for New Jersey's health care providers. The President's budget would reduce outpatient hospital reimbursements by \$29.2 million in fiscal 2007 and by \$384.5 million over the next five years. This potential loss of funding threatens to impact the quality care that New Jersey's hospitals

provide to our citizens. New Jersey's hospitals currently provide \$1 billion in charity care every year. Any loss of federal funding will increase financial burdens on hospitals currently struggling to make ends meet and will result in additional pressure to increase State financial assistance to the State's hospitals.

Additionally, since January 1, 2006, New Jersey has incurred almost \$130 million in expenditures to provide prescription drug coverage to Medicaid and Pharmaceutical Assistance for the Aged and Disabled (PAAD) beneficiaries who enrolled in the new Medicare Part D prescription drug benefit and whose prescription drug expenses should have been paid for by Medicare's private insurance contractors but were not because of disruptions in the transition to the new benefit. Despite the fact that the federal government has committed to reimburse New Jersey for the \$67 million it has incurred to provide emergency drug coverage to nearly 1 million Medicaid beneficiaries who are dually eligible for Medicare, no reimbursements have yet been provided. Additionally, the State continues to negotiate with the federal government for reimbursement of the \$60 million New Jersey spent to provide emergency coverage to PAAD beneficiaries who enrolled in Part D, but who were unable to access coverage under the program; however, the federal government has not yet offered a plan for reimbursing the State. As a result, it remains unclear whether New Jersey will have to seek reimbursement directly from the private drug plans that should have paid for these claims, or whether the federal government will reimburse the State for any differential between the pharmacy rates the State paid and what the plans would have paid.

Temporary Assistance for Needy Families (TANF)

While the Deficit Reduction Act maintains level funding of \$404 million for New Jersey's TANF block grant, the Act imposes new work participation requirements that would require New Jersey to increase its current caseload work participation rate from 29 percent to 50 percent. This will impose significant burdens on single parents and individuals with disabilities who face substantial barriers to work. The fiscal 2007 costs

to meet the provisions of the Act include: \$19 million to meet the new work participation requirements, \$13 million to provide child care services to parents in the new work activity slots, and \$4 million to for a new work participation validation system. These costs will be funded through \$7 million of new State appropriations and \$29 million of federal TANF and Child Care block grant funding.

No Child Left Behind

The President's Fiscal 2007 Budget dramatically underfunded the No Child Left Behind Act (NCLB) authorization by \$15.4 billion. The cumulative funding shortfall for NCLB programs would rise to \$55.7 billion, since the enactment of the law in 2002. The President's budget leaves behind nearly 71,000 New Jersey students who could be served by Title I, if the program were funded at the level promised by NCLB. New Jersey is projected to lose \$3.8 million in Title I funding under the President's proposed budget; this is particularly problematic because Title I funding is dedicated to the purpose of improving the academic achievement of low-income and educationally needy children. As the 2014 benchmark of 100% proficiency for all students draws closer, the required accountability activities at the State, district, and school levels are increasing while funding for New Jersey is decreasing. This imbalance continues to make implementation of required activities more difficult.

Afterschool Programs

While total federal funding for 21st Century Community Learning Centers would remain flat under the President's proposed budget, New Jersey's funding will be cut by 2.8%. This cut will prevent the State from awarding new grants and compromise the existing grantees' capacity to operate high quality programs and meet additional program requirements mandated by NCLB.

Special Education

In fiscal 2007, the proposed federal budget continues to retreat from its commitment to students with disabilities and the communities that educate them. Indeed, for the second year in a

row, the federal government would provide for an even smaller share of the State's total costs for special education. The federal government intends to meet only 17% of the national average expenditure per student for educating students with disabilities. This is still less than half of the 40% level that Congress committed to paying when the Individuals with Disabilities Education Act (IDEA) was first adopted 31 years ago and is down from 18% in fiscal 2006 and 19% in fiscal 2005.

Higher Education

The federal budget does not meet its share of the cost of higher education. The Pell grant, the foundation of federal need-based aid, serves 95,037 New Jersey students with \$236.2 million in grant aid. The maximum grant has been flat funded at \$4,050 for four years, even though tuitions in New Jersey and across the nation have been increasing, and this year the President again proposed no increase. As a result, the maximum Pell grant now covers only 36% of the cost of attending a four-year college.

In addition, campus-based aid programs that allow institutions to meet student need through Supplemental Education Opportunity Grants, Work Study and Perkins loans have also been flat-funded during this time, leaving little alternative to students other than incurring more debt.

Social Services Block Grant and Community Services Block Grant

New Jersey's communities rely on the critical federal funding they receive from the Social Services Block Grant (SSBG) and the Community Services Block Grant (CSBG) programs that for 25 years have funded substance abuse treatment, child care, foster care services, and services to reduce poverty. The State currently passes \$17 million of the \$50 million federal SSBG funds it receives to the counties to administer critical social services programs. The President's budget would result in a \$14.7 million reduction – almost a 30% cut – in SSBG funding for New Jersey. These proposed cuts would either require a reduction in funding to the counties and a reduction in important services, or would require the State to come up with State funds to supplant the loss of federal funding.

In addition, the President's proposed budget would also completely eliminate the CSBG, which provides \$17 million in federal funds annually to the State. With the CSBG grant it receives, New Jersey funds various health, education, and employment programs aimed at reducing poverty. This loss of federal funds will result in a decrease of critical services to assist our State's most vulnerable citizens.



MANAGEMENT EFFICIENCIES

Overview

As evidenced by this fiscal year document, New Jersey has gone about the exercise of meeting the funding needs of State government through an annual process. While Governor Corzine has served in office just two months as of this writing, he is recasting how the public's money will be managed and conserved. In essence, the proposal and enactment of a budget will be neither the beginning nor the end of the fiscal process in the Corzine Administration. Every spending line and every program in the budget has been examined, and will be repeatedly reviewed and scrutinized on an ongoing basis through the course of the fiscal year.

Through vigilant and persistent management oversight, the Corzine Administration will:

- Target waste, fraud and abuse of all spending;
- Scrutinize and challenge all expenditures for the operations of government;
- Improve the efficiency and effectiveness of government without compromising our basic services to citizens;
- Articulate and implement re-engineering strategies to achieve long term structural balance in the budget;
- Collect and maximize all federal revenues and reimbursement programs available to the State;
- Manage revenues and appropriations with transparency and openness.

Ending Pension Abuses

In his Fiscal 2006 Budget, Governor Codey committed to creating a task force to review pension and health benefits and make recommendations for savings in these rapidly growing fixed costs. Among the recommendations

of that task force were several statutory changes to the pension systems that would eliminate abuses such as tacking and double-dipping. Governor Corzine looks forward to working with the Legislature to enact these reforms, which are anticipated to produce \$3.5 million in savings. The proposed reforms include:

- Ending hired professional services pensions. Since the principal purpose of any public retirement plan is to provide adequate retirement benefits, such coverage should only be extended to "true" public employees. Professional services vendors, such as municipal attorneys, tax assessors, etc., who are retained under public contracts approved by an appointing agency, should not be eligible for a pension. These vendors simply do not meet the original purpose of the public retirement plan and should not be eligible to participate in the plan.
- Newly elected officials and political appointees would receive a defined contribution pension. Instead of the defined benefit plan that is currently offered, elected officials and political appointees should be eligible for a defined contribution plan similar to the Alternate Benefit Program available to higher education employees. A prohibition on participation in the defined benefits plan would not apply to those who have previously vested with a defined benefit pension account and who meet the annual income requirements.
- End tacking: pick your job going forward. "Tacking" is holding multiple positions at the same time in order to increase the salary base that will be used for retirement purposes. There is currently no prohibition against employees enrolling in the retirement system through multiple jobs and aggregating the salaries for the purpose of increasing their retirement

calculation. This practice cannot be continued. Employees would be required to designate a single job on which their pension would be calculated, and contributions would be derived solely from that job.

- Change the rules for obtaining pension service credit. The pension system is meant for individuals who are career employees of the State or local governments. Currently, an individual receiving a salary as low as \$1,500 per year is entitled to earn service credit in the pension system on the same basis as a full-time career employee. This low threshold has facilitated pension abuses, such as “boosting,” that occurs when members participate at a minimal level for many years and obtain a high-paying position only as they near retirement, or when members who have had a full career take a low paying job prior to retirement in order to extend years of service that are used to calculate the pension. Simply put, people who should not be earning credit in the pension system are, and that hurts everyone. Increasing the salary standard to \$5,000 or adopting a standard of 1,000 hours of service per year, as is done in private sector pensions governed by the federal Employee Retirement Income Security Act, will decrease this problem.

Compliance Measures

The Department of Human Services projects savings of \$55 million in Division of Medical Assistance and Health Services (DMAHS) and Division of Family Development (DFD) programs by bringing providers into compliance with State regulations.

DMAHS has recently found lapses in provider standards and is experiencing excessive growth and costs in certain service areas. A savings of \$50 million will be generated by establishing stricter oversight through various initiatives including: limiting and monitoring provider participation to ensure quality service and termination of low performers; auditing areas of unexpected high growth; competitively bidding a broader array of

services; providing targeted case management to high-cost clients; increasing investigative staff; and improving recoveries from third-party providers.

In fiscal 2006, a DFD auditing team reviewing Newark’s municipal General Assistance (GA) program, which provides cash assistance to singles and childless couples, identified multiple processing deficiencies, which, once corrected, resulted in a caseload reduction of 30%. These deficiencies were primarily related to improper client identification and untimely reevaluation of employment status, resulting in poor client tracking and working clients collecting benefits. A newly established five-person team will now examine all county and municipal welfare agencies, and is anticipating a 3% caseload decline for a fiscal 2007 savings of \$5 million.

General Assistance Retroactive Credit

This initiative will leverage additional federal revenue of \$14.1 million. The Department of Human Services’ Division of Medical Assistance and Health Services is retroactively claiming beneficiaries deemed Medicaid-eligible, allowing for greater federally matchable recoveries in fiscal 2007.

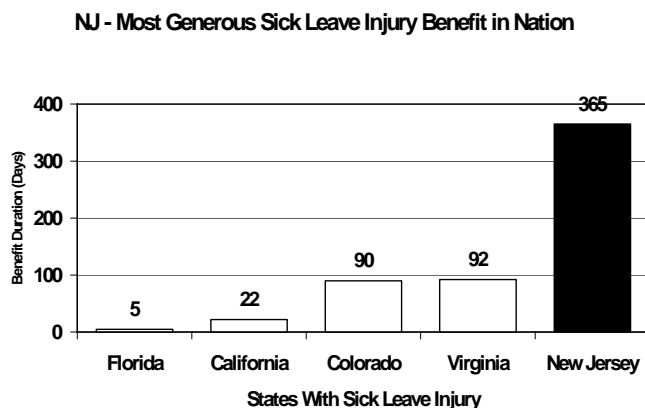
Enroll Institutional Medicare-only Clients into Medicare Part D

This initiative generates a savings of \$14.9 million by enrolling all Medicare-eligible institutional beneficiaries in Medicare Part D, the new federal prescription drug program. Through enrollment, the federal government will become the primary payer for nearly 3,000 individuals.

Sick Leave Injury

This Budget proposes to eliminate the Sick Leave Injury (SLI) program for a savings of \$3 million. New Jersey is one of only five states that provide a sick leave benefit at full wages in addition to Workers Compensation (WC). As opposed to WC, which pays injured employees a temporary benefit at 70% of the statewide average weekly wage (equivalent to pre-tax wage of \$50,000 per year), SLI is a salary continuation program that provides full pay to employees. This one year benefit is by

far the most generous in the country, as coverage in the four other states ranges from 5 to 90 days. From fiscal 1999 through fiscal 2000, SLI costs increased 104%, from \$4.7 million to an estimated \$9.6 million, far outpacing growth in State employees (less than 3%) and collective bargaining increases (18%). Recent audits of State benefit programs have uncovered numerous repeat claims, suggesting that the availability of dual programs for sick leave and work-related injuries encourages fraud and abuse.



New Jersey's Sick Leave Injury benefit is four times longer than any other state.

Risk Management

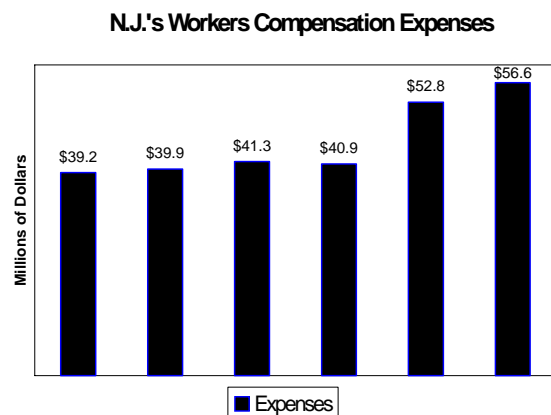
A recent study conducted by one of New Jersey's largest joint insurance funds determined that fundamental changes were required in the State's approach to risk management, particularly in Workers Compensation (WC). According to the study, New Jersey has the second highest accident rate among state governments. The number of WC claims for State employees increased sharply in recent years, growing by 20% from 7,015 in fiscal 2000 to 8,440 in fiscal 2005. Costs rose by over \$17 million (over 40%) during the same period.

Although New Jersey was one of the first states to establish a Bureau of Risk Management (BRM) within the Department of Treasury, authority and responsibility is fragmented among several unrelated departments, including Personnel and Labor. The study further concluded that line departments have little responsibility for managing claims and even less financial accountability.

In response, BRM identified reforms in three broad areas: claims management, risk finance, and loss control. The following improvements were recently implemented:

- Electronic claims reporting to agencies to determine claim trends and causes;
- Additional staffing to aggressively investigate claims and encourage employees' return to work;
- To combat potential fraud, increased coordination with the Department of Labor and Workforce Development, to determine if injured employees are working elsewhere, and with the Department of Personnel to review Sick Leave Injury claims; and
- Improved subrogation program to increase third party recoveries.

Over the next six months, BRM will work with agencies to establish safety committees. BRM will also implement a Statewide Risk Management Committee to provide a forum for agency input, particularly in how the State should manage its risk. The goal is to arrest the growth of claims and costs, reduce fraud and abuse and, most importantly, improve worker safety.



N.J.'s Workers Compensation costs have risen more than 40% over six years.

Employee Telephone – Cost Recovery

The Office of Information Technology (OIT) issues paper copies of telephone billings to recover the cost of employees' personal calls. Currently, an average of only 1,200 of the State's 78,000 total employees actually pay, generating only \$115,000 per year. Printing costs alone, however, total \$360,000. To improve the efficiency of these cost recoveries, OIT is implementing a new telephone billing system that will reduce printing costs and administration. It will also highlight billing irregularities through automated management reports, as well as isolate areas of potential reimbursement and possible abuse.

Cooperative Purchasing - Computers

Treasury's Division of Purchase and Property (DPP) is actively pursuing the implementation of a strategic sourcing initiative designed to reduce the cost of purchases by leveraging the State's buying power and expanding competition among vendors. As its first order of business, DPP recently restructured the mini/micro computer contract that was awarded in 1997. New contracts will be issued to include: personal computers (PCs); ruggedized PCs; network servers and storage; wiring and cabling; IT services; and software. Statewide buying power in fiscal 2005 for these categories, including both State departments and local government expenditures, is estimated at more than \$500 million, of which at least \$217 million was from State departments. The new cooperative purchasing contracts are expected to generate millions in savings for both State departments and local governments in fiscal 2007. For localities, this represents a key opportunity to offset the rising cost of municipal services, one that can be maximized only by their full participation. DPP plans to reconstruct other state contracts to realize additional cost benefits.

Cooperative Purchasing –Local Energy Aggregation

In fiscal 2003, the State implemented the Consolidated Energy Savings Program (NJCESP), joining with New Jersey Transit, public colleges,

and toll road authorities to buy natural gas and electrical power in bulk. These contracts provide two primary benefits: price certainty and potential cost avoidance. When compared to the normal power rates charged by utilities, cost avoidance under NJCESP has averaged 14% for electricity and 13% for natural gas over the life of the contracts. These savings could be increased and extended to benefit localities (e.g., municipal governments and school districts, but not residences) if towns were permitted to join NJCESP on a voluntary basis. That concept is authorized in pending legislation (S-1448, sponsored by State Senator Martha Bark) that is currently before the State Senate Economic Growth Committee. This bill, which unanimously passed the State Senate in 2005, would concentrate the energy needs of State and local facilities, thus maximizing market presence to ensure the best price possible. It would also provide more sophisticated contracting techniques/strategies vis-à-vis suppliers, and reduce administrative costs. Essentially, this legislation would provide another tool for localities to use to arrest the rising cost of local services.

Parking – Maximizing Existing Space

Presently, there are approximately 300 empty parking spaces in State-owned parking lots at Perry Street in Trenton. Separately, agencies have arranged for "waiver parking," which exceeds the standard allotment as allocated by Treasury's Division of Property Management, at a cost of over \$5 million annually. The State could save \$325,000 annually by simply reducing waiver parking and shifting affected employees to the Perry Street facility.

In addition, this Budget increases the Department of Banking and Insurance's existing annual assessment on the insurance industry by \$180,000 to properly charge the pro-rated portion of parking at the State's Bank Street garage in Trenton that is attributable to its Insurance-related employees. An analysis is ongoing to determine if other non-State programs are similarly situated.

Business Employment Incentive Program

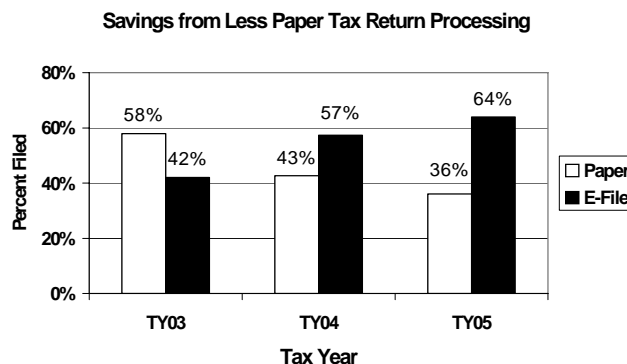
This Budget restores direct funding of the Business Employment Incentive Program (BEIP), reversing an expensive trend of using debt to pay for these grants. The BEIP offers incentives to attract out-of-state businesses to New Jersey and to retain those already in the State. Businesses that meet their job creation and retention commitments are entitled to a portion of the increased State income tax revenue these jobs generate. Since fiscal 1997, nearly 250 companies have committed to creating or retaining more than 58,000 jobs in the State. Since fiscal 1999, over 150 businesses have met their job commitments and been awarded rebates totaling \$253 million.

Because BEIP was viewed as too expensive for past State budgets, over \$300 million in debt has been issued since 2003 to pay for the rebates. Faced with escalating BEIP debt service of over \$48 million in fiscal 2007, this Administration has chosen to discontinue future debt financing and return to paying for BEIP rebates from the current year income tax revenues that the BEIP businesses generate. In fiscal 2007, income tax revenues generated by the BEIP program are expected to far exceed the estimated \$152 million that will be rebated back to these businesses.

Electronic Filing

Electronic filing/payment processing, or “e-filing,” enables the Department of Treasury to reduce its expenditures for paper handling tasks while increasing the speed and accuracy of services for taxpayers and employers. Specifically, e-filing eliminates manual tasks such as mail receipt and extraction, return screening, scanning, and data entry/verification. This, in turn, results in reduced outlays for staff, equipment, and contract services that support manual and semi-automated processing operations. In fiscal 2007, the threshold at which employers must e-file their quarterly wage reports will be reduced from ten to five employees, and tax practitioners who prepare 100 or more income tax returns also will be required to e-file. As a result, savings of \$1.3 million is projected. As a critical first step, enactment of legislation is required so that the

Division of Taxation may mandate and enforce e-filing for various tax systems. Ultimately, this initiative may also be expanded to include other agencies, such as the Department of Labor and Workforce Development, which may further reduce e-filing thresholds for employer wage reports.



NJ expects an FY07 savings of \$1.3m in processing costs due to the increasing popularity of e-filing.

Motor Vehicle Commission Management Efficiencies

The Motor Vehicle Commission (MVC) is planning a statewide initiative that would result in shorter motorist waiting times and eliminate the inconvenience and expense of a second trip to an inspection station for over 126,000 drivers. The proposal would eliminate the requirement of a re-inspection for minor safety violations (e.g., parking lights, wipers) and issue an advisory notifying the motorist of the violations. This initiative, which is subject to a public comment and rulemaking process, would effectuate a budget savings of approximately \$3.5 million.

Efficiencies planned by the MVC in fiscal 2007 for advertising, overtime, and postage total \$2.4 million. Reduced advertising expenditures will generate a savings of \$1 million. The MVC processes an average of 15 to 17 million pieces of mail annually. This includes Drivers License Renewals, Registration Renewals, Vehicle Titles, Change of Address Labels, Violation Documents, and Registration Certificates. Mailroom

modernization, related to sorting equipment, will save \$760,000 through efficiency in staffing and reduced overtime costs. Limiting the postage, by minimizing the number of inserts included in mailings, will reduce the standard weight of a single mailing from over two ounces to less than one ounce, generating a savings of \$600,000.

Reuse/Refurbishment of Furniture

The first phase of the consolidation of warehouse/records space, which was initiated in fiscal 2006, has been completed. Annual savings of over \$800,000 will be realized in the Central Rent budget as projected. During this consolidation, all excess or surplus furniture previously stored by departments individually in separate areas was consolidated into a “common stock” furniture section at the First Avenue warehouse in Trenton.

Simple repairs/cleaning/refurbishment of this furniture is being done by existing staff and then sorted by type and manufacturer. All departments have been notified and, before placing new orders, can now select appropriate furniture from this warehouse at no additional cost to the State. In the first nine months this project has been in effect, furniture purchases of almost \$1 million have been avoided.

In fiscal 2007, it is projected that over \$1.5 million worth of new furniture purchases can be avoided due to this project.

Statewide Management Efficiencies

The Budget assumes \$50 million in savings from management efficiencies in fiscal 2007. Taxpayer dollars should be expended wisely and only after painstaking efforts to conserve and preserve fiscal resources. New Jersey government has both the responsibility and capability to operate at peak efficiency, although it appears to fall short. To improve the efficiency and effectiveness of the State’s operations requires a continuous and vigilant effort to find and harness the economies of scale in the day-to-day functions of government. For fiscal 2007, stepped-up efforts will be initiated to consolidate the operations and functions of state government agencies. These efforts will include, but not be limited to: ongoing and comprehensive reviews of fixed costs; pursuit of economies on materials, supplies, equipment, communications systems, and other operational tools of government; greater coordination and consolidation among agencies; and the elimination of duplication and waste. For example, one such initiative will include redeployment of the State vehicle fleet by the Department of Treasury Central Motor Pool. Treasury intends to recall ten percent of the State’s 6,145 passenger vehicles (614 vehicles) which will be sold at auction.



REVENUE FORECAST & INITIATIVES

Fiscal 2006 Anticipated Revenue

The current estimate of \$28.2 billion in total fiscal 2006 revenue is \$321 million higher than when the Governor certified revenues in June 2005.

The three largest taxes, Gross Income, Sales and Use, and Corporation Business account for about 71% of total State revenues and are now forecast to yield \$20.1 billion. This represents an increase of \$479.0 million over certified revenues, reflecting the following revisions (+/-) in the estimates for: the Gross Income Tax (+\$250 million), due to strong collections generated by the higher 8.97% tax rate and continued employment growth in 2005; the Sales Tax (-\$174 million) reflecting continued softness in year-to-date collections; and the Corporation Business Tax (+\$403 million), based on strong year-to-date collections, which reflect strong profit growth in 2005.

The Gross Income Tax forecast for fiscal 2006 is revised up to \$10.6 billion, an increase of \$250 million compared to the June 2005 certified revenue estimate. This represents an increase in growth of 11% rather than the 8.4% growth anticipated in June 2005. This was mainly driven by solid double-digit growth of almost 21%, compared to the 17% anticipated rate, in year-to-date estimated payments. Employer withholdings grew by 9.9% in calendar year 2005, only slightly below the 10.2% growth in 2004. The overall momentum of economic recovery during calendar year 2005 when New Jersey added 42,400 jobs along with maintaining a state unemployment rate consistently below the national rate has helped the growth in income tax collections.

The Sales and Use Tax is estimated to generate \$6.7 billion in fiscal 2006, a 3.1% growth compared to the 5.8% rate originally projected. The estimate was decreased on the basis of year-to-

date collection trends. The July-September quarter saw very weak growth of only 2.3% but that rebounded in the October-December quarter to 4.3%. We anticipate continued moderate growth for the balance of the year.

The Corporation Business Tax (CBT) is estimated to generate \$2.8 billion in fiscal 2006, which is \$403 million above the original estimate of \$2.4 billion. The upward revision in the CBT estimate is in line with the year-to-date collections trend. Strong pre-tax profit growth in 2005, estimated nationally at over 30%, combined with an 8% decline in the level of refunds paid through January support this revision.

Fiscal 2007 Revenue Projections

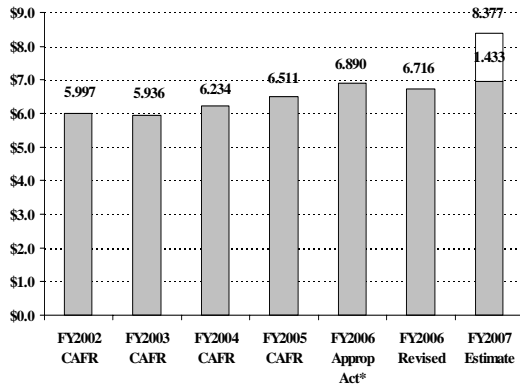
Total revenues for fiscal 2007 are expected to be \$30.7 billion, \$2.5 billion above the revised fiscal 2006 anticipation, and include new revenue solutions of \$1.8 billion. Base revenues are expected to grow moderately in fiscal 2007. Most economic indicators for the nation and New Jersey are projected to be at least as strong in 2006 as they were in 2005 and somewhat softer in 2007. Absent any of the revenue actions that have been proposed by the Governor, base revenue for fiscal 2007 would have been only \$29 billion which is \$800 million more than the total revenue in the current budget.

Sales Tax

The forecast of \$8.4 billion for fiscal 2007 Sales Tax revenues is an increase of \$1.7 billion, which includes \$1.1 billion for a rate change to 7%, \$248 million for expanding the Sales Tax base to selected consumer services and \$100 million for Urban Enterprise Zone reform. The basic underlying growth of 3.4% is the average growth of the Sales Tax over the FY01-05 period. With continued growth of payroll employment in the 1-1.5% range over 2006-07 and personal income growth in the 5.5-6% range, spending should keep growing at a moderate pace.

SALES TAX

(In Billions)



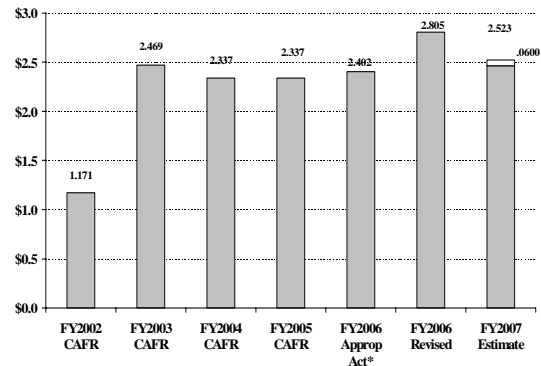
Sales tax excludes the tax on energy
CAFR – Comprehensive Annual Financial Report
*Restated

Corporation Business Tax

The fiscal 2007 Corporation Business Tax (CBT) revenue forecast of \$2.5 billion represents a decrease of \$282 million (or 10.1%), compared with revised fiscal 2006. This net downward revision is the result of losses due to the resumption of full net operating loss (NOL) deductibility (-\$205 million), reduction in the tax rate on S-corporations from 1.33% to 0.67%, and the addition of a 2.5% surcharge (+\$60 million). It also assumes slower growth in payments for tax year 2006 associated with the anticipated slow down in corporate pre-tax profit growth from over 30% in 2005 to under 10% in 2006.

CORPORATION BUSINESS TAX

(In Billions)



FY07 includes \$60 million in initiatives.

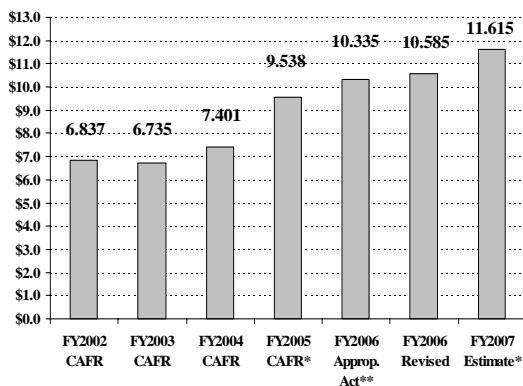
Corporation business tax excludes the tax on energy
CAFR – Comprehensive Annual Financial Report
*Restated

Gross Income Tax

The fiscal 2007 forecast of \$11.6 billion is an increase of \$1.0 billion, which includes a \$105 million decline for new low-income tax relief initiatives. The basic underlying growth of 10.7% over revised fiscal 2006 is a reflection of the continuation of current income growth trends. New Jersey Total Income, which is the tax base, increased 9.5% in 2004. In 2005 and 2006, the tax base is projected to grow at 8.9% and 8.3%, respectively, reflecting the strong anticipated personal income outlook for 2005 and 2006. The growth in income for households reporting over \$100,000 in total income, who account for 80% of the tax, is expected to grow at a 13% average annual rate (2004-2006). This is slightly below the 14.6% rate experienced in the 1994-96 period when economic conditions were similar.

GROSS INCOME TAX

(In Billions)



*These revenues include changes in tax policy.

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

FY 2007 – Low income refundable tax credit proposal

**Restated

The budget also assumes a new low-income refundable tax credit will be effective for tax year 2006. This will provide 100% tax relief for filers who are married-filing jointly, household heads, and qualifying spouses who report less than \$25,000 in taxable NJ income. Taxpayers in these groups with taxable incomes between \$25,000 and \$30,000 will receive a credit that declines over that range from 100% to 0%.

Taxpayers who file as single or married-separate will be eligible for a 100% refundable credit if their taxable income is less than \$15,000. The credit will phase-down from 100% to 0% over the taxable income range of \$15,000 - \$20,000.

Eligibility for the credit will be limited to taxpayers for whom the total of NJ taxable income plus excluded income sources such as Social Security, tax-exempt interest, and excluded retirement income is under \$20,000 for single and married-separate filers and \$30,000 for all other filers.

Revenue Initiatives

Sales and Use Tax (\$1.085 billion)

The proposed Fiscal 2007 Budget assumes the Sales and Use Tax rate will increase from 6% to 7%, effective July 1, 2006.

Sales Tax on Consumer Services (\$248 million)

The economy has grown and modernized since the Sales and Use Tax was first introduced in 1967. Consumer spending has shifted from primarily goods to a wide mix of consumer services and electronically accessed goods which are not included in the sales tax base. The Fiscal 2007 Budget would expand the Sales and Use Tax to include a broad array of consumer services, effective October 1, 2006. Affected items could include membership fees in golf and health clubs, landscaping services, shipping and handling services, self-storage services, private investigator services, electronic data access, and downloaded music and videos.

Sales Tax: Reform of Urban Enterprise Zones (\$100 million)

This Administration will seek to restructure the Urban Enterprise Zone (UEZ) program, preserving its attributes, while preventing manipulation of its benefits by a small number of businesses. UEZ promotes economic growth in 37 of the State's municipalities by allowing a reduced 3% sales tax rate and returning to the affected municipalities a portion of the sales tax revenue collected in their zones. In fiscal 2007, it is estimated that \$84 million in sales tax revenue will be returned to zones.

UEZ also allows qualified zone businesses to be exempt from all sales tax on purchases of construction materials and other equipment and supplies. Contrary to the program's goals, these current exemptions have given a disproportionately large financial benefit to a relatively small number of businesses. As a first step to more precisely target these incentives, the sales tax exemption for qualified businesses would be limited to the purchases of goods and materials related to building, initially equipping, or expanding a commercial structure within the UEZ. Sales tax

would be rebated upon submission of auditable receipts, beginning in July 2007.

Other reforms will:

- Initiate an examination and auditing program in the Division of Taxation to uncover and prosecute fraudulent or abusive practices by vendors.
- Evaluate whether the 3% sales tax rate is appropriate for high-ticket, personal luxury items and examine potential exclusions.

These changes will continue to support economic development in the identified areas of the state by maintaining the existing \$80 million UEZ municipal revenue stream, which supports critical infrastructure and development. Ending fraud and abuse of the UEZ program will benefit the State by an estimated \$100 million in sales tax revenue in fiscal 2007.

Cigarette Tax (\$80 million)

The Fiscal 2007 Budget assumes additional revenue from increasing the cigarette tax from \$2.40 per pack of 20 cigarettes to \$2.75 per pack. This proposed increase assumes an effective date of July 1, 2006.

Corporation Business Tax Surcharge (\$60 million)

The Corporation Business Tax (CBT) accounts for about 8.4% of the total revenue collections. The Fiscal 2007 Budget assumes that a 2.5% surcharge will be assessed on all corporations with fiscal years beginning on or after January 1, 2006.

State Disability Benefits Fund (\$50 million)

The Fiscal 2007 Budget proposes a \$50 million diversion from the State Disability Benefit Fund. The fund's fiscal 2006 ending balance is projected to be a healthy \$189 million and would have grown to an estimated \$231 million in fiscal 2007, the highest fund balance since fiscal 1996. Annual revenues were projected to outpace expenditures by approximately \$42 million. Following the proposed \$50 million diversion, the fund is projected to have an ending balance of \$181 million. This initiative should not materially impact the fund's ability to meet its obligations.

Autonomous Transportation Authorities (\$38 million)

Prior to fiscal 2005, the New Jersey Turnpike / Parkway Authority provided an annual contribution of \$22 million towards transportation-related projects statewide, which were funded primarily from the Transportation Trust Fund. Over the past two fiscal years, the Authority retained these funds and allocated them to partially offset costs associated with the repair and rehabilitation of the Driscoll Bridge in Middlesex County. Beginning in fiscal 2007, the New Jersey Turnpike will resume a contribution of \$12 million for the Transportation Trust Fund and provide an additional \$37.5 million. These additional funds will be used for transportation-related projects by the Department of Transportation.

Audit and Enforcement Collection (\$36 million)

Increased revenue of \$36 million is projected from new and expanded initiatives to improve the collection of outstanding tax delinquencies. These measures will be spearheaded by the Department of the Treasury through accelerated and concentrated efforts by audit and compliance staff. Collection of tax and other delinquencies can be enhanced through numerous means, such as improved technology, cross-jurisdictional cooperation and inter-agency efforts. The Treasury Department will leverage these tools and others to improve collection of arrears for state income tax, corporation business tax, sales tax, cigarette tax and other liabilities. These efforts will focus on how to achieve maximum returns with the most cost-efficient approach to enforcement.

State Police Rural Patrol (\$24 million)

In the proposed Fiscal 2007 Budget, municipalities that have requested rural patrol services from the State Police would provide a partial reimbursement to offset this cost.

Per N.J.S.A. 53:2-1 (P.L. 1921), the State Police must provide adequate police protection to the inhabitants of rural sections of the State of New Jersey. Currently, there are 73 municipalities receiving full rural patrol services with an

additional 24 receiving part-time services. In fiscal 2005, the Department of Law and Public Safety expended \$74.2 million for this purpose.

AVERAGE NET PROPERTY TAX	
<i>TOWNS USING RURAL POLICING</i>	
FULL TIME COVERAGE	\$2,892
PART TIME COVERAGE	\$4,075
N.J. AVERAGE PROPERTY TAX	\$4,537

Towns receiving these services have significantly lower municipal tax rates than those with their own police forces.

With this Budget, those towns with a higher property tax rate than their respective county average will continue to be provided rural patrol services by the New Jersey State Police. For towns with tax rates below their county average or where residential property values are higher than the county average, a reimbursement schedule will be established that will generate revenue of \$24 million.

Motor Vehicle Fees: Surcharge on New Luxury Car Registrations (\$17 million)

A new one-time registration fee will be imposed on selected passenger vehicles being registered for the first time with the NJ Motor Vehicle Commission (MVC) after June 30, 2006. This one-time fee assessed at a 0.4% rate of the sticker price (manufacturer suggested retail price) will apply to 2 types of vehicles:

1. **Luxury vehicles** (including pickups and SUVs) with a sticker price of \$45,000 or more.
2. **Fuel-inefficient vehicles** with an EPA rating of less than 19 miles per gallon.

Any vehicle priced over \$45,000 that has an EPA rating of over 40 miles per gallon would be

exempt. The fee is paid only the first time the vehicle is registered at MVC and is in addition to the current MVC fees. Subsequent registration renewals will be at the current MVC rates which range from \$43 to \$81 per year.

Realty Transfer Tax on Commercial Property Greater Than \$1 Million (\$17 million)

The Fiscal 2007 Budget assumes that the 1% fee on grantees (buyers) of residential property in excess of \$1 million be extended to transfers of commercial property valued in excess of \$1 million. Non-profit and manufacturing properties would be exempt. This is assumed to be effective July 1, 2006.

Alcoholic Beverage Excise (\$12 million)

Excise taxes on sales of alcoholic beverages were last increased in 1992. The tax on a gallon of beer would be raised 5 cents a gallon (from \$0.12 to \$0.17), the tax on a gallon of wine would increase 10 cents a gallon (from \$0.70 to \$0.80), and the tax on a gallon of liquor would increase 10 cents (from \$4.40 to \$4.50). The Fiscal 2007 Budget assumes the new rates are effective July 1, 2006.

Water Supply Surcharge (\$12 million)

A new surcharge in the amount of 4 cents per 1,000 gallons of water will be imposed on owners or operators of public community water supply systems, which will result in an average cost of \$3 to \$4 per household per year. The Fiscal 2007 Budget proposes to capitalize this revenue to leverage over \$100 million. A fund this size will enable the State to immediately address urgent drought mitigation and water resource interconnection projects.

Medicaid Uncompensated Care: Enhanced Disproportionate Share Hospital Claims (\$8 million)

Disproportionate share payments include all State programs and grants to hospitals to offset costs of medical care provided to the uninsured. The State then claims a federal match on these payments through Medicaid. This revenue enhancement will generate \$8 million in unclaimed federal revenues for past expenses that were paid through HMO

fiscal intermediaries. It will not adversely impact recipients or beneficiaries.

Nuclear Facilities Security Detail (\$4 million)

By assessing the power plant facilities that utilize State Police and State National Guard personnel for added security, the Fiscal 2007 Budget proposes to raise additional revenue of \$4.4 million.

As a result of the terrorist attacks on September 11, 2001, increased security was mandated for the State's nuclear power plants. State Police troopers are assigned to provide 24

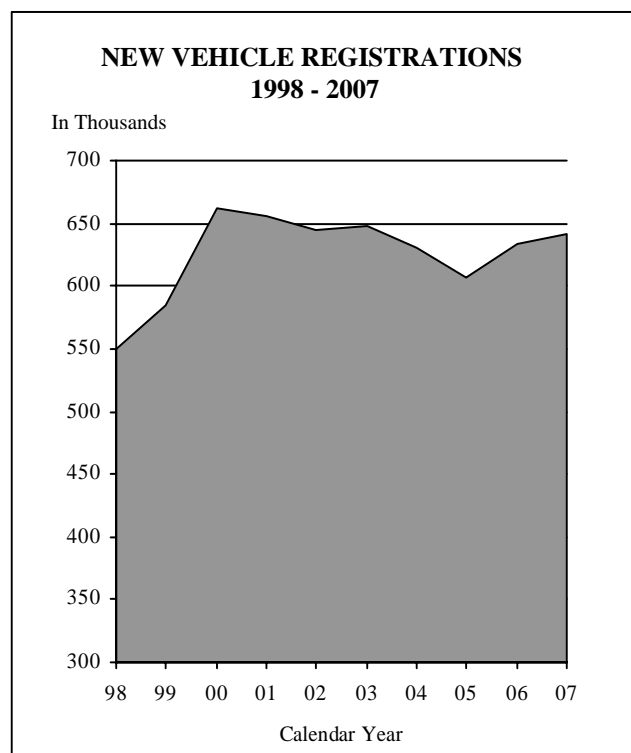
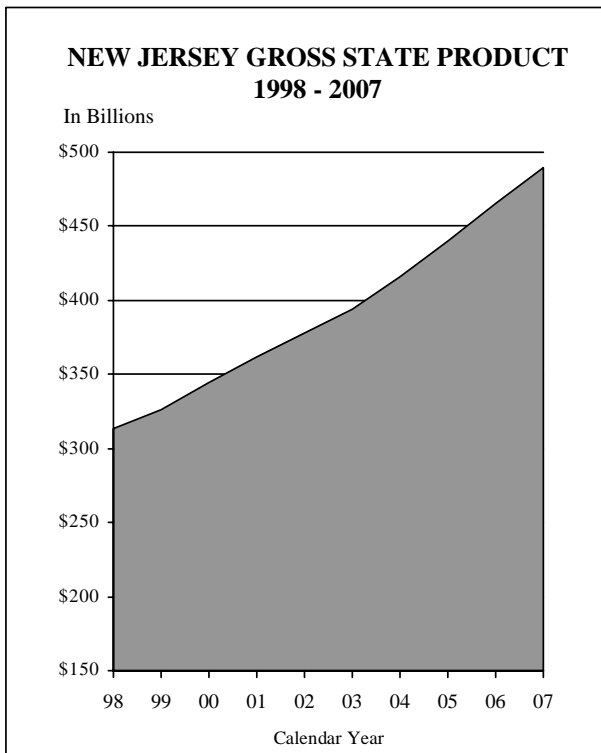
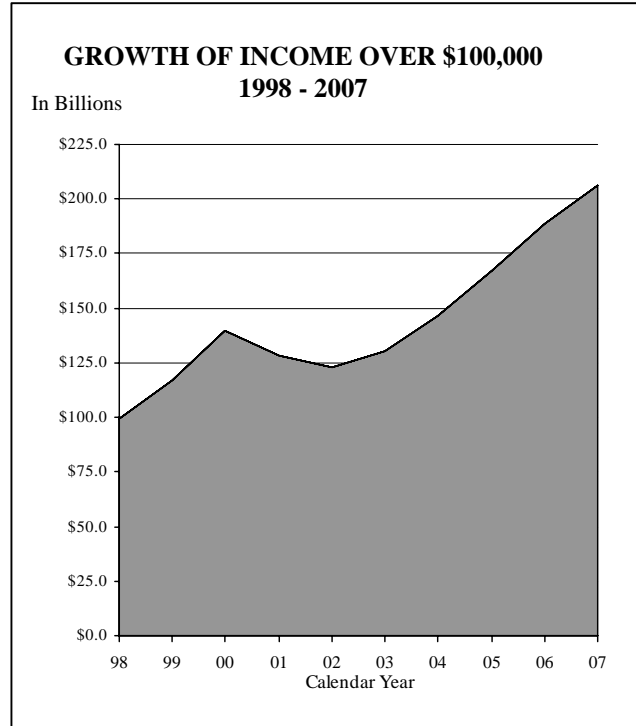
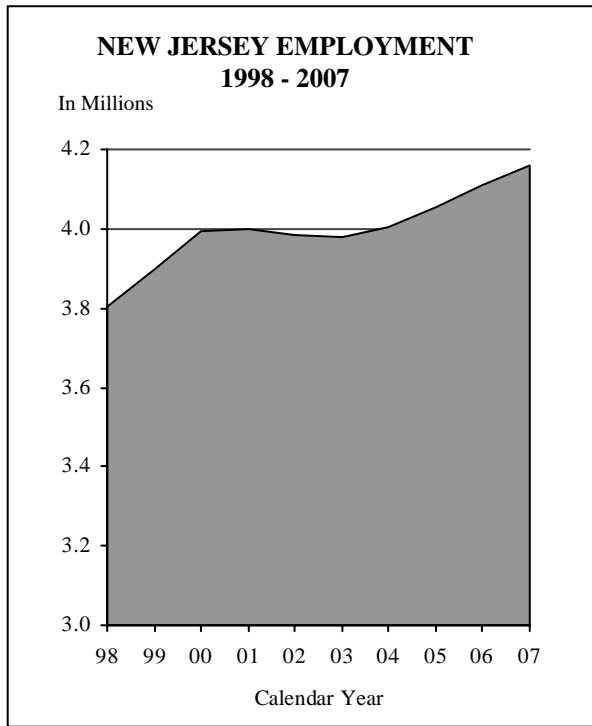
hour a day security details in and around the nuclear power plants at Oyster Creek in Lacey Township and Salem Creek in Lower Alloways Creek Township.

In addition, all key power generating stations throughout New Jersey now have State National Guard troops assigned to supplement the existing security at each facility.

It is proposed that an assessment for the costs attached to supplementing the private security of these facilities with State Police and State National Guard be apportioned to the responsible corporate entity. It is anticipated that this will result in total revenues to the State of approximately \$4.4 million to offset expenditures of \$1.6 million for the State Police and \$2.8 million for the National Guard.

Economic Growth

(1998 – 2007)



FY 2006 Revenues

(In Millions)

	FY2006 Approp. Act Revenues*	FY2006 Adjusted Revenues	Change	
			\$	%
Income	\$ 10,335	\$ 10,585	\$ 250	2.4
Sales	6,890	6,716	(174)	(2.5)
Corporate	2,402	2,805	403	16.8
Other**	<u>8,249</u>	<u>8,091</u>	<u>(158)</u>	(1.9)
Total	<u>\$ 27,876</u>	<u>\$ 28,197</u>	<u>\$ 321</u>	1.2

* Restated

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

FY 2006 Supplementals

(In Millions)

Supplemental Appropriations

Employee Benefits and Taxes	\$ 69.70
Special Municipal Aid	65.50
Human Services - Medicaid	52.00
Nursing Homes and Medical Day Care	32.50
Purchase of County Jail Services	22.00
Additional School Aid	17.20
Energy Assistance Programs	13.00
Abbott Preschool Expansion Aid	11.80
Snow Removal	10.00
Debt Service	6.94
Workers' Compensation	6.00
Property Rentals	5.50
Insurance Tort Claims	3.00
Parole Board Sex Offender Monitoring Pilot Project	3.00
Other Supplementals	27.29
	<u>\$ 345.43</u>

Shortfalls Funded by Transfers

Abbott Education Opportunity Aid	\$ 92.36
Health Care Subsidy Fund	18.15
Taxation Investigation and Collection Services	13.70
Asset Diversification Initiative	5.58
Snow Removal	3.70
September 11 Memorial Design	2.80
Other Transfers	5.86
	<u>\$ 142.15</u>
Grand Total	<u>\$ 487.58</u>

The FY 2007 Budget

(In Millions)

	FY2006 Adjusted Approp.	FY2007 Budget	% Change
Opening Surplus	\$ 780	\$ 824	5.6
Revenues			
Income			
Base	10,585	11,720	10.7
Initiatives		(105)	
Sales			
Base	6,716	6,944	3.4
Initiatives		1,433	
Corporate			
Base	2,805	2,463	(12.2)
Initiatives		60	
Other			
Base	8,091	7,829	(3.2)
Initiatives		308	
Total Revenues	\$ 28,197	\$ 30,652	8.7
Lapses	112		
Total Resources	\$ 29,089	\$ 31,476	8.2
Appropriations			
Original	\$ 27,920	\$ 30,875	10.6
Supplemental	345		
Total Appropriations	\$ 28,265	\$ 30,875	9.2
Fund Balance	\$ 824	\$ 601	

FY 2007 Revenues

(In Millions)

	FY2006 Adjusted Revenues	FY2007 Budget	Change	
			\$	%
Income	\$ 10,585	\$ 11,615	\$ 1,030	9.7
Sales	6,716	8,377	1,661	24.7
Corporate	2,805	2,523	(282)	(10.1)
Other*	<u>8,091</u>	<u>8,137</u>	<u>46</u>	0.6
Total	<u>\$ 28,197</u>	<u>\$ 30,652</u>	<u>\$ 2,455</u>	8.7

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

FY 2007 Revenue Actions

(In Millions)

Taxes

Sales Tax - Increase to 7%	\$ 1,085
Sales Tax - Consumer Services	248
Cigarette Tax	80
Corporation Business Tax Surcharge 2.5%	60
Surcharge on New Luxury Car Registrations	17
Realty Transfer Tax Commercial Property >\$1 Million	17
Alcohol Beverage Tax Increase	12
Water Supply Surcharge	12

Miscellaneous Revenues

Sales Tax - Urban Enterprise Zone Reform	100
State Disability Benefit Fund	50
Autonomous Transportation Authorities	38
Improved Tax Collections from Audit and Enforcement Collection	36
State Police Rural Patrol	24
Other	<u>22</u>

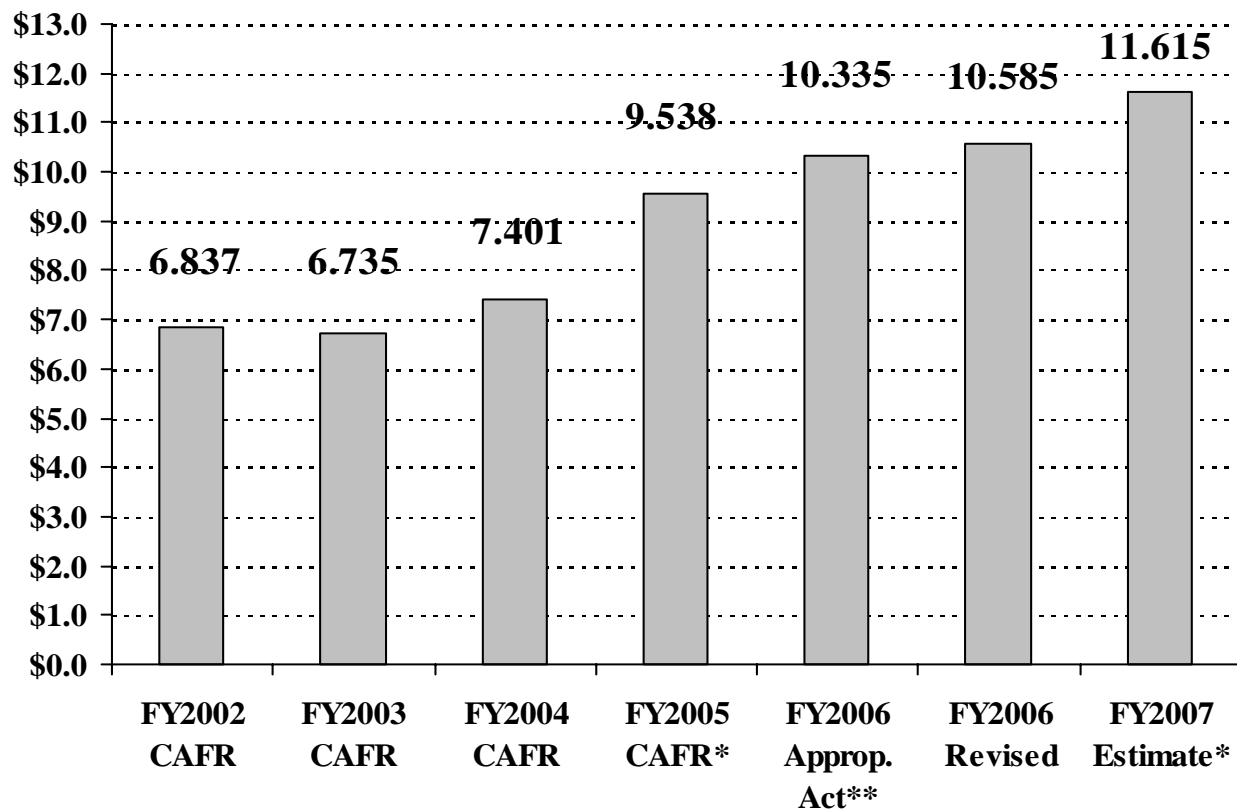
Revenue Solutions	1,801
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Low-Income Refundable Tax Credit	<u>(105)</u>
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Total Revenue Actions	<u><u>\$ 1,696</u></u>
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GROSS INCOME TAX

(In Billions)



*These revenues include changes in tax policy.

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

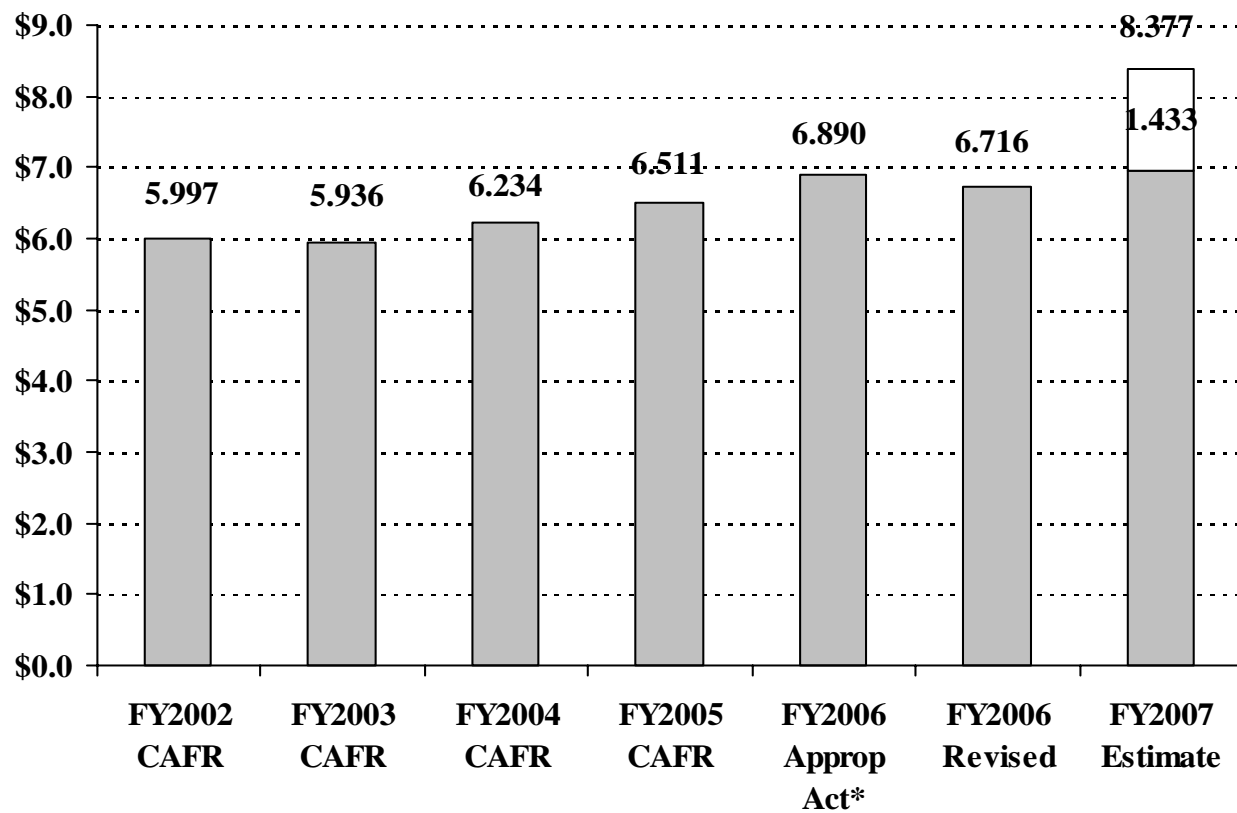
FY 2007 – Low-income refundable tax credit proposal

**Restated

CAFR – Comprehensive Annual Financial Report

SALES TAX

(In Billions)



FY07 includes \$1.433 billion in initiatives.

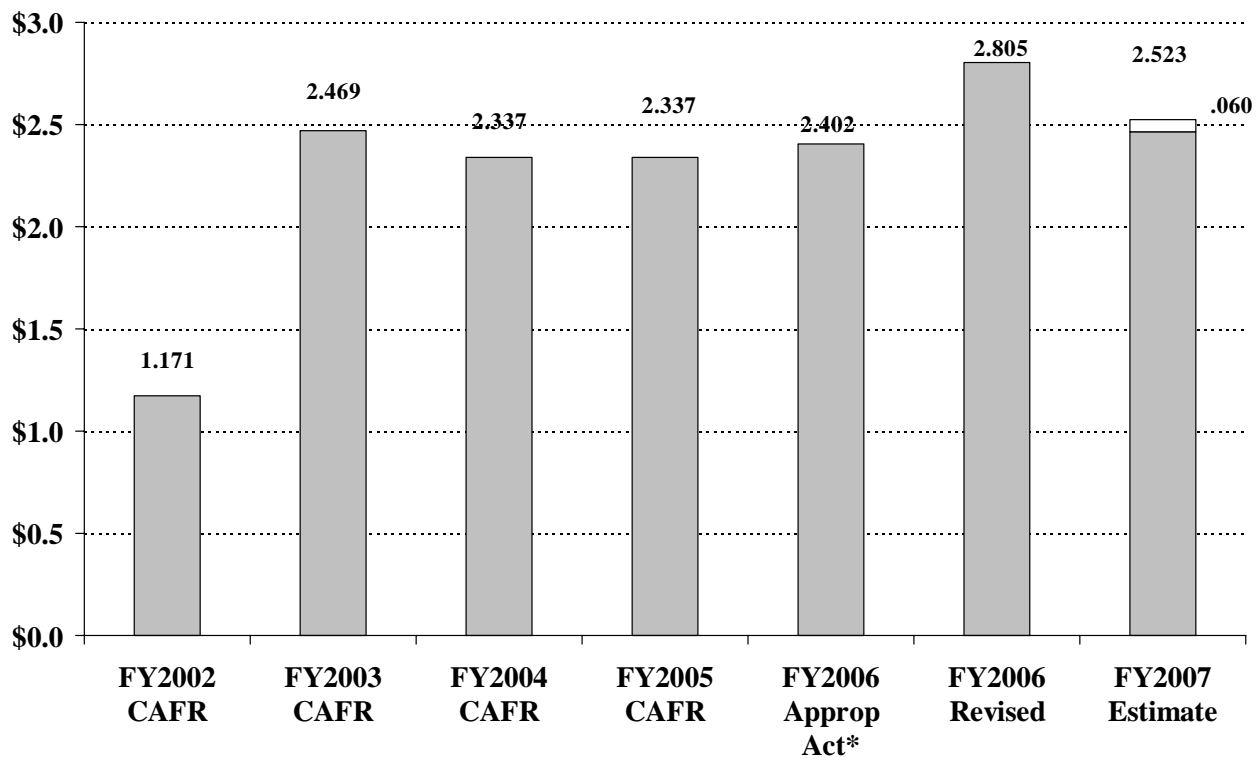
Sales tax excludes the tax on energy

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*Restated

CORPORATION BUSINESS TAX

(In Billions)



FY07 includes \$60 million in initiatives.

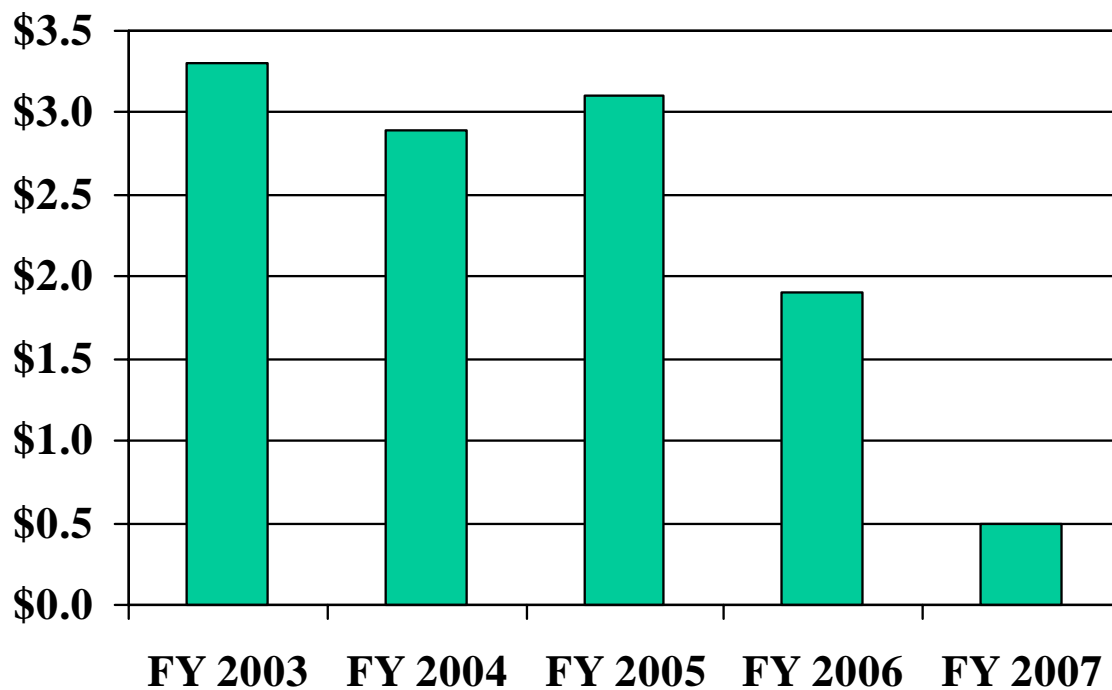
Corporation business tax excludes the tax on energy

CAFR – Comprehensive Annual Financial Report

*Restated

***Nonrecurring Resources Down by More Than 80%
Compared to the Average of Last 4 Years***

(In Billions)



Note: Excludes \$80 million of one-time revenues for capital improvement projects.

***Nonrecurring Resources Down by More Than 80%
Compared to the Average of Last 4 Years***

(In Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Tobacco Securitization	\$ 1,557	\$ 1,612	\$ ---	\$ ---	\$ ---
New Revenue Securitization	---	---	1,930	---	---
General Fund Surplus	15	---	463	44	223
Unemployment Insurance Fund	325	325	100	350	---
Millionaire's Tax - Retroactive Impact	---	---	156	---	---
Federal Stimulus	106	433	---	---	---
PAAD Waiver	147	148	---	---	---
CBT Accelerated Payments	651	---	---	---	---
Car Registration Acceleration	---	---	16	22	22 *
Unclaimed Property	100	---	---	---	---
State Disability Fund	---	30	110	---	50
Securities Enforcement Collections	---	10	2	---	---
Real Estate Guarantee	---	1	---	---	---
NJ Redevelopment Authority	---	9	---	---	---
Hotel Revenue State Share	---	25	---	---	---
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	---	---
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	---	---	5	---
Surplus Lines	43	---	---	---	---
UMDNJ Self Insurance Fund	77	---	---	---	---
UEZ Balances/Overpayment Deferred	37	---	---	---	50
Mutual Workers' Compensation Fund	---	---	5	---	---
Petroleum Surcharge Fund	---	---	---	5	---
PAAD / ADDP Rebate Receivable	---	---	---	56	---
PAAD Medicare D Administration	---	---	---	5	---
Bond Refinancing	---	---	---	150	---
Benefit Enhancement Fund / Pensions	---	126	265	385	---
Asset Sales	---	---	---	200	---
Human Services-Revenues	---	---	---	4	94
Tobacco Settlement Fund	---	---	---	10	---
New Home Warranty Security Fund	---	---	---	20	---
Phase-out of Casino Comps	---	---	---	43	---
Public Records Preservation Fund	---	---	---	5	---
G.O./Bldg. Authority Refinance Savings	---	---	---	266	---
Health Benefits / Rx Fund Balance	---	---	---	60	60
Cigarette and MVC Revenues	---	---	---	243	---
Total	<u>\$ 3,299</u>	<u>\$ 2,883</u>	<u>\$ 3,070</u>	<u>\$ 1,889</u>	<u>\$ 499</u>

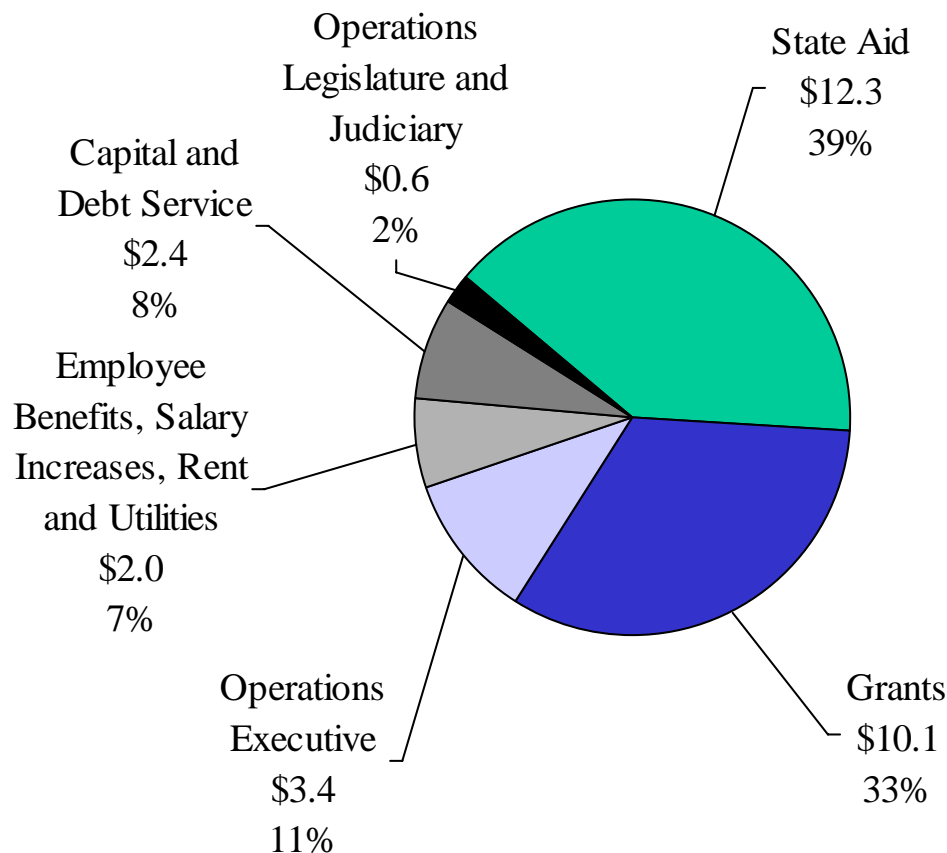
Based on planned actions, comparing Approp Act to Approp Act

* FY2008 impact from 4 year vehicle registration

Note: Excludes \$80 million of one-time revenues for capital improvement projects.

Where Does the Money Go – State Aid and Grants Represent 72% of Budget

(In Billions)



72 cents of every dollar goes to Property Tax Relief and Grants in Aid

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

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

Operations Executive: includes funding for adult prisons and juvenile facilities, State Police and other Law Enforcement programs, Human Services institutions, Veterans Homes, and the new Children and Families and the Public Advocate Departments.

Growth in Selected Mandated Programs

(In Millions)

Teachers' Pension and Annuity Fund	\$ 744.12
Homestead Rebates	529.80
Charity Care - Replace UI Diversion	300.00
Medicaid Including Long Term Care (Includes \$50 million UI Diversion)	358.04
Pensions State Employees	287.70
G.O. Debt Service Costs	263.46
Salary Increases State Employees	199.95
All Other Debt Service	184.13
Business Employment Incentive Program	169.67
School Construction and Renovation Fund	115.95
Child Welfare Reform	114.98
Education Opportunity Aid (Abbott Districts)	92.00
Local Teachers' Post-Retirement Medical	54.36
State Employees' Active and Retirees Health Benefits	54.15
CBT Constitutionally Dedicated Programs	53.83
Pharmaceutical Assistance Aged and Disabled (PAAD)	52.50
Abbott Preschool Expansion Aid	39.00
Local Employee Benefits	33.50
New Jersey Building Authority Debt Service	30.62
Central Rent, Fuel and Utility Costs	28.10
NJ Transit Operating Subsidy	27.00
TANF Work Activities Case Management	21.00
Senior / Disabled Citizens' Property Tax Freeze	20.50
Pension Bond Debt Service	15.38
DDD Placement Annualization	11.10
Mental Health Community Placements	10.00

Restraint in Spending Growth

(In Millions)

Reduced Growth: \$ 525.00

Flat Fund Municipal Aid

Flat Fund School Districts

Flat Fund Senior Public College Fringe Benefits

Provide No Senior Public College Salary Funding

Nursing Home and Medical Day Care Rates

Reduced Base Spending:

FY 2006 Legislative Additions \$ 193.22

Senior Public College Support 89.57

Extraordinary and Special Municipal Aid 29.41

Cancer Hospital Grants 23.30

County College Operating Aid 16.26

Independent College and Universities Support 11.98

Regional Efficiency Aid Program 10.99

Efficiencies:

Hospital Provider Assessment \$ 215.00

Human Services - Shift to Federal Resources 117.69

Bulk Purchasing Prescriptions 75.00

Staffing Reduction with Associated Fringe Savings 67.17

Reduction in Prescription Fund Balance 60.00

Enhanced Medicaid Anti-Fraud Initiative 50.00

Management Efficiencies 50.00

Abbott District After School / Summer Copayment 30.00

State Employee Prescription - Mandatory Mail 20.00

Order and Generics

Medicaid / Pharmaceutical Assistance Pharmacy Reimbursement 17.11

Medicaid Prescription Copayment 13.00

Total Direct State Services By Department

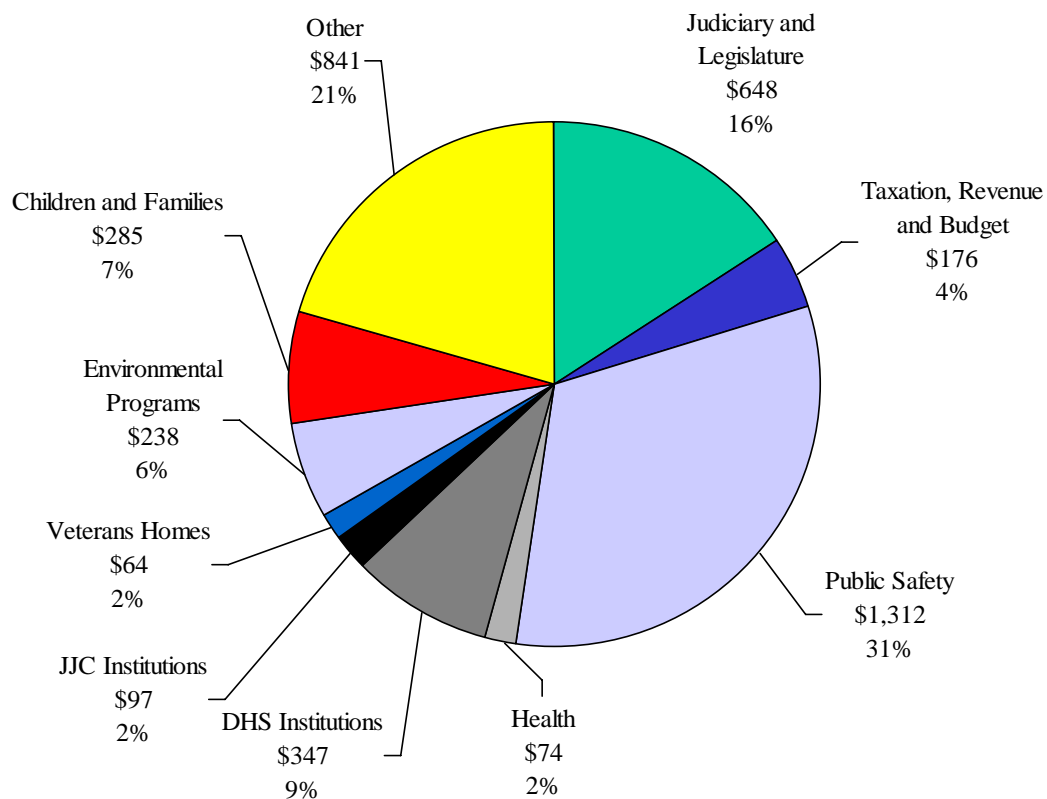
(In Thousands)

	FY2006 Appropriation	FY2006 Adjusted Appropriation	FY2007 Recommendation	Change \$	%
Chief Executive	\$ 4,972	\$ 5,183	\$ 4,924	\$ (259)	-5.0%
Agriculture	9,215	9,569	8,994	(575)	-6.0%
Banking and Insurance	67,037	68,033	67,965	(68)	-0.1%
Community Affairs	35,586	37,811	36,914	(897)	-2.4%
Corrections	906,980	938,166	931,420	(6,746)	-0.7%
Education	60,124	62,368	62,042	(326)	-0.5%
Environmental Protection	217,956	226,918	238,217	11,299	5.0%
Health & Senior Services	63,581	65,743	73,797	8,054	12.3%
Balance of Human Services	51,371	38,749	38,450	(299)	-0.8%
Central Office	24,068	47,454	30,696	(16,758)	-35.3%
Developmental Disabilities	208,074	217,354	94,441	(122,913)	-56.5%
Medical Assistance	26,989	26,221	25,779	(442)	-1.7%
Mental Health	259,530	268,737	264,015	(4,722)	-1.8%
Labor	60,696	62,072	61,849	(223)	-0.4%
Law & Public Safety	135,503	146,079	146,352	273	0.2%
State Police	304,949	312,464	306,524	(5,940)	-1.9%
Division of Law	28,983	28,647	17,052	(11,595)	-40.5%
Juvenile Justice Commission	94,910	98,381	97,025	(1,356)	-1.4%
Military & Veterans' Affairs	85,711	88,280	86,411	(1,869)	-2.1%
Personnel	24,540	25,463	23,990	(1,473)	-5.8%
Public Advocate	15,937	16,220	19,420	3,200	19.7%
State	14,268	16,819	13,213	(3,606)	-21.4%
Public Broadcasting	6,446	6,727	5,604	(1,123)	-16.7%
State Library	4,370	4,570	4,570	-	0.0%
Transportation	89,675	103,955	86,448	(17,507)	-16.8%
Treasury	394,053	421,877	401,092	(20,785)	-4.9%
Misc. Executive Commissions	1,403	1,432	1,407	(25)	-1.7%
Total Executive Branch	\$ 3,196,927	\$ 3,345,292	\$ 3,148,611	\$ (196,681)	-5.9%
Legislature	\$ 74,173	\$ 76,221	\$ 76,221	\$ -	0.0%
Judiciary	554,026	571,750	571,750	-	0.0%
Subtotal Operations-Base	\$ 3,825,126	\$ 3,993,263	\$ 3,796,582	\$ (196,681)	-4.9%
Required Increases					
Children and Families	\$ 182,509	\$ 191,881	\$ 285,046	93,165 ^(a)	48.6%
Interdepartmental					
Other	\$ 86,921	\$ 86,921	\$ 84,642	\$ (2,279)	-2.6%
Pension, Health Benefits & PRM	1,097,748	1,149,748	1,375,787	226,039	19.7%
Employer Taxes	337,049	346,049	340,337	(5,712)	-1.7%
Insurance, Utilities, and Other	271,115	284,515	316,317	31,802	11.2%
Salary Program	140,124	-	127,860	127,860	-
Subtotal Interdepartmental	\$ 1,932,957	\$ 1,867,233	\$ 2,244,943	377,710	20.2%
Total	\$ 5,940,592	\$ 6,052,377	\$ 6,326,571	274,194	4.5%

(a) Includes \$39.5 million reallocated from the Department of Human Services

Components of Operating Budget

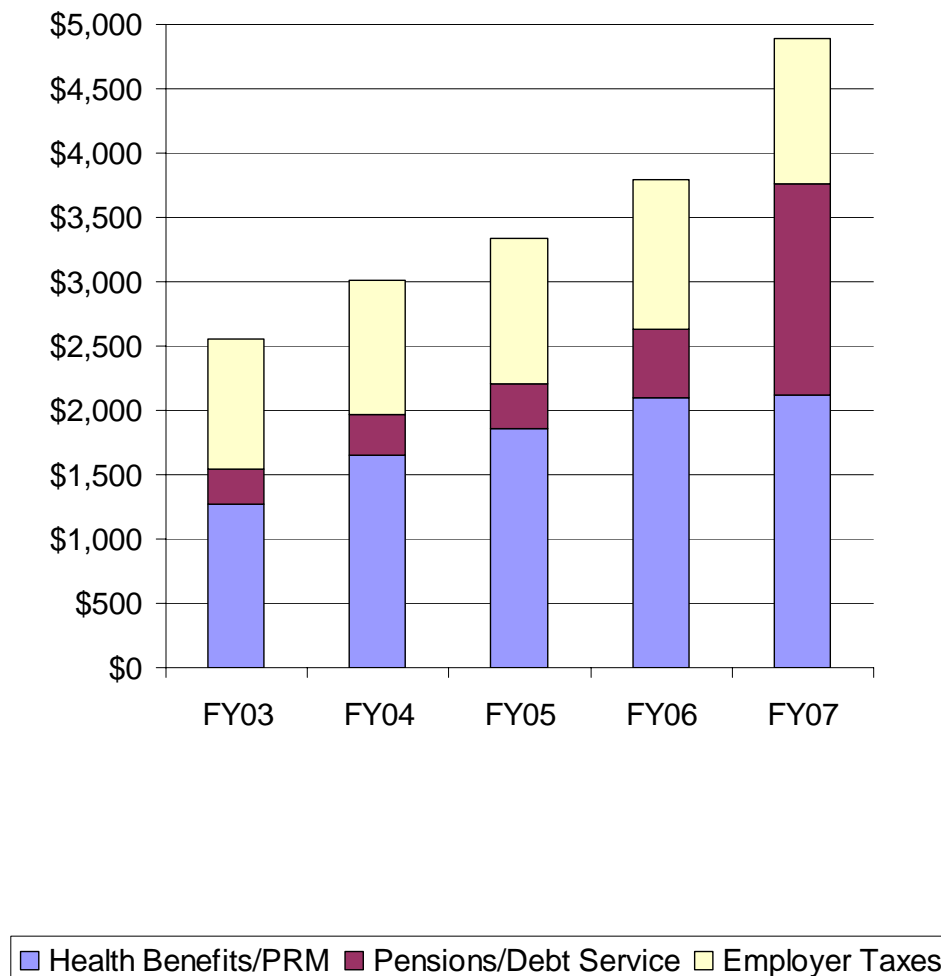
(In Millions)



Total State \$4.1 billion

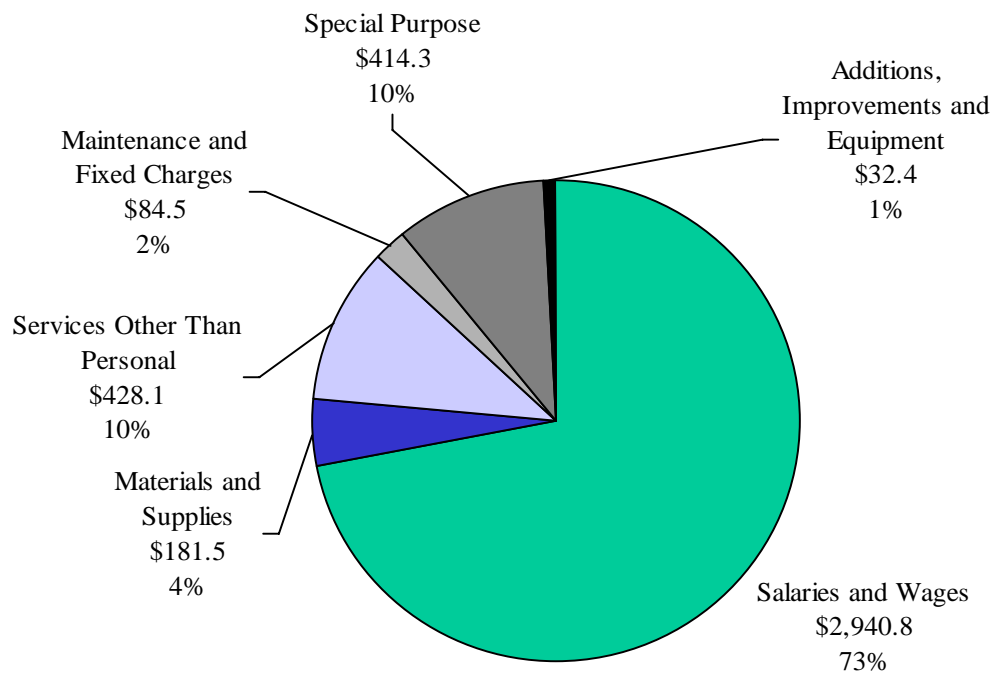
Employee Benefit Costs

(In Millions)



Operating Split between Salaries and Other Costs

(In Millions)



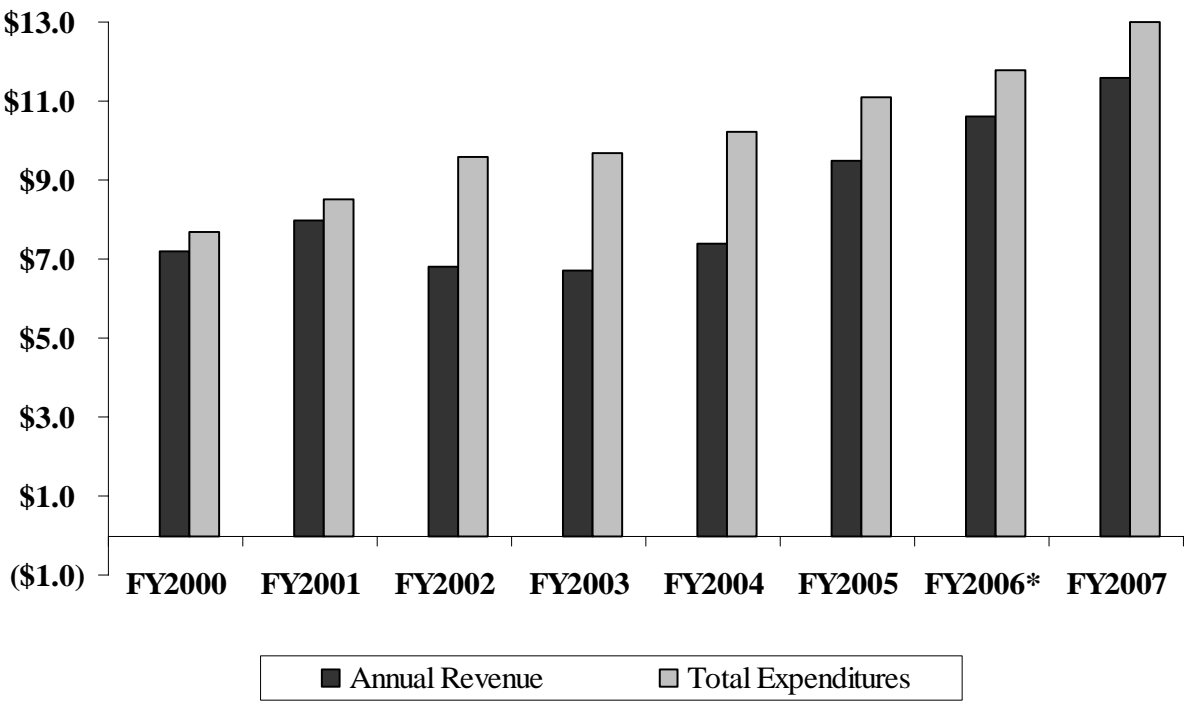
***Funding for
Property Tax Relief***

(In Millions)

<u>Programs</u>	<u>FY2006 Adjusted Approp.</u>	<u>FY2007 Budget</u>	<u>\$ Change</u>
School Aid	\$ 9,384.9	\$ 10,424.8	\$ 1,039.9
Municipal Aid	1,881.3	1,841.4	(39.9)
Other Local Aid	813.0	817.6	4.6
Direct Taxpayer Relief	<u>1,313.9</u>	<u>1,877.3</u>	<u>563.4</u>
Subtotal Direct Aid	<u>\$ 13,393.0</u>	<u>\$ 14,961.1</u>	<u>\$ 1,568.0</u>
Pension Savings	182.8	151.6	(31.2)
Police and Firemen's Pension Savings	<u>174.0</u>	<u>105.7</u>	<u>(68.3)</u>
Subtotal Pension Savings	<u>\$ 356.8</u>	<u>\$ 257.3</u>	<u>\$ (99.5)</u>
Hotel Revenue	<u>\$ 38.0</u>	<u>\$ 38.0</u>	<u>\$ -</u>
Realty Transfer Fee - County Share	<u>\$ 130.0</u>	<u>\$ 130.0</u>	<u>\$ -</u>
Grand Totals	<u><u>\$ 13,917.8</u></u>	<u><u>\$ 15,386.4</u></u>	<u><u>\$ 1,468.5</u></u>

*Funding for Property Tax Relief Programs
Exceeds Income Tax Revenues*

(In Billions)



* Includes \$400 million fiscal 2005 carryforward

School Aid

(In Millions)

	FY2006 Adjusted Approp.	FY2007 Budget	\$ Change
Formula/Supplemental Programs	\$ 7,000.0	\$ 7,094.3	\$ 94.3
Abbott Preschool Expansion	204.2	243.2	39.0
Nonpublic School Aid	102.7	101.6	(1.1)
Above Average Enrollment Growth	12.0	17.6	5.6
Other Aid	164.4	130.2	(34.2)
Total Direct School Aid	\$ 7,483.4	\$ 7,586.9	\$ 103.6
Teachers' Pension and Annuity Fund	\$ 94.5	\$ 837.6	\$ 743.1
Post Retirement Medical	685.4	721.4	36.0
Debt Service on Pension Obligation Bonds	86.9	95.1	8.2
Teachers' Social Security	655.8	691.8	36.0
Total Direct State Payments for Education	\$ 1,522.6	\$ 2,345.9	\$ 823.2
School Construction and Renovation Fund	\$ 259.3	\$ 375.2	\$ 115.9
Debt Service Aid	119.7	116.8	(2.9)
Total School Building Aid	\$ 378.9	\$ 492.0	\$ 113.1
Total School Aid	\$ 9,384.9	\$ 10,424.8	\$ 1,039.9

Municipal Aid

(In Millions)

	FY2006 Adjusted Approp.	FY2007 Budget	\$ Change
Consolidated Municipal Property Tax Relief Aid (CMPTRA)	\$ 835.4	\$ 835.4	\$ -
Energy Receipts Property Tax Relief Aid	788.5	788.5	-
Special Municipal Aid	94.8	78.4	(16.4)
Municipal Homeland Security Assistance	32.0	32.0	-
Regional Efficiency Aid Program (REAP)	11.0	-	(11.0)
Trenton Capitol City Aid	16.5	16.5	-
Highlands Protection Fund Aid	12.0	12.0	-
Legislative Initiative Block Grant Program	34.8	34.8	-
Extraordinary Aid	43.0	30.0	(13.0)
Open Space - Payment In Lieu of Taxes (PILOT)	9.0	9.5	0.5
Regional Efficiency Development Incentive Grants (REDI)	4.2	4.2	-
Total Direct Municipal Aid	\$ 1,881.3	\$ 1,841.4	\$ (39.9)

Direct Property Tax Relief

(In Millions)

	FY2006 Adjusted Approp.	FY2007 Budget	\$ Change
Homestead Rebates	\$ 691.5	\$ 1,221.3 *	\$ 529.8
Senior/Disabled Citizens Property Tax Freeze	98.4	118.9	20.5
Property Tax Deduction Act	415.0	438.0	23.0
Municipal Reimbursement - Veterans' Tax Deductions	86.0	76.4	(9.6)
Municipal Reimbursement - Senior/Disabled Citizens' Tax Deductions	23.0	22.7	(0.3)
Total Direct Property Tax Relief	\$ 1,313.9	\$ 1,877.3	\$ 563.4

* Of this amount, \$400 million was a FY 2005 appropriation.

Higher Education

(In Millions)

	FY2006 Adjusted Approp.	FY2007 Budget	Change \$	%
Colleges and Universities				
Senior Public Colleges and Universities	\$ 1,496.7	\$ 1,353	\$ (143)	(9.6%)
County Colleges	223.6	208.1	(15.5)	(6.9%)
Independent Colleges and Universities	24.0	12.0	(12.0)	(50.0%)
Student Financial Assistance	248.8	249.5	0.6	0.3%
Educational Opportunity Fund	40.6	40.6	-	---
Facility and Capital Improvement Programs	90.0	98.5	8.5	9.4%
Other Programs	24.3	17.1	(7.2)	(29.7%)
Total Higher Education	\$ 2,148.0	\$ 1,979.0	\$ (169.1)	(7.9%)

Higher Education

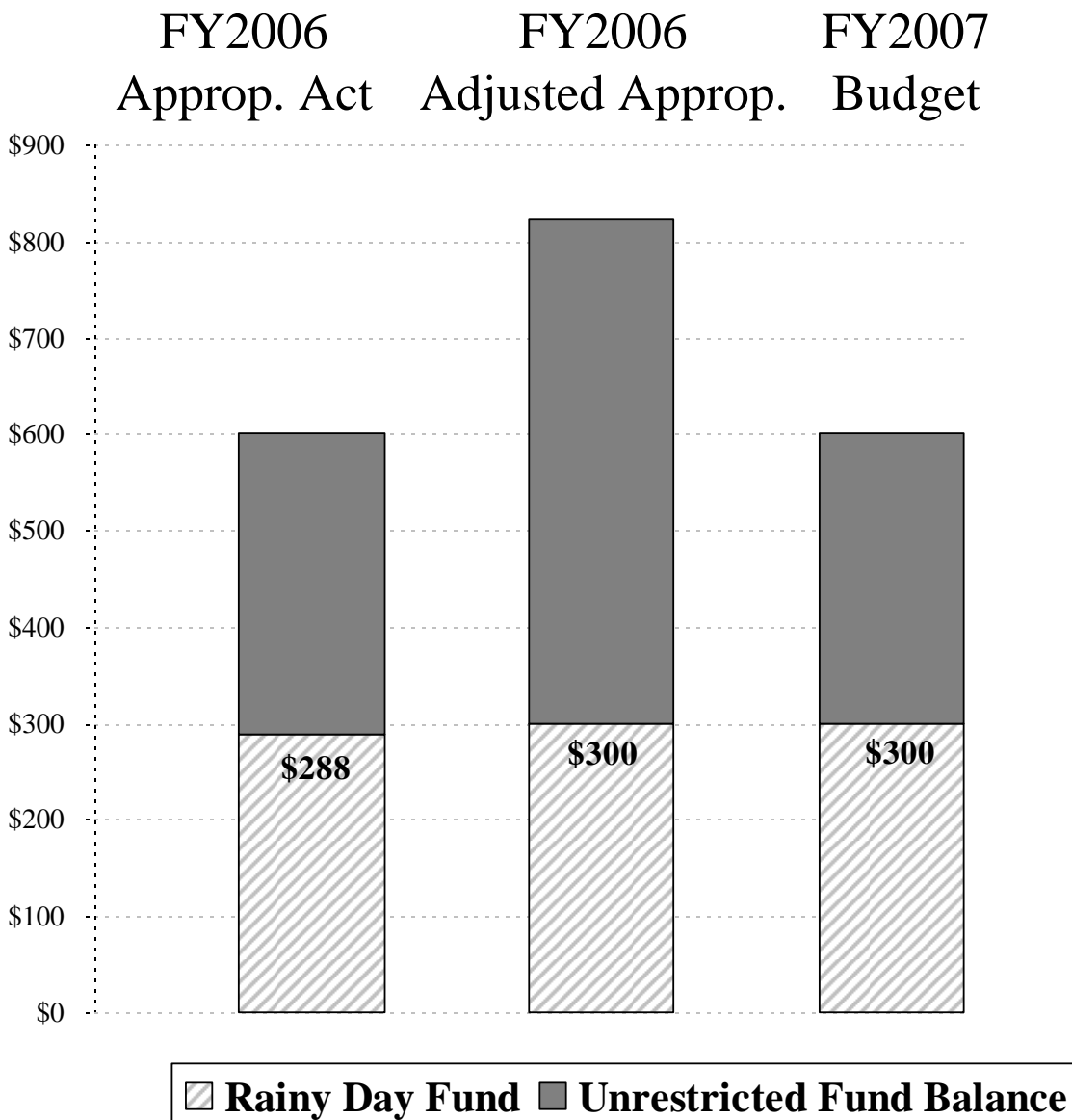
(In Millions)

	FY2006 Adjusted Approp.	FY2007 Budget	\$ Change
Senior Public Institutions			
Rutgers University	\$ 356.3	\$ 300.3	\$ (55.9)
UMDNJ	242.9	194.2	(48.8)
NJIT	51.5	45.8	(5.8)
Thomas Edison State College	6.7	5.4	(1.2)
Rowan University	39.5	35.4	(4.1)
New Jersey City University	33.5	30.1	(3.4)
Kean University	43.2	37.8	(5.4)
William Paterson University	42.1	37.8	(4.2)
Montclair State University	50.4	44.8	(5.6)
College of New Jersey	38.0	34.0	(4.0)
Ramapo College of New Jersey	21.4	19.0	(2.4)
Richard Stockton College of New Jersey	25.7	23.0	(2.7)
Subtotal Senior Publics Direct Aid	\$ 951.1	\$ 807.6	\$ (143.5)
Senior Publics Salary Funding	-	-	-
Senior Publics Net Fringe Benefits	545.7	545.7	-
Total Senior Publics	\$ 1,496.7	\$ 1,353.2	\$ (143.5)
Total County Colleges ^(a)	223.6	208.1	(15.5)
Total Independent Colleges and Universities	24.0	12.0	(12.0)
Student Financial Assistance			
Tuition Aid Grants (TAG)	208.9	214.7	5.8
Part-time TAG for County Colleges	4.5	4.9	0.5
NJSTARS I & II	8.0	8.0	-
EOF Grants and Scholarships	40.6	40.6	-
Loan Forgiveness for Mental Health Workers	3.5	3.5	-
Other Student Aid Programs	24.0	18.3	(5.7)
Total Student Financial Assistance	\$ 289.4	\$ 290.1	\$ 0.6
Other Programs			
Capital Grants and Facilities Support ^(b)	90.0	98.5	8.5
New Jersey Stem Cell Research Institute	5.5	5.5	-
All Other Programs	18.8	11.6	(7.2)
Total Other Programs	\$ 114.3	\$ 115.6	\$ 1.3
Grand Total Higher Education	\$ 2,148.0	\$ 1,979.0	\$ (169.1)

^(a) Includes funding from Supplemental Workforce Fund for Basic Skills of \$14.0 million in FY 2006 and \$8.0 million in FY 2007.^(b) Includes use of off-budget fund balances totaling \$18.0 million in FY 2006 and \$12.0 million in FY 2007.

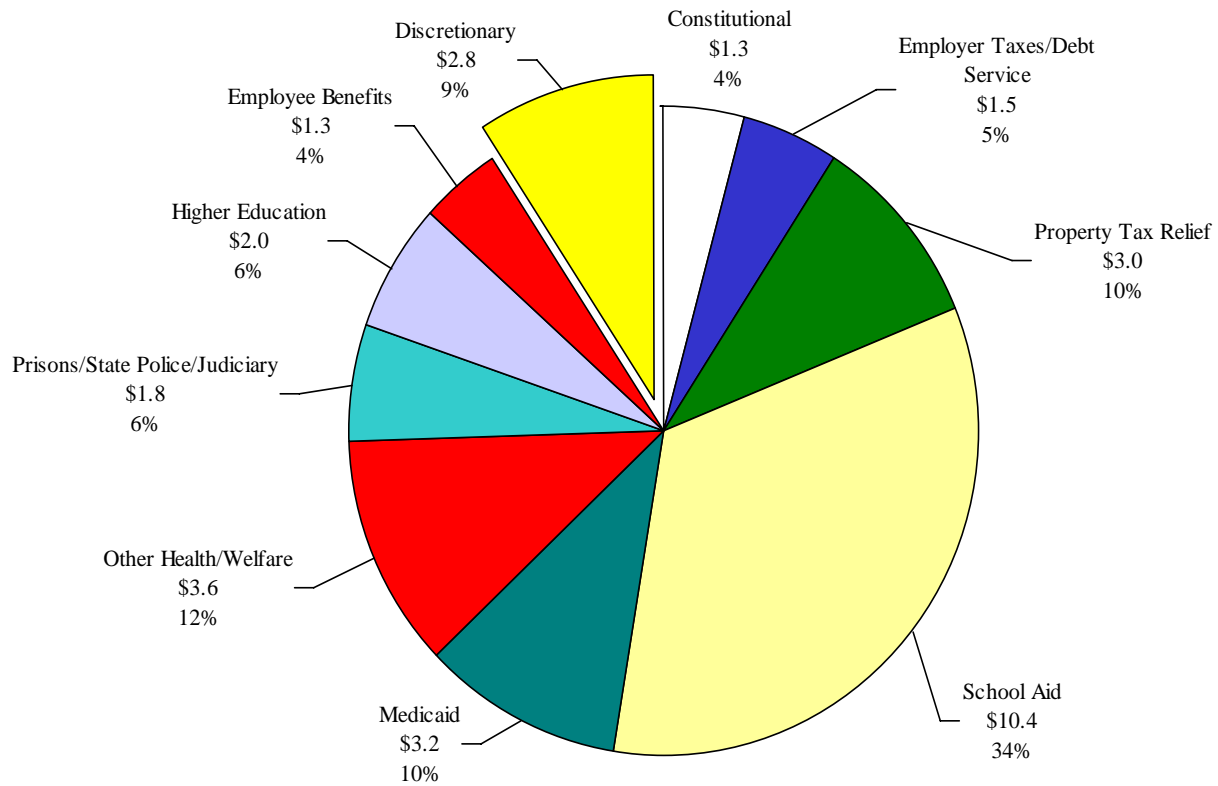
Surplus

(In Millions)



Fiscal Year 2007

(In Billions)



Total \$30.9 Billion

Projected Shortfall Continues Into FY 2008

(In Millions)

	<u>FY2007</u>	<u>FY2008</u>	<u>-----DIFF-----</u>	
			<u>\$</u>	<u>%</u>
OPENING FUND BALANCE	\$ 824	\$ 601	\$ (223)	-27.06%
REVENUES				
Income	11,615	12,805	1,190	10.2%
Sales	6,944	7,180	236	3.4%
Corporate	2,463	1,955	(508)	-20.6%
Other	7,829	7,850	21	0.3%
FY 2007 Revenue Solutions	1,801	1,746	(55)	-3.0%
Total	<u>\$ 30,652</u>	<u>\$ 31,536</u>	<u>\$ 884</u>	<u>2.9%</u>
RECOMMENDATIONS/PROJECTIONS	\$ 30,875	\$ 33,069	\$ 2,194	7.1%
Employee Benefits (other than pensions)	\$ 735			
Pensions 80%	355			
Debt Service	260			
Aid to Education	350			
Medicaid	320			
One-Time Balances/Federal Funds	154			
Deferred COLA and Increments	50			
Continued Hiring Freeze	(30)			
FUND BALANCE	<u>601</u>	<u>(932)</u>	<u>(1,533)</u>	<u>-255.0%</u>

**SUMMARY OF APPROPRIATIONS
MAJOR INCREASES AND DECREASES**

This table summarizes the major increases and decreases in the Fiscal 2007 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, and funding for New Jersey Transit and State colleges and universities fall into this category.

State Aid consists of payments to or on behalf of counties, municipalities, and school districts to assist them in carrying out their local responsibilities. 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>Decreases</u>	<u>Net Change</u>
State Operations			
Pension - State Employees	\$ 287.695		
Salary Increase - State Employees	199.950		
State Active and Retiree Employee Health Benefits	54.150		
Child Welfare Reform	50.364		
Fuel/Utilities/Rent	28.102		
Division of Taxation - Data Mining and Enhancements	22.800		
Enhanced Mental Health Hospital Staffing	6.752		
Workers' Compensation/Tort Claims	6.700		
CBT Dedication	5.010		
Pharmaceutical Assistance to the Aged and Disabled (PAAD)	4.855		
Student Proficiency Testing	4.500		
Debt Service	3.925		
Emergency Operations Center - Operating Expenses	3.466		
Public Advocate Administration	3.200		
Gang Violence - Project Phoenix	0.250		
Other (Net)	8.889		
Subtotal - State Operations Increases	<u>\$ 690.608</u>		

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Human Services Shift to Federal Resources		\$ (117.687)	
Reduce Prescription Fund Balance		(60.000)	
Management Efficiencies		(50.000)	
Division of Pensions/Pension Fund		(33.482)	
Mandatory Pharmacy Mail - Order and Generics - State Employees		(20.000)	
Bulk Purchasing - State Health Benefits		(16.500)	
Unclassified Employees Reduction		(14.000)	
Fringe Savings Staffing Reduction		(13.600)	
Department of Treasury Efficiencies		(13.249)	
Department of Law and Public Safety Efficiencies		(12.874)	
Snow Removal - Winter Operations		(10.000)	
Increased Health Benefits Cost Sharing		(7.661)	
Department of Transportation Efficiencies		(7.507)	
Department of Corrections Efficiencies		(6.586)	
Pharmacy Management		(4.800)	
Employer Taxes		(3.059)	
Duplicative Sick Leave Injury		(3.000)	
Department of Environmental Protection Efficiencies		(2.872)	
Department of Human Services Efficiencies		(2.827)	
Pension Reform		(2.510)	
Department of Health and Senior Services Efficiencies		(2.274)	
Department of Education Efficiencies		(2.077)	
Department of Banking and Insurance Efficiencies		(1.868)	
Paying Communities Back - Inmates		(1.610)	
Elections Pilot		(1.500)	
Department of Personnel Efficiencies		(1.473)	
Student Registration and Record System		(1.364)	
Higher Education Student Assistance Authority Efficiencies		(1.349)	
New Jersey Network Efficiencies		(1.123)	
Department of Community Affairs Efficiencies		(0.897)	
Reduction of Governor's Contingency Funds		(0.875)	
Reduction of Contingency Funds		(0.625)	
Governor's Transition Funding		(0.600)	
Department of Agriculture Efficiencies		(0.575)	
Department of Military and Veterans Affairs Efficiencies		(0.529)	
Chief Executive Reduction		(0.259)	
Reduce Cultural Programs - Staffing		(0.250)	
Palisades Interstate Park Commission Efficiencies		(0.150)	
ELEC Efficiencies		(0.119)	
Subtotal - State Operations Decreases		\$ (421.731)	
Net Change (State Operations)			\$ 268.877
Grants-In-Aid			
Homestead Rebate	\$ 529.800		
Medicaid/General Assistance Health Care	312.019		
Charity Care - Replace Unemployment Insurance Diversion	300.000		
Business Employment Incentive Program	169.667		
Child Welfare Reform	64.611		
Pharmaceutical Assistance to the Aged and Disabled (PAAD)	47.680		

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Nursing Homes and Alternatives	46.017		
NJ Transit Operating Subsidy	27.000		
CBT Dedication	26.765		
TANF Work Activities and Case Management	21.000		
Senior/Disabled Citizens' Property Tax Freeze	20.500		
Special Education & Autism Grants	19.500		
Higher Education Capital Improvement Program Debt Service	15.046		
Abbott Expansion Carryforward Restoration	12.000		
DDD Placements Annualized	11.100		
State Rental Assistance Program	10.000		
Mental Health Community Placements	10.000		
Annualize FY06 Third Party Provider COLA	9.603		
New Jersey After 3	7.500		
Debt Service	6.091		
Water Resource Interconnection Projects	6.000		
Tuition Aid Grants	5.821		
Family Care Child Outreach Expansion	5.000		
Capital Improvements for Homeless Shelters	5.000		
Capital Improvements for Child Advocacy Centers	5.000		
Food Assistance Program	3.000		
Capital Improvements for Group Homes	3.000		
Family Planning Services Expansion	2.000		
Capital Improvements for Substance Abuse Treatment and Recovery Centers	2.000		
Capital Improvements for Women's Shelters	1.500		
Halfway Back Program	1.000		
Addressing Violence Against Women	1.000		
Capital Improvements for Storing Food for Food Banks	1.000		
Gang Violence - Operation Ceasefire	0.750		
Capital Improvements for Rape Care Centers	0.500		
Part-Time TAG for County Colleges	0.490		
Subtotal - Grants-In-Aid Increases	<u>\$ 1,708.960</u>		
Hospital Provider Assessment		\$ (215.000)	
Reduce Operating Support to Senior Public Colleges and Universities		(89.568)	
Hospital Assistance Grants		(69.200)	
Enhanced Medicaid Anti-Fraud Initiative		(50.000)	
Bulk Purchasing - Medicaid/PAAD		(44.000)	
Property Tax Assistance and Community Development Grants		(40.000)	
Implement Co-Payment After School/Summer Child Care Abbott Districts		(30.000)	
One-Time Funding UMDNJ		(28.000)	
Nursing Home/Medical Day Care Rates - No Inflation		(26.000)	
Reduction to Cancer Hospital Building Grants		(23.300)	
Rutgers - One Time Grant		(18.000)	
Pharmaceutical Procurement		(17.105)	
Increase Federal Lookback Period for Nursing Home Eligibility from 3 to 5 Years		(15.000)	
Enroll Institutional Medicare-Only Clients into Medicare Part D		(14.900)	
Shift General Assistance Recipients to Medicaid		(14.100)	
Energy Assistance Programs		(13.000)	
Institute Co-Payments for Medicaid Pharmaceuticals		(13.000)	
Aid to Independent Colleges and Universities		(11.981)	
Prior Authorization of Psychotropics		(8.750)	

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Partial Hospitalization Rate Reduction		(7.500)	
County Jail Placement Trend		(6.232)	
Tuition Policy for Out-of-State Undergraduate Students		(5.685)	
Outstanding Scholars Recruitment Program		(4.303)	
Heldrich Center for Workforce Development		(4.000)	
Higher Education Incentive Endowment Fund		(3.000)	
Grant for Stroke Centers		(3.000)	
Early Intervention Program (EIP) - Co-payment Increase		(3.000)	
Science and Technology Reduction		(2.700)	
Newark Museum		(2.500)	
Cultural Projects Grants		(2.268)	
Reduce Special Welfare Initiatives		(2.000)	
Governor's School		(1.929)	
Office of Faith-Based Initiatives Grants		(1.500)	
Battleship New Jersey Museum		(1.500)	
Social Promotion Initiative		(1.500)	
Boys and Girls Clubs of New Jersey		(1.500)	
Veterinary Medical Education Program		(1.337)	
Pharmacy Management		(1.300)	
Tourette Syndrome Association of NJ		(1.250)	
Contracted Day Reporting Programs		(1.200)	
Co-Payments on Hospital Visits - Medicaid		(1.100)	
Supported Employment Excess Capacity		(1.044)	
Public Financing of the Gubernatorial Primary and General Election		(1.025)	
Liberty Science Center - Educational Services		(1.000)	
Lead Testing Kits		(1.000)	
Reduce AIDS Grants		(1.000)	
Stevens Institute of Technology - New Jersey Community College Strategic Partnership		(1.000)	
Health Care Initiatives and Networking Technology (HINT) Program		(1.000)	
Paper Mill Playhouse		(1.000)	
Automated External Defibrillator Grant Program		(1.000)	
Larc School - Bellmawr		(1.000)	
Big Brothers/Big Sisters		(0.750)	
Teaching Positions at Kean		(0.750)	
Arthritis Quality of Life Initiative		(0.642)	
Competitively Bid Transportation and Durable Medical Equipment - Medicaid		(0.630)	
Ellis Island New Jersey Foundation		(0.600)	
Rutgers - Gubernatorial Papers Project		(0.500)	
Thomas Edison Museum		(0.500)	
Bloomfield College - Science Laboratory		(0.500)	
Celeste Foundation Early Intervention of Autism Research Project		(0.500)	
Atlantic Health Care Patient ID System		(0.500)	
Rutgers - Camden Performing Arts Center		(0.450)	
Grant to ASPIRA		(0.400)	
Integrity, Inc.		(0.400)	
Reduce Historical Commission Agency Grants		(0.384)	
United Way 2-1-1 System		(0.350)	
Soil & Water Grants		(0.300)	
High Enrollment Growth Adjustment at Edison		(0.300)	
Waterloo Village		(0.250)	
Weehawken Arts		(0.250)	

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Agriculture & Natural Resources - Conservation Assistance Program		(0.250)	
Grant to St. Barnabas Medical Center		(0.250)	
Governor's Literacy Initiative - Returning Coaches		(0.225)	
Respite Care for the Elderly		(0.207)	
AIDS Drug Distribution Program (ADDP) \$2 Co-pay		(0.200)	
Other (Net)		(2.081)	
Subtotal - Grants-In-Aid Decreases		<u>\$ (823.446)</u>	
Net Change (Grants-In-Aid)			<u>\$ 885.514</u>
State Aid			
Teachers' Pension and Annuity Fund	\$ 744.117		
School Construction and Renovation Fund	115.946		
Education Opportunity Aid (Abbott Districts)	92.000		
Post-Retirement Medical - Teachers' Pension and Annuity Fund	54.358		
Abbott Preschool Expansion Aid	39.000		
Local School Districts Teacher Social Security Payments	36.000		
Local Employee Benefits	33.499		
Capital for Homeland Security Critical Infrastructure	20.000		
County Psychiatric Hospitals	12.000		
Debt Service Pension Obligation Bonds	8.165		
Supplemental Security Income Caseload Increase	3.266		
Charter School Aid	2.200		
Abbott Bordered District Aid	1.903		
Unknown District of Residence	1.500		
DEP - Highlands Council Administration & Operations	1.000		
South Jersey Port Corporation Debt Service Reserve Fund	0.800		
Subtotal - State Aid Increases	<u>\$ 1,165.754</u>		
General Assistance Caseload Savings		\$ (18.891)	
Solid Waste Debt Service		(17.328)	
Special Municipal Aid		(16.405)	
County College Operating Support		(16.256)	
Bulk Purchasing - State Health Benefits		(14.500)	
Extraordinary Aid		(13.000)	
Regional Efficiency Aid Program (REAP)		(10.992)	
Senior/Disabled Citizens/Veterans Property Tax Deduction Projected Surplus		(9.900)	
High Expectations for Learning Proficiency (HELP)		(5.000)	
General Assistance Efficiencies		(5.000)	
Character Education		(4.750)	
Pharmacy Management		(3.900)	
Ewing School District		(2.200)	
West New York Parking Authority		(2.000)	
School District of Trenton - Security		(1.500)	
Aid to Nonpublic Schools		(1.134)	
Pension Ethics		(1.000)	
Department of Education Efficiencies		(0.955)	
Other (Net)		(13.364)	
Subtotal - State Aid Decreases		<u>\$ (158.075)</u>	
Net Change (State Aid)			<u>\$ 1,007.679</u>

APPROPRIATIONS
MAJOR INCREASES AND DECREASES
(\$ In Millions)

	<u>Increases</u>	<u>Decreases</u>	<u>Net Change</u>
Capital Construction			
Transportation Trust Fund	\$ 90.000		
Capital Improvements for State Parks	40.000		
NJ Building Authority	30.618		
CBT Dedication	22.055		
Statewide Automated Child Welfare Information System	10.000		
H.R. 6 Flood Control – Urgent Projects	5.555		
Capital Improvements for Sheltering Homeless Veterans	<u>2.000</u>		
Subtotal - Capital Construction Increases	\$ 200.228		
Other (Net)		<u>\$ (16.555)</u>	
Subtotal - Capital Construction Decreases		\$ (16.555)	
Net Change (Capital Construction)			\$ 183.673
Debt Service			
General Obligation Debt Service	<u>\$ 263.459</u>		
Subtotal - Debt Service Increases	\$ 263.459		
Net Change (Debt Service)			\$ 263.459
GRAND TOTAL	<u>\$ 4,029.009</u>	<u>\$(1,419.807)</u>	<u>\$ 2,609.202</u>

TABLE I
SUMMARY OF FISCAL YEAR 2006–2007 APPROPRIATION RECOMMENDATION
(thousands of dollars)

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

	2006 Adjusted Approp.	2007 Recommended	-----Change----- Dollar Percent	
GENERAL FUND AND PROPERTY TAX RELIEF FUND				
State Aid and Grants	20,449,890	22,373,145	1,923,255	% 9.4
State Operations				
Executive Branch	3,464,171	3,360,655	-103,516	-3.0
Legislature	76,221	76,221	---	---
Judiciary	571,750	571,750	---	---
Interdepartmental	1,867,233	2,244,943	377,710	20.2
Total State Operations	5,979,375	6,253,569	274,194	% 4.6
Capital Construction	1,091,220	1,274,893	183,673	16.8
Debt Service	169,326	432,785	263,459	155.6
TOTAL GENERAL FUND AND PROPERTY TAX RELIEF FUND	27,689,811	30,334,392	2,644,581	% 9.6
CASINO CONTROL FUND	72,039	72,039	---	---
CASINO REVENUE FUND	500,941	468,087	-32,854	-6.6
GOVERNATORIAL ELECTIONS FUND	2,525	---	-2,525	-100.0
GRAND TOTAL STATE APPROPRIATIONS	28,265,316	30,874,518	2,609,202	% 9.2

TABLE II
SUMMARY OF FISCAL YEAR 2006–07 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, 2005						Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
					General Fund			
5,796,194	512,547	21,751	6,330,492	6,004,180	Direct State Services	5,979,375	6,261,696	6,253,569
7,902,194	408,179	9,350	8,319,723	8,063,658	Grants-in-Aid	8,165,114	8,853,127	8,563,099
3,232,897	59,963	-110,354	3,182,506	3,125,889	State Aid	1,925,276	2,245,942	2,195,046
1,104,633	189,422	17,671	1,311,726	1,106,110	Capital Construction	1,091,220	1,274,893	1,274,893
270,179	---	-8,151	262,028	260,336	Debt Service	169,326	432,785	432,785
18,306,097	1,170,111	-69,733	19,406,475	18,560,173	Total General Fund	17,330,311	19,068,443	18,719,392
9,761,500	5,765	84,694	9,851,959	9,284,031	Property Tax Relief Fund	10,359,500	11,615,000	11,615,000
68,500	956	---	69,456	68,277	Casino Control Fund	72,039	72,039	72,039
499,836	143,596	---	643,432	643,060	Casino Revenue Fund	500,941	468,087	468,087
8,870	---	---	8,870	6,310	Gubernatorial Elections Fund	2,525	---	---
28,644,803	1,320,428	14,961	29,980,192	28,561,851	GRAND TOTAL STATE APPROPRIATIONS	28,265,316	31,223,569	30,874,518

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.

Year Ending June 30, 2005					Year Ending June 30, 2007			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
DIRECT STATE SERVICES								
Legislative Branch								
11,494	2,329	150	13,973	10,966	Senate	12,269	12,269	12,269
18,905	2,542	250	21,697	18,250	General Assembly	18,692	18,692	18,692
28,372	2,815	932	32,119	31,454	Legislative Support Services	29,991	29,991	29,991
14,730	6,596	-39	21,287	14,357	Legislative Commission	15,269	15,269	15,269
73,501	14,282	1,293	89,076	75,027	Total Legislative Branch	76,221	76,221	76,221
Executive Branch								
5,267	977	187	6,431	5,133	Chief Executive	5,183	4,924	4,924
9,123	2,257	683	12,063	11,403	Department of Agriculture	9,569	8,994	8,994
67,703	7,686	---	75,389	64,386	Department of Banking and Insurance	68,033	67,965	67,965
230,939	---	10,258	241,197	241,114	Department of Children and Families	191,881	285,046	285,046
35,969	35,426	-4,905	66,490	53,081	Department of Community Affairs	37,811	36,914	36,914
881,282	1,590	18,145	901,017	898,264	Department of Corrections	938,166	931,420	931,420
60,436	3,284	14,593	78,313	69,313	Department of Education	62,368	62,042	62,042
217,273	34,215	15,181	266,669	251,306	Department of Environmental Protection	226,918	238,217	238,217
75,947	11,624	11,206	98,777	95,063	Department of Health and Senior Services	65,743	73,797	73,797
75,076	11,593	11,078	97,747	94,084	(From General Fund)	64,872	72,926	72,926
871	31	128	1,030	979	(From Casino Revenue Fund)	871	871	871
565,540	16,089	57,355	638,984	623,960	Department of Human Services	598,515	453,381	453,381
60,242	53,199	888	114,329	107,749	Department of Labor and Workforce Development	62,072	61,849	61,849
536,278	167,931	17,052	721,261	620,752	Department of Law and Public Safety	585,571	566,953	566,953
495,587	167,753	17,052	680,392	579,984	(From General Fund)	542,880	524,262	524,262
40,599	178	---	40,777	40,676	(From Casino Control Fund)	42,599	42,599	42,599
92	---	---	92	92	(From Casino Revenue Fund)	92	92	92
81,881	4,294	1,744	87,919	84,217	Department of Military and Veterans' Affairs	88,280	86,411	86,411
25,448	6,939	---	32,387	30,535	Department of Personnel	25,463	23,990	23,990
13,790	2,437	-325	15,902	13,164	Department of the Public Advocate	16,220	19,420	19,420
32,729	1,116	845	34,690	32,925	Department of State	28,116	31,514	23,387
110,288	5,997	2,951	119,236	118,513	Department of Transportation	103,955	86,448	86,448
409,808	67,996	4,069	481,873	452,543	Department of the Treasury	421,877	401,092	401,092
381,907	67,218	4,069	453,194	424,942	(From General Fund)	392,437	371,652	371,652
27,901	778	---	28,679	27,601	(From Casino Control Fund)	29,440	29,440	29,440
1,390	3	6	1,399	1,399	Miscellaneous Commissions	1,432	1,407	1,407
3,421,333	423,060	149,933	3,994,326	3,774,820	Total Executive Branch	3,537,173	3,441,784	3,433,657
3,351,870	422,073	149,805	3,923,748	3,705,472	(From General Fund)	3,464,171	3,368,782	3,360,655
68,500	956	---	69,456	68,277	(From Casino Control Fund)	72,039	72,039	72,039
963	31	128	1,122	1,071	(From Casino Revenue Fund)	963	963	963
Inter-Departmental Accounts								
153,023	134	---	153,157	150,856	Property Rentals	146,320	158,690	158,690
103,911	7,214	-1	111,124	94,206	Insurance and Other Services	103,011	106,711	106,711
1,357,386	19,008	605	1,376,999	1,368,281	Employee Benefits	1,495,797	1,716,124	1,716,124
55,469	761	-6,985	49,245	33,516	Other Inter-Departmental Accounts	79,421	77,142	77,142
137,280	33,860	-126,027	45,113	5,717	Salary Increases and Other Benefits	7,500	135,360	135,360

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005						Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
<u>DIRECT STATE SERVICES</u>								
31,681	2,212	---	33,893	33,893	Utilities and Other Services	35,184	50,916	50,916
1,838,750	63,189	-132,408	1,769,531	1,686,469	Total Inter-Departmental Accounts	1,867,233	2,244,943	2,244,943
Judicial Branch								
532,073	13,003	3,061	548,137	537,212	The Judiciary	571,750	571,750	571,750
5,865,657	513,534	21,879	6,401,070	6,073,528	Total Direct State Services	6,052,377	6,334,698	6,326,571
5,796,194	512,547	21,751	6,330,492	6,004,180	(From General Fund)	5,979,375	6,261,696	6,253,569
68,500	956	---	69,456	68,277	(From Casino Control Fund)	72,039	72,039	72,039
963	31	128	1,122	1,071	(From Casino Revenue Fund)	963	963	963
<u>GRANTS-IN-AID</u>								
Executive Branch								
2,755	92	182	3,029	2,688	Department of Agriculture	1,575	5,025	5,025
415,155	---	16,754	431,909	431,558	Department of Children and Families	547,372	679,769	679,769
69,005	10,163	9,997	89,165	61,118	Department of Community Affairs	55,710	63,760	63,760
113,599	2,219	1,950	117,768	116,618	Department of Corrections	138,383	133,151	133,151
25,544	---	396	25,940	25,277	Department of Education	18,129	41,813	41,813
16,250	8,207	-5,980	18,477	13,491	Department of Environmental Protection	750	33,165	33,165
1,837,841	170,369	-830	2,007,380	1,940,408	Department of Health and Senior Services	1,624,988	1,859,112	1,859,112
1,485,432	26,804	-702	1,511,534	1,444,773	(From General Fund)	1,274,646	1,542,202	1,542,202
352,409	143,565	-128	495,846	495,635	(From Casino Revenue Fund)	350,342	316,910	316,910
3,303,048	335,272	798	3,639,118	3,591,061	Department of Human Services	3,536,989	3,461,642	3,461,642
3,184,311	335,272	798	3,520,381	3,472,434	(From General Fund)	3,424,145	3,348,798	3,348,798
118,737	---	---	118,737	118,627	(From Casino Revenue Fund)	112,844	112,844	112,844
45,603	---	341	45,944	41,944	Department of Labor and Workforce Development	47,282	54,282	54,282
43,163	---	341	43,504	39,504	(From General Fund)	44,842	51,842	51,842
2,440	---	---	2,440	2,440	(From Casino Revenue Fund)	2,440	2,440	2,440
28,178	---	81	28,259	25,399	Department of Law and Public Safety	23,702	21,379	21,379
19,308	---	81	19,389	19,089	(From General Fund)	21,177	21,379	21,379
8,870	---	---	8,870	6,310	(From Gubernatorial Elections Fund)	2,525	---	---
1,044	62	1	1,107	1,073	Department of Military and Veterans' Affairs	1,544	1,544	1,544
1,158,257	21,695	28,891	1,208,843	1,179,280	Department of State	1,288,348	1,401,649	1,133,287
278,700	1,655	45	280,400	278,791	Department of Transportation	273,700	300,700	300,700
2,398,523	117	3,279	2,401,919	1,821,795	Department of the Treasury	1,029,865	1,740,039	1,718,373
235,812	93	3,279	239,184	211,950	(From General Fund)	239,977	399,851	378,185
2,162,711	24	---	2,162,735	1,609,845	(From Property Tax Relief Fund)	789,888	1,340,188	1,340,188
9,693,502	549,851	55,905	10,299,258	9,530,501	Total Executive Branch	8,588,337	9,797,030	9,507,002
7,048,335	406,262	56,033	7,510,630	7,297,644	(From General Fund)	7,330,298	8,024,648	7,734,620
2,162,711	24	---	2,162,735	1,609,845	(From Property Tax Relief Fund)	789,888	1,340,188	1,340,188
473,586	143,565	-128	617,023	616,702	(From Casino Revenue Fund)	465,626	432,194	432,194
8,870	---	---	8,870	6,310	(From Gubernatorial Elections Fund)	2,525	---	---
Inter-Departmental Accounts								
619,292	179	-1,868	617,603	615,500	Employee Benefits	673,658	683,358	683,358
114,198	---	-14,157	100,041	59,326	Other Inter-Departmental Accounts	54,925	14,925	14,925
31,158	---	-31,158	---	---	Salary Increases and Other Benefits	---	---	---
89,211	1,738	---	90,949	90,688	Aid to Independent Authorities	106,233	130,196	130,196
853,859	1,917	-47,183	808,593	765,514	Total Inter-Departmental Accounts	834,816	828,479	828,479

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005					Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2006 Adjusted Approp.	Requested	Recom- mended
GRANTS-IN-AID							
Judicial Branch							
---	---	500	500	500	The Judiciary	---	---
---	---	500	500	500	Total Judicial Branch	---	---
10,547,361	551,768	9,222	11,108,351	10,296,515	Total Grants-in-Aid	9,423,153	10,625,509
7,902,194	408,179	9,350	8,319,723	8,063,658	(From General Fund)	8,165,114	8,563,099
2,162,711	24	---	2,162,735	1,609,845	(From Property Tax Relief Fund)	789,888	1,340,188
473,586	143,565	-128	617,023	616,702	(From Casino Revenue Fund)	465,626	432,194
8,870	---	---	8,870	6,310	(From Gubernatorial Elections Fund)	2,525	---
STATE AID							
Executive Branch							
11,085	331	-48	11,368	10,345	Department of Agriculture	11,727	11,727
1,032,765	25,750	-953	1,057,562	1,050,857	Department of Community Affairs	1,100,015	1,057,368
103,196	25,750	-18,220	110,726	106,535	(From General Fund)	107,446	92,196
929,569	---	17,267	946,836	944,322	(From Property Tax Relief Fund)	992,569	965,172
8,882,235	11,314	-18,527	8,875,022	8,857,738	Department of Education	9,384,942	10,424,820
2,385,849	5,573	-93,915	2,297,507	2,291,403	(From General Fund)	983,919	1,282,814
6,496,386	5,741	75,388	6,577,515	6,566,335	(From Property Tax Relief Fund)	8,401,023	9,142,006
20,707	32	150	20,889	20,619	Department of Environmental Protection	19,222	20,566
12,207	32	150	12,389	12,162	(From General Fund)	10,222	11,066
8,500	---	---	8,500	8,457	(From Property Tax Relief Fund)	9,000	9,500
9,508	---	---	9,508	9,269	Department of Health and Senior Services	9,552	9,552
370,567	9,014	833	380,414	379,793	Department of Human Services	468,879	428,123
1,624	---	---	1,624	1,624	Department of Labor and Workforce Development	1,522	1,522
14,820	10,984	1,629	27,433	12,453	Department of Law and Public Safety	8,030	28,030
16,827	---	---	16,827	16,598	Department of State	18,537	38,160
25,287	---	---	25,287	25,287	Department of Transportation	34,352	34,930
25,287	---	---	25,287	25,287	(From Casino Revenue Fund)	34,352	34,930
471,548	8,279	-8,744	471,083	440,779	Department of the Treasury	472,462	500,886
307,214	8,279	-783	314,710	285,707	(From General Fund)	305,442	342,752
164,334	---	-7,961	156,373	155,072	(From Property Tax Relief Fund)	167,020	158,134
10,856,973	65,704	-25,660	10,897,017	10,825,362	Total Executive Branch	11,529,240	12,555,684
3,232,897	59,963	-110,354	3,182,506	3,125,889	(From General Fund)	1,925,276	2,245,942
7,598,789	5,741	84,694	7,689,224	7,674,186	(From Property Tax Relief Fund)	9,569,612	10,274,812
25,287	---	---	25,287	25,287	(From Casino Revenue Fund)	34,352	34,930
10,856,973	65,704	-25,660	10,897,017	10,825,362	Total State Aid	11,529,240	12,555,684
3,232,897	59,963	-110,354	3,182,506	3,125,889	(From General Fund)	1,925,276	2,245,942
7,598,789	5,741	84,694	7,689,224	7,674,186	(From Property Tax Relief Fund)	9,569,612	10,274,812
25,287	---	---	25,287	25,287	(From Casino Revenue Fund)	34,352	34,930
CAPITAL CONSTRUCTION							
Legislative Branch							
---	2,363	---	2,363	2,190	Legislative Support Services	---	---
---	2,363	---	2,363	2,190	Total Legislative Branch	---	---
Executive Branch							
---	1,142	---	1,142	150	Department of Agriculture	---	250
---	---	---	---	---	Department of Children and Families	---	10,000
500	6,359	---	6,859	1,710	Department of Corrections	5,000	---

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005					Year Ending June 30, 2007			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
<u>CAPITAL CONSTRUCTION</u>								
---	946	---	946	166	Department of Education	1,050	2,450	2,450
116,453	100,273	-9,730	206,996	89,837	Department of Environmental Protection	84,263	147,767	147,767
---	752	---	752	327	Department of Health and Senior Services	---	---	---
10,400	18,727	---	29,127	14,112	Department of Human Services	11,600	7,700	7,700
---	18,246	3,000	21,246	10,790	Department of Law and Public Safety	4,805	1,500	1,500
2,627	812	505	3,944	1,143	Department of Military and Veterans' Affairs	175	2,590	2,590
---	2	---	2	---	Department of Personnel	---	---	---
1,000	122	300	1,422	971	Department of State	---	---	---
805,000	---	---	805,000	805,000	Department of Transportation	805,000	895,000	895,000
---	5,318	5,954	11,272	5,825	Department of the Treasury	---	---	---
---	2	---	2	---	Miscellaneous Commissions	---	---	---
935,980	152,701	29	1,088,710	930,031	Total Executive Branch	911,893	1,067,257	1,067,257
<u>Inter-Departmental Accounts</u>								
168,653	34,358	17,642	220,653	173,889	Capital Projects – Statewide	179,327	207,636	207,636
168,653	34,358	17,642	220,653	173,889	Total Inter-Departmental Accounts	179,327	207,636	207,636
1,104,633	189,422	17,671	1,311,726	1,106,110	Total Capital Construction	1,091,220	1,274,893	1,274,893
<u>DEBT SERVICE</u>								
<u>Executive Branch</u>								
37,660	---	3,577	41,237	39,715	Department of Environmental Protection	24,675	64,664	64,664
232,519	---	-11,728	220,791	220,621	Department of the Treasury	144,651	368,121	368,121
270,179	---	-8,151	262,028	260,336	Total Executive Branch	169,326	432,785	432,785
270,179	---	-8,151	262,028	260,336	Total Debt Service	169,326	432,785	432,785
28,644,803	1,320,428	14,961	29,980,192	28,561,851	GRAND TOTAL-STATE APPROPRIATIONS	28,265,316	31,223,569	30,874,518
18,306,097	1,170,111	-69,733	19,406,475	18,560,173	(From General Fund)	17,330,311	19,068,443	18,719,392
68,500	956	---	69,456	68,277	(From Casino Control Fund)	72,039	72,039	72,039
9,761,500	5,765	84,694	9,851,959	9,284,031	(From Property Tax Relief Fund)	10,359,500	11,615,000	11,615,000
499,836	143,596	---	643,432	643,060	(From Casino Revenue Fund)	500,941	468,087	468,087
8,870	---	---	8,870	6,310	(From Gubernatorial Elections Fund)	2,525	---	---

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.

	2005 Expenditures	2006 Adjusted Appropriation	2007 Requested	2007 Recom- mended
General Fund--				
Direct State Services--				
Personal Services	2,746,902	2,837,267	2,833,683	2,832,845
Materials and Supplies	232,266	210,735	223,809	223,620
Services Other Than Personal	456,309	431,443	439,010	438,922
Maintenance and Fixed Charges	242,989	231,775	238,297	238,246
Improvements and Equipment	50,376	37,164	30,749	30,703
Employee Pension and Health Benefits	1,368,281	1,495,797	1,716,124	1,716,124
Human Services Programs	55,556	28,672	23,746	23,746
Other	851,501	706,522	756,278	749,363
<i>Total Direct State Services</i>	<i>6,004,180</i>	<i>5,979,375</i>	<i>6,261,696</i>	<i>6,253,569</i>
Grants-in-Aid--				
Employee Pension and Health Benefits	615,500	673,658	673,658	673,658
Rutgers, The State University	326,961	356,250	349,400	300,329
University of Medicine and Dentistry of New Jersey	215,150	242,939	273,131	194,165
New Jersey Institute of Technology	50,312	51,512	60,532	45,752
State Colleges	288,197	300,352	383,855	267,340
Other Higher Education Programs	82,550	89,559	108,173	98,768
Transit Subsidy	278,791	273,700	300,700	300,700
Student Aid-Scholarships and Grants	252,045	289,535	292,933	290,183
Support of Independent Higher Education Institutions	25,359	25,959	31,919	13,378
Correctional Facilities	116,618	138,383	133,151	133,151
Support of the Arts	28,903	30,030	23,562	23,562
Income Maintenance Management	244,887	248,574	257,991	257,991
Medicaid and Pharmaceutical Assistance to the Aged and Disabled	3,344,466	3,250,008	3,242,489	3,242,489
Children's Services	431,558	547,372	674,769	674,769
Services for the Developmentally Disabled	476,690	471,484	492,526	492,526
Mental Health Services	251,726	289,872	266,133	266,133
AIDS Control	33,374	34,351	31,651	31,651
Other Human Services Programs	52,287	56,093	49,206	49,206
Other	948,284	795,483	1,207,348	1,207,348
<i>Total Grants-in-Aid</i>	<i>8,063,658</i>	<i>8,165,114</i>	<i>8,853,127</i>	<i>8,563,099</i>
State Aid--				
Educational	2,536,474	1,240,092	1,612,840	1,561,944
Welfare	268,349	352,304	299,548	299,548
Health and Senior Services and Human Services	120,713	126,127	138,127	138,127
Payment to Counties and Municipalities	176,738	189,501	157,331	157,331
Other	23,615	17,252	38,096	38,096
<i>Total State Aid</i>	<i>3,125,889</i>	<i>1,925,276</i>	<i>2,245,942</i>	<i>2,195,046</i>

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

	2005 Expenditures	2006 Adjusted Appropriation	2007 Requested	2007 Recom- mended
Capital Construction--				
Transportation Trust Fund	805,000	805,000	895,000	895,000
Environmental	---	---	40,000	40,000
Educational	166	1,050	2,450	2,450
Institutional	15,822	16,600	7,700	7,700
Constitutionally Dedicated Projects	177,484	182,263	205,767	205,767
All Other	107,638	86,307	123,976	123,976
<i>Total Capital Construction</i>	<i>1,106,110</i>	<i>1,091,220</i>	<i>1,274,893</i>	<i>1,274,893</i>
Debt Service--				
Principal	104,712	13,670	254,246	254,246
Interest	155,624	155,656	178,539	178,539
<i>Total Debt Service</i>	<i>260,336</i>	<i>169,326</i>	<i>432,785</i>	<i>432,785</i>
<i>Total General Fund</i>	<i>18,560,173</i>	<i>17,330,311</i>	<i>19,068,443</i>	<i>18,719,392</i>
Property Tax Relief Fund--				
Homestead Rebates	1,609,845	789,888	1,340,188	1,340,188
Educational	6,566,335	8,401,023	9,142,006	9,142,006
Payments to Municipalities	1,107,851	1,168,589	1,132,806	1,132,806
<i>Total Property Tax Relief Fund</i>	<i>9,284,031</i>	<i>10,359,500</i>	<i>11,615,000</i>	<i>11,615,000</i>
Casino Control Fund – Direct State Services--				
Enforcement	40,676	42,599	42,599	42,599
Administration	27,601	29,440	29,440	29,440
<i>Total Casino Control Fund – Direct State Services</i>	<i>68,277</i>	<i>72,039</i>	<i>72,039</i>	<i>72,039</i>
Casino Revenue Fund--				
Programs for Senior Citizens and the Disabled	643,060	500,941	468,087	468,087
<i>Total Casino Revenue Fund</i>	<i>643,060</i>	<i>500,941</i>	<i>468,087</i>	<i>468,087</i>
Gubernatorial Elections Fund – Grants-In-Aid--				
Public Financing of Gubernatorial General Election	6,310	2,525	---	---
<i>Total Gubernatorial Elections Fund – Grants-In-Aid</i>	<i>6,310</i>	<i>2,525</i>	<i>---</i>	<i>---</i>
<i>GRAND TOTAL STATE APPROPRIATIONS</i>	<i>28,561,851</i>	<i>28,265,316</i>	<i>31,223,569</i>	<i>30,874,518</i>

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, 2005					Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2006 Adjusted Approp.	Requested	Recom- mended
GENERAL FUND							
Direct State Services							
10. Public Safety and Criminal Justice							
---	---	---	---	---	---	---	---
316,203	25,048	9,581	350,832	338,370	344,615	338,250	338,250
10,787	7,171	1,216	19,174	12,909	10,556	8,667	8,667
17,891	2,306	460	20,657	19,064	18,082	16,447	16,447
532,073	13,003	3,061	548,137	537,212	571,750	571,750	571,750
809,126	854	14,523	824,503	821,775	854,841	850,496	850,496
55,473	701	1,401	57,575	57,550	64,617	62,221	62,221
91,362	41	2,533	93,936	93,931	98,381	97,025	97,025
32,127	35	5,564	37,726	35,558	36,633	39,879	39,879
1,865,042	49,159	38,339	1,952,540	1,916,369	1,999,475	1,984,735	1,984,735
20. Physical and Mental Health							
49,878	2,562	3,750	56,190	55,757	44,504	44,604	44,604
5,074	8,372	-5,641	7,805	7,550	3,874	8,444	8,444
256,913	997	30,778	288,688	287,695	268,737	264,015	264,015
23,345	8,514	3,609	35,468	31,369	26,221	25,779	25,779
4,688	20	4,529	9,237	9,170	5,238	3,767	3,767
15,436	639	8,440	24,515	21,607	11,256	16,111	16,111
984	---	---	984	984	1,096	1,096	1,096
356,318	21,104	45,465	422,887	414,132	360,926	363,816	363,816
30. Educational, Cultural, and Intellectual Development							
266	---	14	280	280	284	284	284
237,565	358	-19,600	218,323	214,552			
8,612	733	-155	9,190	9,098	220,503	97,705	97,705
40,598	2,305	13,441	56,344	49,501	9,418	9,418	9,418
16,396	905	1,180	18,481	16,326	41,273	43,231	43,231
3,659	304	112	4,075	3,941	17,396	14,997	14,997
19,921	---	600	20,521	20,516	4,761	3,562	3,412
					14,837	21,616	13,639
327,017	4,605	-4,408	327,214	314,214	308,472	190,813	182,686
40. Community Development and Environmental Management							
22,552	35,279	-4,544	53,287	40,005	25,235	24,810	24,810
61,788	1,869	8,558	72,215	70,102	68,849	67,074	67,074
38,461	7,666	3,076	49,203	43,852	38,129	42,079	42,079
46,203	20,860	-221	66,842	60,322	44,852	56,530	56,530
34,685	975	107	35,767	35,268	36,930	35,360	35,360
19,520	46	1,379	20,945	20,889	20,330	17,997	17,997
17,856	2,799	2,282	22,937	22,113	19,093	20,417	20,417
9,123	2,257	683	12,063	11,403			
					9,569	8,994	8,994
250,188	71,751	11,320	333,259	303,954	262,987	273,261	273,261

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005					Year Ending June 30, 2007			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
50. Economic Planning, Development, and Security								
4,347	32	273	4,652	4,493	51. Economic Planning and Development	4,688	4,266	4,266
90,644	12,395	678	103,717	90,192	52. Economic Regulation	94,909	93,839	93,839
65,424	23,303	---	88,727	80,526	53. Economic Assistance and Security	67,459	67,160	67,160
20,203	34,839	1,112	56,154	52,260	54. Manpower and Employment Services	21,229	21,006	21,006
234,056	21	33,009	267,086	266,559	55. Social Services Programs	194,769	287,934	287,934
414,674	70,590	35,072	520,336	494,030	Total Appropriation	383,054	474,205	474,205
60. Transportation Programs								
104,804	5,957	2,359	113,120	112,449	61. State and Local Highway Facilities	98,347	82,138	82,138
5,484	40	592	6,116	6,064	64. Regulation and General Management	5,608	4,310	4,310
110,288	5,997	2,951	119,236	118,513	Total Appropriation	103,955	86,448	86,448
70. Government Direction, Management, and Control								
58,771	7,686	1,332	67,789	60,670	71. Legislative Activities	60,952	60,952	60,952
20,232	24,847	-15,149	29,930	27,186	72. Governmental Review and Oversight	22,796	21,734	21,734
183,760	21,649	2,905	208,314	199,619	73. Financial Administration	172,210	187,681	187,681
1,953,806	85,109	-124,734	1,914,181	1,816,963	74. General Government Services	1,995,928	2,324,264	2,324,264
4,518	126	-660	3,984	3,923	75. State Subsidies and Financial Aid	4,053	4,053	4,053
35,402	3,096	23,162	61,660	59,677	76. Management and Administration	71,046	53,631	53,631
14,730	6,596	-39	21,287	14,357	77. Legislative Commissions and Committees	15,269	15,269	15,269
2,271,219	149,109	-113,183	2,307,145	2,182,395	Total Appropriation	2,342,254	2,667,584	2,667,584
80. Special Government Services								
137,458	138,244	4,911	280,613	195,420	82. Protection of Citizens' Rights	148,054	150,870	150,870
63,990	1,988	1,284	67,262	65,153	83. Services to Veterans	70,198	69,964	69,964
201,448	140,232	6,195	347,875	260,573	Total Appropriation	218,252	220,834	220,834
5,796,194	512,547	21,751	6,330,492	6,004,180	Total Direct State Services – General Fund	5,979,375	6,261,696	6,253,569
Grants-In-Aid								
10. Public Safety and Criminal Justice								
565	---	---	565	265	12. Law Enforcement	565	2,315	2,315
35	---	---	35	35	14. Military Services	35	35	35
---	---	500	500	500	15. Judicial Services	---	---	---
83,605	1,579	1,950	87,134	87,134	16. Detention and Rehabilitation	103,105	96,873	96,873
29,994	640	---	30,634	29,484	17. Parole	35,278	36,278	36,278
18,743	---	81	18,824	18,824	18. Juvenile Services	20,612	19,064	19,064
132,942	2,219	2,531	137,692	136,242	Total Appropriation	159,595	154,565	154,565
20. Physical and Mental Health								
175,986	2,035	7,283	185,304	177,312	21. Health Services	223,284	164,784	164,784
339,025	---	---	339,025	338,925	22. Health Planning and Evaluation	110,425	369,462	369,462
242,029	---	11,234	253,263	253,263	23. Mental Health Services	289,872	276,133	276,133
2,022,995	319,146	21,191	2,363,332	2,360,695	24. Special Health Services	2,254,839	2,184,242	2,184,242
970,421	24,769	-7,985	987,205	928,536	26. Senior Services	940,937	1,007,956	1,007,956
90,547	1,800	-4,140	88,207	88,149	27. Disability Services	103,283	98,700	98,700
3,841,003	347,750	27,583	4,216,336	4,146,880	Total Appropriation	3,922,640	4,101,277	4,101,277

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005					Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2006 Adjusted Approp.	Requested	Recom- mended
30. Educational, Cultural, and Intellectual Development							
---	---	---	---	---			
474,422	---	22,152	496,574	476,690	---	19,500	19,500
4,178	---	48	4,226	4,223	471,484	492,526	492,526
25,544	---	396	25,940	25,277	4,235	4,242	4,242
1,228,836	21,689	29,034	1,279,559	1,240,501	18,129	22,313	22,313
36,622	6	---	36,628	36,620	1,356,004	1,499,841	1,209,813
					37,952	28,500	28,500
1,769,602	21,695	51,630	1,842,927	1,783,311	1,887,804	2,066,922	1,776,894
40. Community Development and Environmental Management							
31,150	6,420	5,559	43,129	25,937	32,150	46,150	46,150
10,250	5,054	-4,167	11,137	11,073	250	---	---
6,000	3,153	-1,813	7,340	2,418	500	11,400	11,400
---	---	---	---	---	---	21,765	21,765
2,755	92	182	3,029	2,688	1,575	5,025	5,025
50,155	14,719	-239	64,635	42,116	34,475	84,340	84,340
50. Economic Planning, Development, and Security							
33,351	93	2,767	36,211	26,986	36,694	185,994	185,994
70,840	---	---	70,840	65,788	79,840	70,840	70,840
245,787	14,326	329	260,442	244,887	248,574	257,991	257,991
43,163	---	341	43,504	39,504	44,842	51,842	51,842
469,288	768	22,941	492,997	484,682	619,424	729,324	729,324
862,429	15,187	26,378	903,994	861,847	1,029,374	1,295,991	1,295,991
60. Transportation Programs							
278,700	---	---	278,700	278,700	273,700	300,700	300,700
---	1,655	45	1,700	91	---	---	---
278,700	1,655	45	280,400	278,791	273,700	300,700	300,700
70. Government Direction, Management, and Control							
857,579	1,917	-47,177	812,319	769,149	838,546	830,699	830,699
10,000	2,975	3,788	16,763	13,675	---	---	---
82,375	---	-55,190	27,185	14,209	1,071	724	724
949,954	4,892	-98,579	856,267	797,033	839,617	831,423	831,423
80. Special Government Services							
16,400	---	---	16,400	16,400	16,400	16,400	16,400
1,009	62	1	1,072	1,038	1,509	1,509	1,509
17,409	62	1	17,472	17,438	17,909	17,909	17,909
7,902,194	408,179	9,350	8,319,723	8,063,658	8,165,114	8,853,127	8,563,099

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005					Year Ending June 30, 2007			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2006 Adjusted Approp.	Requested	Recom- mended	
State Aid								
10. Public Safety and Criminal Justice								
11,090	10,748	-1,671	20,167	5,429	12. Law Enforcement	1,000	1,000	1,000
3,730	236	3,300	7,266	7,024	13. Special Law Enforcement Activities	7,030	7,030	7,030
---	---	---	---	---	19. Central Planning, Direction and Management	---	20,000	20,000
14,820	10,984	1,629	27,433	12,453	Total Appropriation	8,030	28,030	28,030
20. Physical and Mental Health								
2,400	---	---	2,400	2,161	21. Health Services	2,400	2,400	2,400
93,510	5,934	---	99,444	99,444	23. Mental Health Services	104,575	116,575	116,575
7,108	---	---	7,108	7,108	26. Senior Services	7,152	7,152	7,152
103,018	5,934	---	108,952	108,713	Total Appropriation	114,127	126,127	126,127
30. Educational, Cultural, and Intellectual Development								
773,500	779	-1,113	773,166	768,979	31. Direct Educational Services and Assistance	322,337	553,491	553,491
4,860	---	---	4,860	4,860	33. Supplemental Education and Training Programs	4,860	4,860	4,860
1,607,489	4,794	-92,802	1,519,481	1,517,564	34. Educational Support Services	656,722	724,463	724,463
184,075	---	-783	183,292	183,061	36. Higher Educational Services	181,023	203,824	172,568
16,827	---	---	16,827	16,598	37. Cultural and Intellectual Development Services	18,537	38,160	18,520
2,586,751	5,573	-94,698	2,497,626	2,491,062	Total Appropriation	1,183,479	1,524,798	1,473,902
40. Community Development and Environmental Management								
16,925	23,750	-23,750	16,925	16,925	41. Community Development Management	16,925	16,925	16,925
2,300	---	---	2,300	2,218	44. Site Remediation and Waste Management	---	---	---
6,454	27	150	6,631	6,491	46. Environmental Planning and Administration	6,769	7,613	7,613
3,453	5	---	3,458	3,453	47. Compliance and Enforcement	3,453	3,453	3,453
11,085	331	-48	11,368	10,345	49. Agricultural Resources, Planning, and Regulation	11,727	11,727	11,727
40,217	24,113	-23,648	40,682	39,432	Total Appropriation	38,874	39,718	39,718
50. Economic Planning, Development, and Security								
265,057	3,080	833	268,970	268,349	53. Economic Assistance and Security	352,304	299,548	299,548
1,624	---	---	1,624	1,624	54. Manpower and Employment Services	1,522	1,522	1,522
12,000	---	---	12,000	12,000	55. Social Services Programs	12,000	12,000	12,000
278,681	3,080	833	282,594	281,973	Total Appropriation	365,826	313,070	313,070
70. Government Direction, Management, and Control								
209,410	10,279	5,530	225,219	192,256	75. State Subsidies and Financial Aid	214,940	214,199	214,199
209,410	10,279	5,530	225,219	192,256	Total Appropriation	214,940	214,199	214,199
3,232,897	59,963	-110,354	3,182,506	3,125,889	Total State Aid - General Fund	1,925,276	2,245,942	2,195,046
Capital Construction								
10. Public Safety and Criminal Justice								
---	---	---	---	---	11. Vehicular Safety	---	---	---
---	9,870	---	9,870	5,691	12. Law Enforcement	4,055	---	---
2,627	612	505	3,744	962	14. Military Services	175	590	590

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005					Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2006 Adjusted Approp.	Requested	Recom- mended
500	305	-3	802	267	16. Detention and Rehabilitation	---	---
---	8,376	3,000	11,376	5,099	18. Juvenile Services	750	1,500
---	6,054	3	6,057	1,443	19. Central Planning, Direction and Management	5,000	---
3,127	25,217	3,505	31,849	13,462	Total Appropriation	9,980	2,090
					20. Physical and Mental Health		
---	741	---	741	327	21. Health Services	---	---
---	8,072	---	8,072	1,419	23. Mental Health Services	---	---
---	11	---	11	---	25. Health Administration	---	---
---	8,824	---	8,824	1,746	Total Appropriation	---	---
					30. Educational, Cultural, and Intellectual Development		
---	3,295	---	3,295	704	32. Operation and Support of Educational Institutions	---	1,950
---	1,045	---	1,045	494	33. Supplemental Education and Training Programs	---	---
---	388	---	388	118	35. Education Administration and Management	1,050	500
---	9	---	9	---	36. Higher Educational Services	---	---
1,000	48	300	1,348	964	37. Cultural and Intellectual Development Services	---	---
1,000	4,785	300	6,085	2,280	Total Appropriation	1,050	2,450
					40. Community Development and Environmental Management		
36,233	27,708	-4,470	59,471	25,478	42. Natural Resource Management	29,106	70,555
---	2	---	2	---	43. Science and Technical Programs	---	---
80,220	72,549	-5,260	147,509	64,359	44. Site Remediation and Waste Management	55,157	77,212
---	3	---	3	---	45. Environmental Regulation	---	---
---	13	---	13	---	46. Environmental Planning and Administration	---	---
---	1,142	---	1,142	150	49. Agricultural Resources, Planning, and Regulation	---	250
116,453	101,417	-9,730	208,140	89,987	Total Appropriation	84,263	148,017
					50. Economic Planning, Development, and Security		
---	1	---	1	---	52. Economic Regulation	---	---
---	---	---	---	---	55. Social Services Programs	---	10,000
---	1	---	1	---	Total Appropriation	---	10,000
					60. Transportation Programs		
805,000	---	---	805,000	805,000	61. State and Local Highway Facilities	805,000	895,000
805,000	---	---	805,000	805,000	Total Appropriation	805,000	895,000
					70. Government Direction, Management, and Control		
---	2,363	---	2,363	2,190	71. Legislative Activities	---	---
168,653	39,742	23,596	231,991	179,721	74. General Government Services	179,327	207,636
10,400	6,873	---	17,273	11,543	76. Management and Administration	11,600	7,700
179,053	48,978	23,596	251,627	193,454	Total Appropriation	190,927	215,336
					80. Special Government Services		
---	200	---	200	181	83. Services to Veterans	---	2,000
---	200	---	200	181	Total Appropriation	---	2,000

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005					Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended	2006 Adjusted Approp.	Requested	Recom- mended
1,104,633	189,422	17,671	1,311,726	1,106,110	Total Capital Construction	1,091,220	1,274,893
					Debt Service		
					40. Community Development and Environmental Management		
37,660	---	3,577	41,237	39,715	46. Environmental Planning and Administration	24,675	64,664
37,660	---	3,577	41,237	39,715	Total Appropriation	24,675	64,664
					70. Government Direction, Management, and Control		
232,519	---	-11,728	220,791	220,621	76. Management and Administration	144,651	368,121
232,519	---	-11,728	220,791	220,621	Total Appropriation	144,651	368,121
270,179	---	-8,151	262,028	260,336	Total Debt Service	169,326	432,785
18,306,097	1,170,111	-69,733	19,406,475	18,560,173	Total General Fund	17,330,311	19,068,443
					PROPERTY TAX RELIEF FUND		
					Grants-In-Aid		
					70. Government Direction, Management, and Control		
2,162,711	24	---	2,162,735	1,609,845	75. State Subsidies and Financial Aid	789,888	1,340,188
2,162,711	24	---	2,162,735	1,609,845	Total Appropriation	789,888	1,340,188
2,162,711	24	---	2,162,735	1,609,845	Total Grants-In-Aid – Property Tax Relief Fund	789,888	1,340,188
					State Aid		
					30. Educational, Cultural, and Intellectual Development		
6,149,196	5,741	75,388	6,230,325	6,219,149	31. Direct Educational Services and Assistance	6,806,645	6,679,796
38,948	---	---	38,948	38,948	33. Supplemental Education and Training Programs	38,948	38,948
308,242	---	---	308,242	308,238	34. Educational Support Services	1,555,430	2,423,262
28,045	---	-2,839	25,206	25,206	36. Higher Educational Services	28,556	27,500
6,524,431	5,741	72,549	6,602,721	6,591,541	Total Appropriation	8,429,579	9,169,506
					40. Community Development and Environmental Management		
8,500	---	---	8,500	8,457	46. Environmental Planning and Administration	9,000	9,500
8,500	---	---	8,500	8,457	Total Appropriation	9,000	9,500
					70. Government Direction, Management, and Control		
1,065,858	---	12,145	1,078,003	1,074,188	75. State Subsidies and Financial Aid	1,131,033	1,095,806
1,065,858	---	12,145	1,078,003	1,074,188	Total Appropriation	1,131,033	1,095,806
7,598,789	5,741	84,694	7,689,224	7,674,186	Total State Aid – Property Tax Relief Fund	9,569,612	10,274,812
9,761,500	5,765	84,694	9,851,959	9,284,031	Total Property Tax Relief Fund	10,359,500	11,615,000

Year Ending June 30, 2005					Year Ending June 30, 2007			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
CASINO CONTROL FUND								
Direct State Services								
10. Public Safety and Criminal Justice								
40,599	178	---	40,777	40,676	12. Law Enforcement	42,599	42,599	42,599
40,599	178	---	40,777	40,676	Total Appropriation	42,599	42,599	42,599
70. Government Direction, Management, and Control								
27,901	778	---	28,679	27,601	73. Financial Administration	29,440	29,440	29,440
27,901	778	---	28,679	27,601	Total Appropriation	29,440	29,440	29,440
68,500	956	---	69,456	68,277	Total Direct State Services – Casino Control Fund	72,039	72,039	72,039
68,500	956	---	69,456	68,277	Total Casino Control Fund	72,039	72,039	72,039
CASINO REVENUE FUND								
Direct State Services								
20. Physical and Mental Health								
871	31	128	1,030	979	26. Senior Services	871	871	871
871	31	128	1,030	979	Total Appropriation	871	871	871
80. Special Government Services								
92	---	---	92	92	82. Protection of Citizens’ Rights	92	92	92
92	---	---	92	92	Total Appropriation	92	92	92
963	31	128	1,122	1,071	Total Direct State Services – Casino Revenue Fund	963	963	963
Grants-In-Aid								
20. Physical and Mental Health								
500	---	---	500	497	21. Health Services	529	529	529
351,909	143,565	-128	495,346	495,138	26. Senior Services	349,813	316,381	316,381
80,328	---	---	80,328	80,328	27. Disability Services	80,328	80,328	80,328
432,737	143,565	-128	576,174	575,963	Total Appropriation	430,670	397,238	397,238
30. Educational, Cultural, and Intellectual Development								
38,409	---	---	38,409	38,299	32. Operation and Support of Educational Institutions	32,516	32,516	32,516
38,409	---	---	38,409	38,299	Total Appropriation	32,516	32,516	32,516
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
473,586	143,565	-128	617,023	616,702	Total Grants-In-Aid – Casino Revenue Fund	465,626	432,194	432,194

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005					Year Ending June 30, 2007			
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
					State Aid			
					60. Transportation Programs			
25,287	---	---	25,287	25,287	62. Public Transportation	34,352	34,930	34,930
25,287	---	---	25,287	25,287	Total Appropriation	34,352	34,930	34,930
25,287	---	---	25,287	25,287	Total State Aid – Casino Revenue Fund	34,352	34,930	34,930
499,836	143,596	---	643,432	643,060	Total Casino Revenue Fund	500,941	468,087	468,087
					GUBERNATORIAL ELECTIONS FUND – Grants-In-Aid			
					10. Public Safety and Criminal Justice			
8,870	---	---	8,870	6,310	13. Special Law Enforcement Activities	2,525	---	---
8,870	---	---	8,870	6,310	Total Appropriation	2,525	---	---
8,870	---	---	8,870	6,310	Total Grants-In-Aid – Gubernatorial Elections Fund	2,525	---	---
8,870	---	---	8,870	6,310	Total Gubernatorial Election Fund	2,525	---	---
28,644,803	1,320,428	14,961	29,980,192	28,561,851	GRAND TOTAL STATE APPROPRIATIONS	28,265,316	31,223,569	30,874,518

GRANTS-IN-AID

Summary of Appropriations by Department
(thousands of dollars)

Year Ending June 30, 2005						Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
2,755	92	182	3,029	2,688	Department of Agriculture	1,575	5,025	5,025
415,155	---	16,754	431,909	431,558	Department of Children and Families	547,372	679,769	679,769
69,005	10,163	9,997	89,165	61,118	Department of Community Affairs	55,710	63,760	63,760
113,599	2,219	1,950	117,768	116,618	Department of Corrections	138,383	133,151	133,151
25,544	---	396	25,940	25,277	Department of Education	18,129	41,813	41,813
16,250	8,207	-5,980	18,477	13,491	Department of Environmental Protection	750	33,165	33,165
1,485,432	26,804	-702	1,511,534	1,444,773	Department of Health and Senior Services	1,274,646	1,542,202	1,542,202
3,184,311	335,272	798	3,520,381	3,472,434	Department of Human Services	3,424,145	3,348,798	3,348,798
43,163	---	341	43,504	39,504	Department of Labor and Workforce Development	44,842	51,842	51,842
19,308	---	81	19,389	19,089	Department of Law and Public Safety	21,177	21,379	21,379
1,044	62	1	1,107	1,073	Department of Military and Veterans' Affairs	1,544	1,544	1,544
1,158,257	21,695	28,891	1,208,843	1,179,280	Department of State	1,288,348	1,401,649	1,133,287
278,700	1,655	45	280,400	278,791	Department of Transportation	273,700	300,700	300,700
235,812	93	3,279	239,184	211,950	Department of the Treasury	239,977	399,851	378,185
853,859	1,917	-47,183	808,593	765,514	Interdepartmental Accounts	834,816	828,479	828,479
---	---	500	500	500	The Judiciary	---	---	---
7,902,194	408,179	9,350	8,319,723	8,063,658	Total Appropriation	8,165,114	8,853,127	8,563,099

STATE AID

Summary of Appropriations by Department
(thousands of dollars)

Year Ending June 30, 2005						Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
11,085	331	-48	11,368	10,345	Department of Agriculture	11,727	11,727	11,727
103,196	25,750	-18,220	110,726	106,535	Department of Community Affairs	107,446	92,196	92,196
2,385,849	5,573	-93,915	2,297,507	2,291,403	Department of Education	983,919	1,282,814	1,282,814
12,207	32	150	12,389	12,162	Department of Environmental Protection	10,222	11,066	11,066
9,508	---	---	9,508	9,269	Department of Health and Senior Services	9,552	9,552	9,552
370,567	9,014	833	380,414	379,793	Department of Human Services	468,879	428,123	428,123
1,624	---	---	1,624	1,624	Department of Labor and Workforce Development	1,522	1,522	1,522
14,820	10,984	1,629	27,433	12,453	Department of Law and Public Safety	8,030	28,030	28,030
16,827	---	---	16,827	16,598	Department of State	18,537	38,160	18,520
307,214	8,279	-783	314,710	285,707	Department of the Treasury	305,442	342,752	311,496
3,232,897	59,963	-110,354	3,182,506	3,125,889	Total Appropriation	1,925,276	2,245,942	2,195,046

CAPITAL CONSTRUCTION

Summary of Appropriations by Department
(thousands of dollars)

Year Ending June 30, 2005						Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
---	2,363	---	2,363	2,190	Legislature	---	---	---
---	1,142	---	1,142	150	Department of Agriculture	---	250	250
---	---	---	---	---	Department of Children and Families	---	10,000	10,000
500	6,359	---	6,859	1,710	Department of Corrections	5,000	---	---
---	946	---	946	166	Department of Education	1,050	2,450	2,450
116,453	100,273	-9,730	206,996	89,837	Department of Environmental Protection	84,263	147,767	147,767
---	752	---	752	327	Department of Health and Senior Services	---	---	---
10,400	18,727	---	29,127	14,112	Department of Human Services	11,600	7,700	7,700
---	18,246	3,000	21,246	10,790	Department of Law and Public Safety	4,805	1,500	1,500
2,627	812	505	3,944	1,143	Department of Military and Veterans' Affairs	175	2,590	2,590
---	2	---	2	---	Department of Personnel	---	---	---
1,000	122	300	1,422	971	Department of State	---	---	---
805,000	---	---	805,000	805,000	Department of Transportation	805,000	895,000	895,000
---	5,318	5,954	11,272	5,825	Department of the Treasury	---	---	---
---	2	---	2	---	Miscellaneous Commissions	---	---	---
168,653	34,358	17,642	220,653	173,889	Interdepartmental Accounts	179,327	207,636	207,636
1,104,633	189,422	17,671	1,311,726	1,106,110	Total Appropriation, Capital Construction	1,091,220	1,274,893	1,274,893

DEBT SERVICE

(thousands of dollars)

Year Ending June 30, 2005						Year Ending June 30, 2007		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
160,791	---	-3,703	157,088	155,624	Interest on Bonds	155,656	178,539	178,539
109,388	---	-4,448	104,940	104,712	Bond Redemption	13,670	254,246	254,246
270,179	---	-8,151	262,028	260,336	Total Appropriation, Debt Service	169,326	432,785	432,785
873	---	-585	288	256	Water Conservation Bonds (P.L. 1969, c. 127)	102	825	825
826	---	---	826	825	State Recreation and Conservation Land Acquisition and Development Bonds (P.L. 1974, c. 102)	10 20	157 205	157 205
211	---	---	211	126	Clean Waters Bonds (P.L. 1976, c. 92)	20	205	205
668	---	---	668	668	Institutions Construction Bonds (P.L. 1976, c. 93)	---	---	---
223	---	---	223	223	State Mortgage Assistance Bonds (P.L. 1976, c. 94)	---	---	---
334	---	---	334	332	Beaches and Harbors Bonds (P.L. 1977, c. 208)	---	---	---
334	---	---	334	334	Institutional Construction Bonds (P.L. 1978, c. 79)	---	---	---
848	---	-115	733	717	State Land Acquisition and Development Bonds (P.L. 1978, c. 118)	134	813	813
4,125	---	---	4,125	4,124	Transportation Rehabilitation and Improvement Bonds (P.L. 1979, c. 165)	50	786	786
250	---	-184	66	66	Energy Conservation Bonds (P.L. 1980, c. 68)	63	236	236

STATE OF NEW JERSEY

SUMMARIES OF APPROPRIATIONS

Year Ending June 30, 2005						Year Ending —June 30, 2007—		
Orig. & (S)Supple- mental	Reapp. & (R)Recpts.	Transfers & (E)Emer- gencies	Total Available	Expended		2006 Adjusted Approp.	Requested	Recom- mended
2,176	---	-85	2,091	2,091	Natural Resources Bonds (P.L. 1980, c. 70)	1,115	1,888	1,888
705	---	-370	335	313	Hazardous Discharge Bonds (P.L. 1981, c. 275)	136	744	744
1,012	---	---	1,012	943	Community Development Bonds (P.L. 1981, c. 486)	716	555	555
106	---	---	106	21	1983 New Jersey Green Acres Bonds (P.L. 1983, c. 354)	13	100	100
53	---	---	53	53	Shore Protection Bonds (P.L. 1983, c. 356)	3	53	53
237	---	---	237	236	Human Services Facilities Construction Bonds (P.L. 1984, c. 157)	15	235	235
179,428	---	-1,500	177,928	177,925	Refunding Bonds (P.L. 1985, c. 74 as amended by P.L. 1992, c. 182)	122,642	311,650	311,650
2,671	---	-940	1,731	1,645	Resource Recovery and Solid Waste Disposal Facility Fund (P.L. 1985, c. 330)	1,401	1,340	1,340
7,969	---	3,624	11,593	11,593	Hazardous Discharge Bonds (P.L. 1986, c. 113)	7,670	11,567	11,567
735	---	-395	340	308	1987 Green Acres, Cultural Centers and Historic Preservation Bonds (P.L. 1987, c. 265)	229	802	802
6,214	---	-1,295	4,919	4,919	Jobs, Education and Competitiveness Bonds (P.L. 1988, c. 78)	760	5,888	5,888
1,718	---	-156	1,562	1,562	Bridge Rehabilitation and Improvement and Railroad Right-of-way Preservation Bonds (P.L. 1989, c. 180)	778 20	4,138 205	4,138 205
876	---	-305	571	523	Stormwater Management and Combined Sewer Overflow Abatement Bonds (P.L. 1989, c. 181)	243	676	676
4,665	---	---	4,665	4,565	New Jersey Open Space Preservation Bonds (P.L. 1989, c. 183)	1,694	7,578	7,578
1,992	---	-880	1,112	1,019	Public Purpose Buildings and Community-Based Facilities Construction Bonds (P.L. 1989, c. 184)	544	1,736	1,736
6,686	---	582	7,268	7,268	Green Acres, Clean Water, Farmland and Historic Preservation Bond Act (P.L. 1992, c. 88)	4,353	16,271	16,271
4,898	---	229	5,127	5,126	Developmental Disabilities Waiting List Reduction and HS Fac. Construction Bonds (P.L. 1994, c. 108)	3,828	9,217	9,217
6,315	---	801	7,116	6,552	Green Acres, Farmland and Historic Preservation, and Blue Acres Bond Act (P.L. 1995, c. 204)	5,071	16,509	16,509
1,611	---	1,365	2,976	2,527	Port of New Jersey Revitalization, Dredging Bonds (P.L. 1996 c. 70)	2,481	5,136	5,136
3,811	---	---	3,811	3,810	Urban and Rural Centers Unsafe Buildings Demolition Bonds (P.L. 1997, c. 125)	3,809 20	3,808 205	3,808 205
19,219	---	448	19,667	19,666	Statewide Transportation and Local Bridge Bond Act (P.L. 1999, c.181)	11,446	24,872	24,872
8,390	---	-8,390	---	---	Payments on Future Bond Sales	---	5,000	5,000
270,179	---	-8,151	262,028	260,336	Total Appropriation, Debt Service	169,326	432,785	432,785

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

	----- Fiscal Year Ending June 30 -----	
	2006	2007
	Estimated	Estimated
Beginning Balances July 1		
Undesignated Fund Balances		
General Fund	\$ 461,701	\$ 514,628
Surplus Revenue Fund	288,654	300,372
Property Tax Relief Fund	27,875	---
Gubernatorial Elections Fund	---	---
Casino Control Fund	1,289	8,527
Casino Revenue Fund	---	---
<i>Total Undesignated Fund Balances</i>	779,519	823,527
State Revenues		
General Fund	17,046,944	18,504,392
Property Tax Relief Fund	10,585,000	11,615,000
Gubernatorial Elections Fund	700	700
Casino Control Fund	63,512	63,512
Casino Revenue Fund	500,941	468,087
<i>Total State Revenues</i>	28,197,097	30,651,691
Other Adjustments		
General Fund		
Balances lapsed	98,565	---
From/(To) Property Tax Relief Fund	267,037	---
From/(To) Gubernatorial Elections Fund	(1,825)	---
From/(To) Casino Control Fund	(15,765)	---
From/(To) Surplus Revenue Fund	(11,718)	---
Property Tax Relief Fund		
From/(To) General Fund	(267,037)	---
Balances lapsed	13,662	---
Gubernatorial Elections Fund		
From/(To) General Fund	1,825	---
Casino Control Fund		
From/(To) General Fund	15,765	---
Surplus Revenue Fund		
From/(To) General Fund	11,718	---
<i>Total Other Adjustments</i>	112,227	---
<i>Total Available</i>	29,088,843	31,475,218
Appropriations		
General Fund	17,330,311	18,719,392
Property Tax Relief Fund	10,359,500	11,615,000
Gubernatorial Elections Fund	2,525	---
Casino Control Fund	72,039	72,039
Casino Revenue Fund	500,941	468,087
<i>Total Appropriations</i>	28,265,316	30,874,518
Ending Balances June 30		
Undesignated Fund Balances		
General Fund	514,628	299,628
Surplus Revenue Fund	300,372	300,372
Property Tax Relief Fund	---	---
Gubernatorial Elections Fund	---	700
Casino Control Fund	8,527	---
Casino Revenue Fund	---	---
<i>Total Undesignated Fund Balances</i>	\$ 823,527	\$ 600,700

STATE REVENUES
FISCAL YEARS 2006 AND 2007 ESTIMATES
(\$ In Thousands)

	APPROP ACT FY2006*	REVISED FY2006	CHANGE FY2006	FY2007	CHANGE FY06 to FY07
Major Taxes					
Sales Tax	\$6,890,000	\$6,716,000	(\$174,000)	\$8,377,000	\$1,661,000
Sales-Energy	-	17,300	17,300	33,400	16,100
Corporate Business	2,402,000	2,805,000	403,000	2,522,571	(282,429)
Corporation Business-Energy	53,000	96,700	43,700	62,700	(34,000)
Motor Fuels	575,000	543,000	(32,000)	554,000	11,000
Motor Vehicle Fees	294,320	264,805	(29,515)	275,244	10,439
Transfer Inheritance	500,000	580,000	80,000	539,000	(41,000)
Insurance Premium	473,000	445,000	(28,000)	462,000	17,000
Cigarette	626,000	640,000	14,000	490,833	(149,167)
Petroleum Products Gross Receipts	255,000	247,000	(8,000)	252,000	5,000
Public Utility Excise	9,000	10,000	1,000	10,000	-
Corporation Banks and Financial Institutions	100,000	130,000	30,000	125,000	(5,000)
Alcoholic Beverage Excise	91,000	91,000	-	106,000	15,000
Realty Transfer	430,000	455,000	25,000	475,500	20,500
Tobacco Products Wholesale Sales	12,000	13,000	1,000	14,000	1,000
Total Major Taxes	12,710,320	13,053,805	343,485	14,299,248	1,245,443
Miscellaneous Taxes, Fees, Revenues					
Assessment on Real Property Greater Than \$1 Mil.	60,000	86,400	26,400	89,600	3,200
Medicaid Uncompensated Care	498,695	493,312	(5,383)	448,065	(45,247)
Good Driver	71,500	80,000	8,500	77,450	(2,550)
Motor Vehicle Inspection Fund	76,700	82,800	6,100	78,900	(3,900)
Hotel/Motel Occupancy Tax	67,000	74,000	7,000	74,000	-
Public Utility GRFT	75,000	75,000	-	75,000	-
TEFA	235,000	226,779	(8,221)	186,328	(40,451)
Fringe Benefit Recoveries	358,950	370,000	11,050	443,896	73,896
Other Miscellaneous Revenue	1,483,103	1,124,197	(358,906)	1,284,341	160,144
Total Miscellaneous Taxes, Fees, Revenues	2,925,948	2,612,488	(313,460)	2,757,580	145,092
Interfund Transfers					
State Lottery Fund	820,000	832,000	12,000	836,000	4,000
Tobacco Settlement/Securitization	12,416	12,922	506	196	(12,726)
Other Funds	527,112	535,729	8,617	611,368	75,639
Total Interfund Transfers	1,359,528	1,380,651	21,123	1,447,564	66,913
Total State Revenues General Fund	16,995,796	17,046,944	51,148	18,504,392	1,457,448
Property Tax Relief Fund	10,335,000	10,585,000	250,000	11,615,000	1,030,000
Casino Control Fund	63,312	63,512	200	63,512	-
Casino Revenue Fund	481,311	500,941	19,630	468,087	(32,854)
Gubernatorial Elections Fund	700	700	-	700	-
TOTAL STATE REVENUES	\$27,876,119	\$28,197,097	\$320,978	\$30,651,691	\$2,454,594

*Restated

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2005 Actual	2006 Estimated	2007 Estimated
Major Taxes:			
Sales	6,552,199	6,733,300	8,410,400
Corporation Business	2,366,435	2,901,700	2,585,271
Motor Fuels	547,325	543,000	554,000
Transfer Inheritance	520,776	580,000	539,000
Cigarette	633,628	640,000	490,833
Realty Transfer	384,975	455,000	475,500
Insurance Premium	431,481	445,000	462,000
Motor Vehicle Fees	263,360	264,805	275,244
Petroleum Products Gross Receipts	248,534	247,000	252,000
Corporation Banks and Financial Institutions	105,381	130,000	125,000
Alcoholic Beverage Excise	88,359	91,000	106,000
Tobacco Products Wholesale Sales	11,514	13,000	14,000
Public Utility Excise (Reform)	10,367	10,000	10,000
<i>Total Major Taxes</i>	<u>12,164,334</u>	<u>13,053,805</u>	<u>14,299,248</u>
Miscellaneous Taxes, Fees, and Revenues:			
Executive Branch--			
Department of Agriculture:			
Animal Health – Laboratory Test Fees	125	---	---
Environmental Services	192	---	---
Fertilizer Inspection Fees	506	366	366
Milk Control Licenses and Fees	718	---	---
Miscellaneous Revenue	404	4	362
	<u>1,945</u>	<u>370</u>	<u>728</u>
Department of Banking and Insurance:			
Actuarial Services	45	54	55
Bank Assessments	3,153	3,000	9,093
Banking – Examination Fees	2,221	2,300	---
Banking – Licenses and Other Fees	12,608	7,800	4,447
FAIR Act Administration	19,778	16,000	16,500
Fraud Fines	1,954	2,000	2,000
Insurance – Examination Billings	2,035	2,400	2,400
Insurance – Special Purpose Assessment	13,696	14,896	15,219
Insurance Fraud Prevention	31,807	31,836	32,000
Insurance Licenses and Other Fees	14,768	12,855	30,226
Public Adjusters Licenses	31	---	---
Real Estate Commission	11,744	7,000	10,000
	<u>113,840</u>	<u>100,141</u>	<u>121,940</u>
Department of Children and Families:			
Child Care Licensing/Adoption Law	314	350	350
Marriage License Fees	1,239	1,309	1,309
	<u>1,553</u>	<u>1,659</u>	<u>1,659</u>
Department of Community Affairs:			
Affordable Housing and Neighborhood Preservation – Fair Housing	19,767	20,300	20,300
Boarding Home Fees	670	---	---
Construction Fees	26,197	13,205	13,205
Divorce Filing Fees	1,209	1,276	1,276
Fire Safety	24,695	15,384	15,384
Housing Inspection Fees	11,733	8,108	8,108
Miscellaneous Revenue	127	---	---
NJ Meadowlands Development Commission	3,369	---	---
Planned Real Estate Development Fees	2,674	828	828
Truth In Renting	192	---	---
	<u>90,633</u>	<u>59,101</u>	<u>59,101</u>

STATE OF NEW JERSEY

REVENUES AND EXPENDITURES

SCHEDULE 1
STATE REVENUES
(thousands of dollars)

	Fiscal Year Ending June 30		
	2005	2006	2007
	Actual	Estimated	Estimated
Department of Corrections:			
Miscellaneous Revenue	8	---	---
Violent Crime Compensation	9	---	---
	<u>17</u>	<u>---</u>	<u>---</u>
Department of Education:			
Audit Recoveries	1,038	425	425
Audit of Enrollments	1,590	1,228	137
Local School District Loan Recoveries – NJEDA	9,067	8,369	8,268
Miscellaneous Revenue	29	---	---
Nonpublic Schools Handicapped and Auxiliary Recoveries	10,330	---	---
Nonpublic Schools Textbook Recoveries	1,351	1,000	1,000
School Construction Inspection Fees	2,547	3,246	2,150
State Board of Examiners	8,067	4,600	5,000
	<u>34,019</u>	<u>18,868</u>	<u>16,980</u>
Department of Environmental Protection:			
Air Pollution Fees – Minor Sources	3,358	3,500	10,000
Air Pollution Fees – Title V Operating Permits	13,151	13,100	13,100
Air Pollution Fines	3,381	3,250	3,250
Clean Water Enforcement Act	1,303	1,500	1,500
Coastal Area Development Review Act	2,413	2,525	3,330
Endangered Species Tax Checkoff	216	200	200
Environmental Infrastructure Financing Program Administrative Fee	5,000	5,000	5,000
Excess Diversion	190	261	261
Freshwater Wetlands Fees	3,782	4,000	5,310
Freshwater Wetlands Fines	407	300	100
Hazardous Discharge Site Cleanup	6,118	---	---
Hazardous Waste Fees	2,616	2,990	4,260
Hazardous Waste Fines	755	400	675
Highlands Permitting	296	396	396
Hunters' and Anglers' Licenses	11,671	11,000	11,000
Industrial Site Recovery Act	711	800	1,120
Laboratory Certification Fees	814	780	780
Laboratory Certification Fines	8	20	20
Lake Restoration Fund	94	---	---
Marina Rentals	1,053	885	885
Marine Lands – Preparation and Filing Fees	2,160	120	140
Medical Waste	4,219	4,100	4,400
Miscellaneous Revenue	12	---	---
New Jersey Pollutant Discharge Elimination System/Stormwater Permits	19,887	15,600	16,700
New Jersey Spill Compensation Fund	6,441	---	---
Parks Management Fees and Permits	5,472	4,300	4,300
Parks Management Fines	141	160	165
Pesticide Control Fees	4,230	4,200	4,200
Pesticide Control Fines	49	120	50
Radiation Protection Fees	4,199	3,740	5,439
Radiation Protection Fines	93	88	88
Radon Testers Certification	270	253	263
Recycling Fund	41	---	---
Safe Drinking Water Fund	860	---	---
Shellfish and Marine Fisheries	8	7	7
Solid Waste – Utility Regulation Assessments	4,108	3,100	3,100
Solid Waste Fines	564	900	700
Solid Waste Management Fees	8,096	8,080	11,700
Solid and Hazardous Waste Disclosure	237	---	---
Spring Meadow Golf Course	300	300	300
Stream Encroachment	2,722	2,860	3,710
Toxic Catastrophe Prevention Fees	1,366	1,366	1,366
Toxic Catastrophe Prevention Fines	29	44	44
Treatment Works Approval	1,170	1,877	1,957
Underground Storage Tanks Fees	1,155	1,000	1,400
Water Allocation	1,687	2,050	2,050
Water Supply Fund	322	---	---
Water Supply Management Regulations	1,330	1,300	1,300

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
Water Supply Surcharge	---	---	12,000
Water/Wastewater Operators Licenses	211	215	215
Waterfront Development Fees	2,687	2,800	3,510
Waterfront Development Fines	14	10	10
Well Permits/Well Drillers/Pump Installers Licenses	1,123	1,100	1,100
Wetlands	81	91	140
Worker Community Right to Know – Fines	38	40	40
	<u>132,659</u>	<u>110,728</u>	<u>141,581</u>
Department of Health and Senior Services:			
Admission Charge Hospital Assessment	6,000	6,000	6,000
Clinical Laboratory	617	---	---
Consumer Health Penalties	5,842	---	---
HMO Covered Lives	1,576	1,800	1,800
Health Care Reform	1,200	1,200	1,200
Licenses, Fines, Permits, Penalties & Fees	4,780	790	790
Miscellaneous Revenue	132	400	400
Pharmaceutical Assistance to the Aged – Recoveries	5,677	---	---
	<u>25,824</u>	<u>10,190</u>	<u>10,190</u>
Department of Human Services:			
Commission for the Blind – Miscellaneous	567	---	---
Early Periodic Screening, Diagnosis and Treatment	139	4,000	4,000
Family Care II	589	---	---
Interim Assistance	567	---	---
Medicaid Uncompensated Care – Acute	226,573	275,799	236,325
Medicaid Uncompensated Care – Mental Health	34,186	33,055	33,055
Medicaid Uncompensated Care – Psychiatric	189,966	184,458	178,685
Medical Assistance – Recoveries	22,296	---	---
Medical Assistance–Federal Match on PAAD/Medicaid Dual Eligibles	1	1,400	---
Miscellaneous Revenue	1,152	5,500	1,500
Patients' and Residents' Cost Recovery – Developmental Disability	15,770	15,612	15,612
Patients' and Residents' Cost Recovery – Psychiatric Hospitals	69,569	55,991	56,483
Payments for Medical Assistance Recipients – Prescription Drugs	294,421	---	---
Purchased Institutional Care	2,606	---	---
School Based Medicaid	4,583	7,126	7,126
	<u>862,985</u>	<u>582,941</u>	<u>532,786</u>
Department of Labor and Workforce Development:			
Miscellaneous Revenue	133	200	155
Special Compensation Fund	2,341	1,708	1,708
State Disability Benefits Fund	7,545	---	---
Urban Enterprise Zone Administration Cost	30	---	---
Workers' Compensation Assessment	20,267	12,285	12,285
Workforce Development	27,863	---	---
Workplace Standards – Licenses, Permits and Fines	9,791	2,820	4,720
	<u>67,970</u>	<u>17,013</u>	<u>18,868</u>
Department of Law and Public Safety:			
Beverage Licenses	9,505	3,960	3,960
Charities Registration Section	1,486	695	695
Consumer Affairs	5,129	---	---
Controlled Dangerous Substances	895	100	100
Criminal Disposition	490	---	---
EDA School Construction Recoveries	917	955	955
Forfeiture Funds	---	---	250
General Client Services	36,190	---	---
Legal Services	23,883	---	---
Legalized Games of Chance Control	1,258	1,200	1,200
Miscellaneous Revenue	425	400	---
New Jersey Cemetery Board	270	120	96
New Jersey Emergency Medical Service Helicopter Response Program	---	---	21,000

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2005	2006	2007
	Actual	Estimated	Estimated
Pleasure Boat Licenses	2,426	3,000	3,000
Private Employment Agencies	706	258	258
Retired Officer Handgun Permit	215	---	---
Safe & Secure Receipts	239	---	---
Securities Enforcement	38,255	7,794	8,994
State Board of Architects	950	450	420
State Board of Audiology and Speech-Language Pathology Advisory	88	270	18
State Board of Certified Psychoanalysts	---	50	150
State Board of Certified Public Accountants	510	1,425	42
State Board of Chiropractors	231	675	90
State Board of Cosmetology and Hairstyling	6,221	625	2,700
State Board of Court Reporting	28	75	9
State Board of Dentistry	540	1,415	210
State Board of Electrical Contractors	869	1,200	300
State Board of Marriage Counselor Examiners	989	150	420
State Board of Master Plumbers	1,044	75	540
State Board of Medical Examiners	18,866	2,125	6,600
State Board of Mortuary Science	643	300	210
State Board of Nursing	6,503	3,750	2,400
State Board of Occupational Therapists and Assistants	83	375	16
State Board of Ophthalmic Dispensers and Ophthalmic Technicians	74	270	12
State Board of Optometrists	570	30	270
State Board of Orthotics and Prosthetics	81	31	25
State Board of Pharmacy	2,966	300	1,260
State Board of Physical Therapy	192	600	30
State Board of Professional Engineers and Land Surveyors	730	1,050	300
State Board of Professional Planners	80	45	12
State Board of Psychological Examiners	906	75	480
State Board of Public Movers and Warehousemen	280	---	---
State Board of Real Estate Appraisers	328	1,050	51
State Board of Respiratory Care	46	150	10
State Board of Social Workers	1,727	300	200
State Board of Veterinary Medical Examiners	592	60	270
State Police – Fingerprint Fees	13,790	2,694	3,694
State Police – Nuclear Facilities Security Detail	---	---	1,600
State Police – Other Licenses	269	230	230
State Police – Private Detective Licenses	488	220	220
State Police – Rural Patrol	---	---	24,000
State Police Recruit Training	65	---	---
Victim and Witness Advocacy Fund	1,252	---	---
Violent Crime Compensation	8,426	3,930	3,930
Weights and Measures – General	4,238	2,612	2,612
	<u>196,954</u>	<u>45,089</u>	<u>93,839</u>
 Department of Military and Veterans' Affairs:			
Miscellaneous Revenue	1,900	---	---
Nuclear Facilities Security Detail	---	---	2,780
Soldiers' Homes	28,620	31,393	33,326
	<u>30,520</u>	<u>31,393</u>	<u>36,106</u>
 Department of Personnel:			
Examination Fees	1,136	---	---
Human Resource Development Institute	2,811	---	---
	<u>3,947</u>	<u>---</u>	<u>---</u>
 Department of the Public Advocate:			
Office of Dispute Settlement Mediation	139	158	158
Rate Counsel	6,295	6,387	6,387
	<u>6,434</u>	<u>6,545</u>	<u>6,545</u>

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2005	2006	2007
	Actual	Estimated	Estimated
Department of State:			
Autism Medical Research	3,948	---	---
Governor's Teaching Scholars Program Loan Repayment	---	53	91
Miscellaneous Revenue	43	---	---
	<u>3,991</u>	<u>53</u>	<u>91</u>
Department of Transportation:			
Air Safety Fund	579	965	965
Applications and Highway Permits	2,548	1,300	1,300
Auto Body Repair Shop Licensing	527	9	536
Autonomous Transportation Authorities	2,292	2,500	52,000
Drunk Driving Fines	330	350	350
Good Driver	81,694	80,000	77,450
Graduated Driver's License	1,365	1,390	1,390
Heavy Duty Diesel Fines	540	450	450
Interest on Purchase of Right of Way	21	5	5
Logo Sign Program Fees	794	300	300
Miscellaneous Revenue	49	---	---
Motor Vehicle Database--Automated Access	47,170	47,250	47,500
Motor Vehicle Fees	112	---	---
Motor Vehicle Inspection Fund	82,409	82,800	78,900
Outdoor Advertising	5,906	5,240	5,240
Parking Offenses	459	410	410
Placarded Railcar	39	---	---
Rental Receipts -- Tenant Relocation Program	442	---	---
Salvage Title Program	1,121	1,100	1,100
Special Plate Fees	1,077	750	750
Uninsured Motorists Program	5,695	5,000	5,000
	<u>235,169</u>	<u>229,819</u>	<u>273,646</u>
Department of the Treasury:			
Assessment on Real Property Greater Than \$1 Million	51,434	86,400	89,600
Assessments -- Cable TV	4,241	4,443	4,443
Assessments -- Public Utility	26,061	30,643	29,313
Audit and Enforcement Collection	---	---	36,000
Casino Fines	495	---	---
Coin Operated Telephones	4,220	3,600	3,600
Commercial Recording -- Expedited	3,302	2,853	2,853
Commissions (Notary)	1,291	1,500	1,500
Communication Fee -- Lottery	317	---	---
Cost Assessment	5,188	---	---
Domestic Security	---	---	5,000
Dormitory Safety Trust Fund -- Debt Service Recovery	---	---	5,708
Equipment Leasing Fund -- Debt Service Recovery	4,421	4,642	4,625
Escrow Interest -- Construction Accounts	32	50	37
General Revenue -- Fees (Commercial Recording and UCC)	48,016	44,800	44,800
Higher Education Capital Improvement Fund -- Debt Service Recovery	2,766	---	15,383
Hotel/Motel Occupancy Tax	78,024	74,000	74,000
Investment Earnings	28,718	---	---
MVC Securitization	185	---	---
Miscellaneous Revenue	2,614	950	950
NJ Economic Development Authority	2,273	1,973	---
NJ Public Records Preservation	39,167	41,200	65,100
Nuclear Emergency Response Assessment	5,001	5,233	4,139
Public Defender Client Receipts	4,241	4,900	4,900
Public Utility -- Customer Specific Tax	2,260	2,000	2,000
Public Utility Fines	2,818	3,000	1,200
Public Utility Gross Receipts and Franchise Taxes (Water/Sewer)	75,827	75,000	75,000
Railroad Tax -- Class II	3,484	3,500	3,500
Railroad Tax -- Franchise	932	700	700
Sale of Real Property	137	---	---
State Disability Benefits Fund	41	---	---
Stormwater Management--Combined Sewer Overflow	1,497	---	---
Surplus Property	1,420	1,100	1,100
Tax Audit Services -- Uncollected Revenue Recovery	286	---	---

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
Tax Referral Cost Recovery Fee	6,723	6,600	6,600
Telephone Assessment	114,944	119,000	119,000
Tire Clean-Up Surcharge	9,119	9,000	9,000
Transitional Energy Facilities Assessment	239,609	226,779	186,328
	<u>771,104</u>	<u>753,866</u>	<u>796,379</u>
Other Sources:			
Miscellaneous Revenue	752	500	500
Interdepartmental Accounts:			
Administration and Investment of Pension & Health Benefit Funds – Recoveries	59,416	59,367	24,156
Employee Maintenance Deductions	300	300	300
Fringe Benefit Recoveries from Colleges and Universities	126,510	128,000	146,000
Fringe Benefit Recoveries from Federal and Other Funds	199,478	207,000	248,446
Fringe Benefit Recoveries from School Districts	31,570	35,000	49,450
Indirect Cost Recoveries – DEP Other Funds	10,617	10,500	11,307
MTF Revenue Fund	59,561	77,500	39,737
Rent of State Building Space	1,609	1,900	1,900
Social Security Recoveries from Federal and Other Funds	56,013	58,000	59,000
Standard Offer Payments – Utilities	1,977	---	---
	<u>547,051</u>	<u>577,567</u>	<u>580,296</u>
Judicial Branch--			
The Judiciary:			
Civil Arbitration Program	2,737	---	---
Court Fees	64,892	66,645	66,345
Miscellaneous Revenue	374	---	---
	<u>68,003</u>	<u>66,645</u>	<u>66,345</u>
<i>Total Miscellaneous Taxes, Fees, and Revenues</i>	<u>3,195,370</u>	<u>2,612,488</u>	<u>2,757,580</u>
Interfund Transfers:			
Beaches and Harbor Fund	28	76	94
Cigarette Tax Securitization Fund	1,190,000	---	---
Clean Waters Fund	8	5	10
Correctional Facilities Construction Fund	13	20	20
Correctional Facilities Construction Fund of 1987	38	32	13
Cultural Centers and Historic Preservation Fund	57	60	55
Dam, Lake, Stream and Flood Control Project Fund – 2003	---	---	175
Developmental Disabilities Waiting List Reduction Fund	529	765	313
Dredging and Containment Facility Fund	338	355	355
Emergency Flood Control Fund	8	12	12
Energy Conservation Fund	6	15	15
Enterprise Zone Assistance Fund	4,699	8,490	9,631
Fund for the Support of Free Public Schools	2,092	2,822	2,822
Garden State Farmland Preservation Trust Fund	1,879	1,765	1,765
Garden State Green Acres Preservation Trust Fund	5,279	5,007	5,007
Garden State Historic Preservation Trust Fund	640	617	617
Hazardous Discharge Fund	4	7	7
Hazardous Discharge Site Cleanup Fund	17,637	11,162	10,615
Housing Assistance Fund	---	232	140
Human Services Facilities Construction Fund	2	1	---
Jobs, Education and Competitiveness Fund	147	175	15
Jobs, Science and Technology Fund	1	---	---
Judiciary Bail Fund	586	1,050	1,050
Judiciary Child Support and Paternity Fund	479	800	800
Judiciary Probation Fund	233	325	325
Judiciary Special Civil Fund	56	90	90
Judiciary Superior Court Miscellaneous Fund	115	140	140
Legal Services Fund	9,791	10,410	10,410
Mortgage Assistance Fund	746	761	715
Motor Vehicle Security Responsibility Fund	5	3	3
Motor Vehicle Surcharge Securitization Fund	740,000	---	---

**SCHEDULE 1
STATE REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2005	2006	2007
	Actual	Estimated	Estimated
NJ Bridge Rehab. and Improvement and R.R. Right-of-Way Preservation Fund	137	223	196
Natural Resources Fund	78	90	53
New Home Warranty Security Fund	---	20,000	---
New Jersey Green Acres Fund – 1983	436	675	680
New Jersey Spill Compensation Fund	15,269	15,589	15,589
New Jersey Workforce Development Partnership Fund	13,570	17,266	17,266
Pollution Prevention Fund	2,168	1,775	1,775
Public Purpose Buildings Construction Fund	3	8	8
Public Purpose and Community Based Facilities Construction Fund	103	159	120
Safe Drinking Water Fund	1,804	2,368	2,368
Sanitary Landfill Facility Contingency Fund	---	---	5,000
School Fund Investment Account	3,532	3,582	3,582
Shore Protection Fund	354	457	445
Solid Waste Service Tax Fund	4	2	2
Special Compensation Fund	---	5,000	---
State Disability Benefit Fund	136,204	27,797	77,797
State Land Acquisition and Development Fund	7	6	3
State Lottery Fund	839,378	854,490	857,900
State Recreation and Conservation Land Acquisition and Development Fund	20	29	25
State Recycling Fund	1,046	---	---
State of New Jersey Cash Management Fund	2,391	3,034	3,034
Statewide Transportation and Local Bridge Fund	1,127	1,000	400
Supplemental Workforce Fund for Basic Skills	1,644	2,000	2,000
Tobacco Settlement Fund	---	12,922	196
Transportation Rehabilitation and Improvement Fund	7	11	11
Unclaimed Insurance Payments on Deposits Trust Fund	40	54	34
Unclaimed Personal Property Trust Fund	144,075	269,075	311,342
Unclaimed Utility Deposits Trust Fund	41	160	165
Unemployment Compensation Auxiliary Fund	17,530	17,607	22,297
Universal Services Fund	70,804	72,509	72,509
Wage and Hour Trust Fund	24	75	75
Water Conservation Fund	31	37	24
Water Supply Fund	3,683	3,911	3,911
Worker and Community Right to Know Fund	3,369	3,543	3,543
<i>Total Interfund Transfers</i>	<u>3,234,295</u>	<u>1,380,651</u>	<u>1,447,564</u>
Total State Revenues General Fund	<u>18,593,999</u>	<u>17,046,944</u>	<u>18,504,392</u>
PROPERTY TAX RELIEF FUND			
Gross Income Tax	<u>9,537,939</u>	<u>10,585,000</u>	<u>11,615,000</u>
CASINO CONTROL FUND			
Investment Earnings	310	500	500
License Fees	<u>64,051</u>	<u>63,012</u>	<u>63,012</u>
<i>Total Casino Control Fund</i>	<u>64,361</u>	<u>63,512</u>	<u>63,512</u>
CASINO REVENUE FUND			
Casino Simulcasting Fund	600	700	600
Gross Revenue Tax	388,593	413,913	424,000
Investment Earnings	976	1,000	1,000
Other Casino Taxes and Fees	85,492	85,328	42,487
PAAD Recoveries	<u>143,565</u>	<u>---</u>	<u>---</u>
<i>Total Casino Revenue Fund</i>	<u>619,226</u>	<u>500,941</u>	<u>468,087</u>
GUBERNATORIAL ELECTIONS FUND			
Taxpayers' Designations	<u>517</u>	<u>700</u>	<u>700</u>
TOTAL STATE REVENUES	<u>28,816,042</u>	<u>28,197,097</u>	<u>30,651,691</u>

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
Dedicated:			
Executive Branch--			
Chief Executive:			
State Authority Review and Oversight	1,221	1,100	1,100
Department of Agriculture:			
Administration – Development Potential Transfer Bank	---	200	200
Administrative Costs – Farmland Preservation	650	700	415
Animal Disease Control	---	153	153
Commodity Distribution	2,141	1,501	1,501
Food Distribution Assessment	12	---	---
Fruit and Vegetable Grading Service	374	162	162
Future Farmers of America – Student Loans from Department of Education	71	75	75
Garden State Preservation Trust	---	---	125
Horse Breeding and Development Fund	335	380	380
Marketing and Development Services	---	724	724
Nursery Inspection Program	---	265	289
Organic Certification	145	150	75
Plant Pest and Disease Control	---	23	23
Poultry Service	1,043	810	810
Risk Management Commodity Partnership	62	---	---
Sire Stakes	4,460	5,000	5,000
Standardbred Breeder Awards	201	240	240
Stormwater Discharge Permit Fees	---	250	250
Wine Promotion Program	120	90	90
Miscellaneous	269	227	252
	<u>9,883</u>	<u>10,950</u>	<u>10,764</u>
Department of Banking and Insurance:			
Public Adjusters Licensing	---	52	52
Small Employer Health Benefits	336	380	380
Supervision and Examination of Financial Institutions	---	400	400
Miscellaneous	102	64	64
	<u>438</u>	<u>896</u>	<u>896</u>
Department of Children and Families:			
Administration and Support Services	35,117	22,756	24,573
Adopt U.S. Kids	23	---	---
Child Protective and Permanency Services	---	1,657	1,797
Criminal History Record Checks	272	120	120
Domestic Violence Victims Fund	596	---	---
Legally Responsible Relatives – Probation Supplement	3,035	2,054	2,054
Old Age Survivors Insurance	1,137	1,492	1,492
	<u>40,180</u>	<u>28,079</u>	<u>30,036</u>
Department of Community Affairs:			
Boarding Home Regulation and Assistance	---	700	775
Fire Certification Program	40	325	325
Grants to Displaced Homemaker Centers	654	688	688
Historic Preservation License	29	25	25
Housing Code Enforcement	---	3,756	4,719
Housing Opportunities for Persons with AIDS	1,380	923	1,318
Housing Services	75,604	80,000	80,000
Lead Hazard Control Assistance Fund Administration	66	500	545
Neighborhood Revitalization Tax Credit	750	---	---
New Home Warranty Program	3,934	4,816	4,816
New Jersey Meadowlands Commission – Operations	---	3,205	110
New Jersey Meadowlands Tax Sharing Stabilization Fund	---	279	190
Paterson Housing Opportunities for Persons with AIDS Program	470	600	600
Prevention of Homelessness	495	243	293
Section 8 Housing Voucher Portability	---	1,600	1,600
Truth in Renting	---	150	150
Uniform Construction Code	---	9,327	10,442
Uniform Fire Code	---	10,000	10,485
Miscellaneous	1,649	1,125	1,161
	<u>85,071</u>	<u>118,262</u>	<u>118,242</u>

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
Department of Corrections:			
Administration and Support Services	23,373	22,553	23,497
Workplace Literacy – Learning Lab Program	176	---	---
Miscellaneous	1,049	464	---
	<u>24,598</u>	<u>23,017</u>	<u>23,497</u>
Department of Education:			
Abbott Implementation	---	11,734	10,619
Compliance and Auditing	136	200	385
Early Childhood Compliance Audits	---	299	307
Early Childhood Education	---	2,442	2,575
Early Childhood Enrollment Audits	---	211	230
Facilities Planning and School Building Aid	---	824	---
Katzenbach PLUS Program	677	686	787
Marie H. Katzenbach School for the Deaf – Tuition from Local Boards	9,007	8,737	9,496
Professional Development and Licensure	41	1,300	1,000
Rental of Vacant Building Space	522	546	544
State Action for Education Leadership Project	151	100	100
Student Registration and Record System	---	---	6,522
Vocational Technology Upgrade	300	---	---
Miscellaneous	162	41	41
	<u>10,996</u>	<u>27,120</u>	<u>32,606</u>
Department of Environmental Protection:			
Administrative Costs – Natural Resources Damages	---	2,316	936
Administrative Costs Water Supply Bond Act of 1981 – Management	---	330	94
Administrative Costs Water Supply Bond Act of 1981 – Planning and Standards	---	37	17
Administrative Costs Water Supply Bond Act of 1981 – Watershed and Aquifer	---	60	104
Aeroflex Foundation – Kittatinny Valley State Park	---	25	25
Air Pollution Control	---	660	2,930
Battleship New Jersey Memorial Fund	205	200	200
Battleship New Jersey Tax Check-Off	67	50	50
Coalition of Northeast Governors	---	30	30
Comprehensive Wildlife Conservation Strategic Plan for Hackensack Meadowlands	240	---	---
Council of State Governments of USAEP Water Quality Grant	46	---	---
Diesel Exhaust Emissions Program	---	719	1,252
Drinking Water State Revolving Fund – Capacity Development	245	500	500
Drinking Water State Revolving Fund – Delineation and Assessments	443	---	---
Drinking Water State Revolving Fund – Operator Certification	256	500	500
Drinking Water State Revolving Fund – Program Administration	731	1,000	800
Drinking Water State Revolving Fund – Small System Technical Assistance	343	700	700
Drinking Water State Revolving Fund – Source Water Program Administration	307	800	800
Endangered and Nongame Species of Wildlife Fund	260	200	200
Environmental Infrastructure Trust Loan Fund	---	---	1,200
Exotic and Nongame Species Inspection Fund	163	132	132
Farley Marina Escrow	278	257	257
Fish and Wildlife Field Office Projects	2	4	2
Forest Resource Management Special Revenue	251	450	472
Garden State Preservation Trust	---	205	364
Hazardous Discharge Site Cleanup Fund – Responsible Party	---	9,362	9,852
Historic Preservation Fund	120	120	120
Land Use Regulation	---	---	2,914
Landscape Irrigation Contractor Certification	140	51	50
Liberty State Park – Central Parking	303	325	329
Liberty State Park License Plates	73	70	70
Low Emission Vehicle Program	---	---	125
Mammography Quality Standards Act	274	300	306
Marina Rentals	---	238	240
New Jersey Waterfowl Stamp Act	207	100	100
Nuclear Emergency Response	---	---	1,201
Office of Dredging and Sediment Technology	---	247	251
Oil Spill Prevention	---	1,248	1,490
PSE&G Delaware River Striped Bass Recruitment Study	31	22	31
Palisades Interstate Park Commission (PIPC) – Court Fund Revenue	---	502	577
Palisades Interstate Park Commission (PIPC) – Gas Station Revenue	---	2,403	2,503
Palisades Interstate Park Commission (PIPC) – Operating Fund Revenue	---	1,150	930
Parks Management Fees	---	1,200	1,400

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
Parks Management Revolving Fund	1,091	1,000	1,000
Private Well Testing – Safe Drinking Water Fund	531	800	800
Remediation Management and Response	---	6,539	6,854
Sedge Island	21	15	20
Shaw Farm Wetlands Mitigation	54	---	---
Shellfish Enforcement	128	129	129
Shellfish Management	70	60	60
Shore Protection Fund Projects	910	6,250	5,000
Shore Protection License Plates	1,024	1,000	1,000
Solid Waste Utility Regulation Excess Receipts	---	1,300	1,300
Spring Meadow Golf Course	980	1,000	1,000
State Public Water System Supervision Program	580	900	1,100
State Revolving Fund – Administrative Costs	2,497	1,761	1,280
Teterboro Airport Air Quality Study	300	---	---
Tidelands Peak Demands	---	2,495	2,889
UMDNJ Radiation Preparedness	110	70	100
Urban Forest Energy Efficiency Initiative	---	5,000	4,995
Water Allocation	---	4,225	3,273
Water Pollution Control	---	1,400	1,900
Worker and Community Right to Know Act	---	245	316
Miscellaneous	1,262	1,010	1,021
	<u>14,543</u>	<u>61,712</u>	<u>68,091</u>
Department of Health and Senior Services:			
AIDS Drug Distribution Program Copay	---	---	200
AIDS Drug Distribution Program Rebates	18,872	22,600	22,600
Administrative Overhead – Non State Program	1,378	1,300	1,300
Animal Population Control Program – License	271	300	300
Brain Injury Research Fund	3,882	3,600	3,600
Certificate of Need Program	2,006	537	537
Clinical Laboratory Improvement Services	326	330	350
Early Intervention Program (EIP) Copays	33	3,500	7,000
Electronic Death Registration Support Fund	481	600	600
Emergency Medical Services	56	79	79
Emergency Medical Services for Children	---	---	150
Emergency Medical Technician Training Fund	95	1,800	1,800
Estrogen, Diet, Genetics, and Endometrial Cancer	72	110	100
Evaluation of California Initiatives to Reduce Violence in Health Care Setting	54	105	195
First Response Emergency Medical Technician Cardiac Training Program	82	125	125
Health Care Cost Reduction Fund	21,007	32,599	40,000
Health Care Planning	2,920	7,200	7,000
Live Long Live Well	107	150	150
Managed Care Oversight	200	---	---
Medical Emergency Disaster Preparedness for Bioterrorism	---	4,722	4,722
New Jersey Emergency Medical Services Helicopter Response Program	---	2,764	2,858
New Jersey Turnpike Authority / Garden State Parkway Food Inspections	133	228	237
Newborn Screening, Follow-up, and Treatment	3,790	3,306	3,306
Nursing Home Provider Assessment Fee	135,374	135,374	135,374
Office of the Public Guardian	781	600	800
Ovarian Cancer Study	31	82	82
Rabies Control Program	467	465	475
Women, Infants, and Children (WIC) Rebates	27,093	24,000	30,000
Worker and Community Right to Know	---	---	699
Miscellaneous	6,351	9,443	9,238
	<u>225,862</u>	<u>255,919</u>	<u>273,877</u>
Department of Human Services:			
Address Violence Against Women With Disabilities Grant	50	---	---
Administration and Support Services	17,118	6,200	5,819
Alcohol Education Rehabilitation and Enforcement Fund	1,765	1,750	2,344
Alcohol Treatment Fund Program	6,000	6,000	7,500
Catastrophic Illness in Children Relief Fund	1,208	925	1,041
Children's Trust Fund	253	519	519
Client Copayments – Developmental Disabilities	38,504	38,630	38,630
Drug Enforcement Demand Reduction Fund	---	350	350
Education Therapy Building	117	---	---
Hospital Provider Assessment Fee	---	---	430,000

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2005 Actual	2006 Estimated	2007 Estimated
Licensing Fees	207	---	---
Management and Administrative Services	---	475	475
Mental Health Contract Fees	302	316	316
NJ FamilyCare	52,691	56,911	72,806
New Jersey Health Care Hospital Payments	595,574	595,691	545,961
Olmstead Grant	20	---	---
Partnership for a Drug Free New Jersey	---	1,000	1,000
Personal Needs Allowance	---	600	600
Racing Commission Funds for Compulsive Gambling Treatment	---	200	200
SSA Reimbursement to Enhance Vocational Rehabilitation	835	300	300
Traumatic Brain Injury	3,808	---	---
Universal Services Fund	844	---	---
Work First New Jersey Support Services	---	10,000	---
Work First New Jersey Technology Investment – Child Support Incentives	---	12,502	12,502
Miscellaneous	116	---	85
	<u>719,412</u>	<u>732,639</u>	<u>1,120,448</u>
Department of Labor and Workforce Development:			
Construction Trades Trng Program – Women & Minorities	1,961	---	---
Division of Workers Compensation Uninsured Employers	974	---	---
Enforcement of Workplace Standards – Receipts	---	5,234	5,234
Health Care Tax Collection	5,258	5,700	---
Private Disability Insurance Plan	---	1,000	1,000
Public Works Contractor Registration	---	1,756	1,756
Reimbursement to Unemployment Insurance for Joint Tax Functions	---	2,700	4,700
Special Compensation Fund	141,316	126,530	126,530
State Disability Insurance Plan	---	3,850	3,850
Urban Enterprise Zones – Employer Rebate Awards	108	---	---
Work First New Jersey Work Activities	---	25,500	25,500
Workers' Compensation	---	6,700	6,700
Workforce Development Partnership – Counselors	---	770	770
Workforce Development Partnership Program	---	1,384	1,384
Workforce Literacy and Basic Skills Program	---	276	276
Miscellaneous	30	---	---
	<u>149,647</u>	<u>181,400</u>	<u>177,700</u>
Department of Law and Public Safety:			
Anti-Drug Profiteering	6	---	---
Atlantic County Detention Center	1,890	1,962	2,210
Backstretch Benevolence	164	210	210
Body Armor Replacement Fund – Administrative Costs	75	75	75
Charity Racing Day for the Developmentally Disabled	77	---	---
Claims – Victims of Crime	---	3,870	3,870
Commercial Vehicle Enforcement Program	---	8,500	10,287
Commissions Award Program	1,968	2,500	2,500
Consumer Affairs	250	300	300
Consumer Affairs Charitable Registrations Program	---	813	680
Consumer Affairs Legalized Games of Chance	---	100	100
Consumer Affairs Weights and Measures Program	---	1,200	1,200
Controlled Dangerous Substance Registration Program	---	700	700
Criminal Disposition and Revenue Collection Fund	---	375	375
Criminal Justice Cost Recovery	---	243	162
Department of Transportation – State Police Construction Detail	---	6,353	6,978
Division of Consumer Affairs – Appropriated Receipts	---	5,748	5,748
Drunk Driving Enforcement Fund – MVC Reimbursement	100	---	---
Election Law Enforcement	22	365	365
FBI Mitochondrial DNA Testing	593	810	861
Fines Account – Miscellaneous Settlements	235	80	80
Forfeiture Program	3,085	2,255	2,655
Gubernatorial Public Finance Program	466	---	---
Insurance Fraud Operations	27,750	29,771	29,771
Investigative Unit	581	650	706
Juvenile Detention Alternatives – Annie E. Casey Foundation	200	---	---
Law Enforcement Officers Training and Equipment Fund	728	---	---
Medical Examiner Services	7,672	8,624	9,055
New Jersey Emergency Medical Service Helicopter Program	---	5,495	5,691
New Jersey Expressway Authority	5,413	6,432	7,411

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
New Jersey Parkway Authority	24,505	26,047	30,825
New Jersey Turnpike Authority	24,215	24,842	30,917
Noncriminal Records Checks	---	11,879	14,101
Northeast Hazardous Waste Project-Resource Conservation and Recovery Act	157	274	274
Office of Counter Terrorism	---	7,200	7,200
Pari-Mutuel Racing in Accordance with N.J.S.A. 5:5-37	647	738	757
Pre-Race Blood Testing and Chemical Testing Program	3,096	3,317	3,458
Private Employment Agencies	---	420	420
Racing Officials	936	1,193	1,225
Regional Computer Forensic Laboratory	1,625	---	---
Regulation of Alcoholic Beverages	---	5,615	5,615
Regulation of Racing Activities	3,343	3,694	4,047
Retired Officers Handgun Permits	---	140	215
Safe and Secure Neighborhoods Program	7,539	7,100	7,100
Securities Enforcement Fund	---	8,567	8,567
Sexual Assault Nurse Examiner Program	63	---	---
State Athletic Control	693	500	500
State Facilities Education Act	29,283	36,013	38,447
State Forensic Laboratory Fund Program	963	800	800
State Police Central Lab Operations	---	934	986
State Police DNA Laboratory Enhancement	7,296	8,200	8,200
State Police Equine Lab Unit	---	1,362	1,426
State Police Private Detective Receipts	---	230	230
State Police Recruit Training	---	77	77
State Veterinarians New Jersey Racing Commission	702	686	902
Vehicle Rental Surcharge State Police Salaries	---	13,855	13,855
Victim and Witness Advocacy Fund	---	1,344	1,252
Miscellaneous	2,410	2,316	2,476
	<u>158,748</u>	<u>254,774</u>	<u>275,862</u>
Department of Military and Veterans' Affairs:			
Burial Services	---	595	500
Distance Learning Center	2	15	15
Document Storage and Retrieval	116	---	---
New Jersey National Guard Support Services	---	1,100	1,100
Transitional Housing	---	550	550
World War II Memorial Dedications	24	---	---
Miscellaneous	33	25	25
	<u>175</u>	<u>2,285</u>	<u>2,190</u>
Department of Personnel:			
Human Resource Development Institute	---	2,000	1,900
State and Local Government Operations	---	1,300	1,300
	<u>---</u>	<u>3,300</u>	<u>3,200</u>
Department of the Public Advocate:			
New Home Owner's Warranty	242	251	251
Residential Warranty Corporation	119	158	158
	<u>361</u>	<u>409</u>	<u>409</u>
Department of State:			
Americorps - Homeland Security Match	1	---	---
Americorps - Promise Fellows Match	17	---	---
Extraordinary Programming	300	400	400
Law Enforcement Officers Memorial Fund	311	325	325
Leasing of Space on NJN Transmitter Towers	954	980	1,050
NJN - Cablevision Rental	185	---	---
NJN - TV Food Network/Time Warner Capital Project	1,346	1,200	1,200
New Jersey College Loans to Assist State Students (NJCLASS)	5,474	5,915	6,505
New Jersey Workforce Development Coalition Initiative	719	1,250	621
Office of Faith Based Initiatives - Substance Abuse & Mental Health Services	13	---	---
Office of Faith Based Initiatives Donations	15	---	---
Primary Care Physician/Dentist Loan Redemption Program	1,000	2,000	2,000
Public Broadcasting Services	8,335	7,641	7,999
Rental of NJN Studio and Production Facilities	1,949	1,975	2,050
Sale or Rental of NJN Productions	92	100	100

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2005 Actual	2006 Estimated	2007 Estimated
War Memorial	601	527	527
Miscellaneous	514	330	339
	<u>21,826</u>	<u>22,643</u>	<u>23,116</u>
Department of Transportation:			
Applications and Highway Permits	---	1,500	1,500
Commercial Vehicle Enforcement Program	12,309	---	---
Cost of "Cause" Plates	96	---	---
County and Other Shared Projects	9,806	---	---
Greenwood Lake Airport	50	---	---
Highway Safety Fund	1,824	---	---
In-Terminal School Bus Inspection Program	1,239	1,225	1,250
Logo Sign Program	---	200	200
Maritime Industry Fund	2,369	---	---
Motor Vehicle Services	195,980	194,833	198,663
Motorbus Regulation	728	745	750
Motorcycle Safety Education Fund	307	389	538
NJ Board of Pilot Commissioners	481	481	481
NJ Medical Service Helicopter Response Act	7,613	---	---
New Jersey Motor Vehicle Commission New Revenues	65,341	65,744	62,813
Office of Maritime Resources	---	2,500	2,500
Outdoor Advertising Program	---	880	880
Placarded Railcar Program	---	80	50
Rental Receipts, Tenant Relocation Program	---	350	350
Security Responsibility	13,464	13,765	13,800
Wireless Communication	1,180	---	---
	<u>312,787</u>	<u>282,692</u>	<u>283,775</u>
Department of the Treasury:			
Administration of State Lottery	---	60	60
Annual Licensing Fee – Office of Administrative Law Publications	867	656	633
Business Services Bureau	---	560	560
Capital City Redevelopment Corporation	80	378	378
Clean Energy Program	---	820	820
Confiscations from the Cigarette Tax Act	---	20	20
Division of Developmental Disabilities Community Placement and Services	33,405	32,000	32,000
Domestic Security	23,957	23,500	18,500
Economic Recovery Fund	17,605	17,606	19,608
Energy Tax Receipts	787,739	788,492	788,492
Governor's Council on Alcoholism and Drug Abuse	14,411	14,700	14,700
Judicial Hearings Receipts	2,865	3,667	3,844
Management of DEP Properties	---	563	589
New Jersey Geographic Information Network (NJGIN) Property Investigator	5	---	---
New Jersey Public Records Preservation	25,673	28,000	1,000
Office of Management and Budget	18,582	8,950	8,980
Ombudsman	---	350	380
Other Capital Building Services	2,370	2,327	2,327
Other Distributed Taxes	3,191	3,363	3,363
Pensions and Benefits	---	---	33,257
Prequalification Fees	---	107	107
Property Management and Construction – Property Management Services	295	310	310
Public Finance Activities	---	700	700
Purchasing and Inventory Management	---	55	10
Real Property Leasing Out Program	---	350	377
Royalties – Office of Administrative Law Publications	186	40	270
Small Business Registration	---	430	450
State Pension System Audit	---	---	225
Taxation Compliance and Enforcement Activities	---	4,000	4,000
Third Party Subrogation – Property Damage	---	500	500
Unclaimed Property Trust Fund	6,635	6,861	6,920
Urban Enterprise Zone (UEZ) Authority Administrative Expenses	2,128	3,007	3,310
Vendor Surcharge Collection – Motor Vehicle Commission	11,705	12,000	12,000
Miscellaneous	846	811	820
	<u>952,545</u>	<u>955,183</u>	<u>959,510</u>

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
Judicial Branch--			
The Judiciary:			
Automated Traffic System for Municipal Courts	17,856	23,100	21,000
Civil Courts	500	540	756
Comprehensive Enforcement Program	2,393	2,300	2,400
Court Adult Probation System	484	500	500
Court Technology Improvement Fund	12,315	12,900	12,700
Electronic Access To Court Records	1,342	408	408
Family Court Probation Liaison JAIBG	165	---	---
Family Courts	400	400	400
Girl Talk JAIBG	2	---	---
Information Services	403	516	516
JAIBG – Juvenile Assessment	62	---	---
JAIBG Essex– Substance Abuse Evaluator Program	39	---	---
JAIBG School Probation	58	---	---
Juvenile Accountability Incentive Block Grant (JAIBG)	29	---	---
License Reinstatement	50	---	---
Middlesex Vicinage Bar Foundation Artwork	5	---	---
Newark Alliance for Compliance JAIBG	65	---	---
Robert Wood Johnson Family Drug Court Grant	72	---	---
Service Learning Program–JAIBG Ocean County	10	---	---
Special Civil Part Certified Mailers	1,535	1,450	1,450
State Incentive Program	63	---	---
State Incentive Program – Juvenile Justice Commission	200	---	---
Supreme Court	11,880	13,665	14,747
Miscellaneous	532	13	6
	<u>50,460</u>	<u>55,792</u>	<u>54,883</u>
<i>Total Dedicated</i>	<u>2,778,753</u>	<u>3,018,172</u>	<u>3,460,202</u>

Federal:

Executive Branch--			
Department of Agriculture:			
Child Care	46,814	56,865	62,073
Child Nutrition – School Breakfast	28,902	40,000	46,200
Child Nutrition – School Lunch	128,907	158,050	174,300
Child Nutrition – Special Milk	1,044	1,500	1,600
Child Nutrition – Summer Programs	6,775	10,017	10,347
Child Nutrition Administration	2,716	3,677	4,085
Cooperative Gypsy Moth Suppression	25	75	750
Farm Risk Management Education Program	271	301	272
Farmland Preservation	2,301	12,301	9,429
Federal Organic Certification Cost Share Program	8	30	15
Fish Inspection Service	137	160	125
Food Stamp – Temporary Emergency Food Assistance Program (TEFAP)	1,221	1,278	1,425
National Animal Identification Infrastructure	---	---	92
Team Nutrition Training	---	225	225
Various Federal Programs and Accruals	13,837	2,133	2,600
	<u>232,958</u>	<u>286,612</u>	<u>313,538</u>
Department of Children and Families:			
Restricted Federal Grants	9,797	10,107	10,107
Social Services Block Grant	50,241	51,529	51,529
Title IV–B Child Welfare Services	9,072	5,500	5,500
Title IV–E Foster Care	85,975	150,612	135,017
Title XIX Child Residential	42,699	77,983	82,560
	<u>197,784</u>	<u>295,731</u>	<u>284,713</u>
Department of Community Affairs:			
Community Services Block Grant	16,426	17,185	17,023
Emergency Shelter Grants Program	1,053	1,565	1,520
Fair Housing Initiatives Grant	60	85	93
Lead–Based Paint Abatement in Low and Moderate Income Housing	271	3,000	3,000
Moderate Rehabilitation Housing Assistance	16,936	12,595	12,162
National Affordable Housing – HOME Investment Partnerships	7,957	8,261	7,890

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
National Fire Academy Training Program	12	28	28
Section 8 Housing Voucher Program	167,508	173,200	173,200
Shelter Plus Care Program	616	4,500	4,500
Small Cities Block Grant Program	8,269	9,000	8,206
Transitional Housing – Homeless	79	---	136
Weatherization Assistance Program	5,344	5,169	5,126
Various Federal Programs and Accruals	-8,754	86	86
	<u>215,777</u>	<u>234,674</u>	<u>232,970</u>
Department of Corrections:			
Body Alarms Justice Technology Grant	---	500	500
Crime Prevention Funding	---	300	300
National Institute of Justice	---	---	35
National Institute of Justice Grant for Corrections Research	---	100	100
Prison Rape Elimination Grant	---	452	---
Project In-Side	637	602	624
Serious and Violent Offender Reentry Initiative	503	1,000	---
State Criminal Alien Assistance Program	4,062	5,000	5,000
Various Federal Programs and Accruals	152	50	50
	<u>5,354</u>	<u>8,004</u>	<u>6,609</u>
Department of Education:			
21st Century Schools	15,245	19,898	19,898
AIDS Prevention Education	258	243	243
Adult Basic Education – Administration/Discretionary	673	---	---
Bilingual and Compensatory Education – Homeless Children and Youth	1,402	1,290	1,290
Byrd Scholarship Program	1,123	1,200	1,200
Character Education Partnership	391	539	539
Drug-Free Schools and Communities – Administration	1,318	2,092	1,650
Drug-Free Schools and Communities – Discretionary	7,974	8,329	6,600
Enhancing Education Thru Technology	16,526	9,756	5,381
Even Start Family Literacy Grant – Discretionary	4,361	4,142	2,071
Grants Management	---	2,458	2,339
Improving America's Schools Act – Consolidated Administration	5,560	5,106	4,600
Individuals with Disabilities Education Act Basic State Grant	325,528	334,650	333,206
Individuals with Disabilities Education Act Preschool Grants	12,475	11,478	11,529
Language Acquisition State Grants	15,511	20,204	21,530
Mathematics and Science Partnerships Grants	1,338	3,013	3,013
Migrant Education – Administration/Discretionary	2,358	2,117	2,117
Public Charter Schools	1,291	6,010	6,010
Refugee Children School Impact Program	864	---	---
School Renovation Grants	2,097	---	---
State Assessments	10,068	9,945	9,945
State Data Grants	49	480	480
State Grants for Improving Teacher Quality	68,801	65,255	64,447
State Improvement Grant, Administration	1,160	1,273	1,273
Step Up – Teacher Recruitment	---	1,098	1,098
Title I – Comprehensive School Reform	4,655	4,360	---
Title I – Grants to Local Educational Agencies	266,076	271,610	263,753
Title I – Part D, Neglected and Delinquent	2,278	2,548	2,713
Title I – Reading First State Grant	18,687	18,065	18,065
Title V – Innovative Program Strategies	8,305	5,550	2,859
Vocational Education – Basic Grants, Administration	23,409	24,735	23,903
Vocational Education Technical Preparation	2,131	2,263	2,263
Various Federal Programs and Accruals	2,940	1,365	1,365
	<u>824,852</u>	<u>841,072</u>	<u>815,380</u>
Department of Environmental Protection:			
Air Pollution Maintenance Program	8,398	5,218	9,967
Americorps	---	300	325
Artificial Reef Program – PSE&G/NJPDES Permit Fees	596	825	825
Asian Longhorned Beetle Project	69	2,300	2,300
Assessing New Jersey's Bays	---	---	100
Assistance to Firefighters – Wildfire and Arson Prevention	---	---	200
Asthma Outreach and Education Initiative – Camden	---	---	15
Atlantic Coastal Cooperative Program	58	200	200
BioWatch Monitoring	247	170	200

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2005	2006	2007
	Actual	Estimated	Estimated
Boat Access (Fish and Wildlife)	---	1,000	1,000
Brownfields	1,094	2,000	1,000
Cape May Peninsula Project (Sandritter Property)	---	1,000	---
Cheesequake Marshland Acquisition	---	1,000	---
Clean Lakes Program	---	500	500
Clean Vessels	161	1,000	1,000
Coastal Estuarine Land Program	---	6,000	6,000
Coastal Zone Management Implementation	2,735	2,722	3,400
Community Assistance Program	196	200	200
Community and Public Water Supply Operators – Expense Reimbursement	58	---	---
Comprehensive Wildfire Conservation Plan Coordination Federal Share	48	---	---
Consolidated Forest Management	---	1,070	1,070
Construction Grants Program	---	57,600	44,035
Data Exchange – Water Quality Monitoring	---	188	---
Defensible Space	60	400	400
Delaware Bay and Great Egg Harbor Corridor Project (SV Farming) Federal Share	109	1,000	---
Domestic Preparedness – Supplemental Training	---	80	200
Endangered Species	45	205	125
Endangered and Nongame Species Program State Wildlife Grants	261	1,500	1,500
Environmental Justice	---	100	---
Estuary Program	547	---	---
Firewise in the Pines	---	200	200
Fish and Wildlife Health	50	100	100
Forest Legacy	3,177	10,040	10,040
Forest Resource Management – Cooperative Forest Fire Control	172	1,725	1,725
Grassland Habitat Project	71	200	200
Hazardous Waste – Resource Conservation Recovery Act	6,520	4,281	4,895
Historic Preservation Survey & Planning	723	950	950
Hunters' and Anglers' License Fund	4,170	5,925	5,925
Investigation and Management of Nongame Freshwater Fisheries Resources	18	150	150
Land and Water Conservation Fund	---	5,000	5,000
Lower Cohansey Watershed	---	1,000	1,000
Marine Fisheries Investigation and Management	1,039	1,150	1,150
Multimedia	1,089	750	750
Multimedia Enforcement Grant	157	1,000	1,000
NJ Field Office Bog Turtle Cooperative Agreement	---	50	50
NJ Landowner Incentive	97	1,450	180
NJ Landowner Incentive Program – Tier 2 (5 Yr. Projects)	---	---	200
NJ Landowner Incentive Program – Tier 2 (10 Yr. Projects)	---	---	1,200
NJ Landowner Incentive Program – Tier 2 (2 Yr. Projects)	---	---	300
NJDEP Air Toxics	72	---	---
National Coastal Wetlands Conservation	9	2,215	2,215
National Dam Safety Program (FEMA)	20	90	90
National Geologic Mapping Program	118	200	200
National Pollutant Discharge Elimination System Implementation Support Program ...	837	600	600
National Recreational Trails	362	1,500	1,500
New Jersey Commercial Blue Crab Fishery Economic Assistance Federal Share	218	---	---
Non-Point Source Implementation (319H)	6,985	3,851	4,000
Northern Bobwhite Evaluation in New Jersey	---	73	125
Particulate Monitoring Grant	635	1,499	1,500
Pesticide Recording Program	21	20	20
Pesticide Technology	889	670	670
Pinelands Grant – Acquisition	---	6,000	6,000
Preliminary Assessments/Site Inspections	2,174	3,000	1,500
Radon Program	643	500	500
Rare Wildlife Strategy Implementation	---	20	---
Regional Climate and Fire Damage Modeling – Pinelands	87	---	---
Regional Environmental Monitoring and Assessment Program Benthik Indicators	---	---	400
Safe Drinking Water Act	3,695	22,200	22,200
Shortnose Sturgeon Research	---	150	150
Southern New Jersey Drinking Water Sampling Project	45	50	50
Southern Pine Beetle	19	100	100
State Recreational Trails	231	11,980	11,505
State Wetlands Conservation Plan	115	492	1,017
State Wildlife Grant Projects	---	1,500	1,500
State and EPA Data Management Grant	371	2,112	2,300
Superfund Grants	7,552	30,450	30,450
Training for Publicly Owned Treatment Works	10	---	---

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2005	2006	2007
	Actual	Estimated	Estimated
US Army Corps of Engineers Beachnesters	---	80	80
Underground Storage Tanks	2,797	2,055	2,055
Urban History Initiative	---	59	---
Voluntary Cleanup Program	862	---	---
Voluntary Cleanup Site Specific	121	---	---
Water Monitoring and Planning	375	547	547
Water Pollution Control Program	6,600	4,025	4,025
Wildland and Urban Interface II	---	500	100
Wildlife Education	---	285	285
Wildlife Management Area Planning	215	300	300
Various Federal Programs and Accruals	-17,927	3,305	2,900
	<hr/> 50,116	<hr/> 220,977	<hr/> 208,461
Department of Health and Senior Services:			
Abstinence Education – Family Health Services (FHS)	995	1,122	1,122
Asthma Surveillance and Coalition Building	309	356	457
Asthma and Hazardous Substances Applied Research	95	108	108
Bioterrorism Hospital Emergency Preparedness	4,370	13,600	13,600
Birth Defects Surveillance Program	76	250	250
Childhood Lead Poisoning	979	1,400	1,400
Chronic Disease Prevention and Health Promotion – Family Health Services	1,544	1,011	1,011
Chronic Disease Prevention and Health Promotion Programs – Public Health	---	1,525	1,912
Clinical Laboratory Improvement Amendments Program	528	526	450
Comprehensive AIDS Resources Grant	38,070	50,400	55,000
Core Injury Prevention and Control Program	---	200	280
Demonstration Program to Conduct Health Assessments	594	634	600
Early Hearing Detection and Intervention (EHDI) Tracking, Research	164	334	334
Early Intervention for Infants and Toddlers with Disabilities (Part H)	11,161	13,000	13,000
Eliminating Disparities in Perinatal Health	379	3,430	500
Emergency Medical Services for Children (EMSC) Partnership Grants	49	100	115
Emergency Preparedness For Bioterrorism	28,620	29,970	32,125
Exposure – Tremolite Asbestos – Vermiculite	163	220	115
Family Planning Program – Title X	3,076	4,200	4,200
Federal Lead Abatement Program	365	461	467
Food Inspection	297	387	427
HIV/AIDS Prevention and Education Grant	13,649	18,000	17,999
HIV/AIDS Surveillance Grant	4,147	4,812	4,713
Housing Opportunities For Persons With AIDS	221	3,263	2,828
Housing Opportunities for Incarcerated Persons with AIDS	---	---	1,763
Immunization Project	4,817	8,810	7,727
Lead Training and Certification Enforcement Program	21	85	81
Maternal and Child Health (MCH) Early Childhood Comprehensive System	112	100	140
Maternal and Child Health Block Grant	15,002	13,000	13,000
Medicare/Medicaid Inspections of Nursing Facilities	9,629	16,660	16,660
Memorandum of Agreement with Emory University–National Down Syndrome Study	---	150	---
Minority AIDS Demo	---	150	150
Morbidity and Mortality Review Program	21	150	150
Morbidity and Risk Behavior Surveillance	294	750	553
National Cancer Prevention and Control – Public Health	3,893	6,574	6,574
National Family Caregiver Program	4,524	4,800	5,200
New Jersey Ease for Caregivers – Building Support Systems	208	250	250
Nurse Aide Certification Program	---	1,000	1,000
Nursing Facilities Transition Grant	276	600	600
Older Americans Act – Title III	25,952	33,450	34,480
Pediatric AIDS Health Care Demonstration Project	2,435	2,850	2,850
Pregnancy Risk Assessment Monitoring System	335	750	750
Preventative Health and Health Services Block Grant	3,847	3,975	3,983
Public Employees Occupational Safety and Health – State Plan	---	---	900
Rape Prevention and Education Program	1,261	1,237	1,234
Research on Ecology of Lyme Disease in US	169	325	325
Senior Farmers Market Nutrition Program	596	1,000	1,000
State Pharmacy Assistance Program Payments – Federally Funded Grant	2,890	11,366	3,842
Supplemental Food Program – Women, Infants, and Children	89,576	94,000	100,000
Surveillance, Epidemiology and End Results (SEER)	681	1,800	1,201
Traumatic Brain Injury Surveillance	230	105	105
Tuberculosis Control Program	5,643	6,000	6,000
United States Department of Agriculture (USDA) Older Americans Act – Title III	3,364	3,900	3,900

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
Universal Newborn Hearing Screening	309	250	250
Venereal Disease Project	3,784	3,882	3,882
Violence Related Injury Prevention	---	160	160
Vital Statistics Component	648	850	850
WIC Farmer's Market Nutrition Program	1,158	2,000	2,369
West Nile Virus – Laboratory	---	242	190
West Nile Virus – Public Health	1,734	2,258	2,060
Various Federal Programs and Accruals	150,397	5,085	5,451
	<u>443,657</u>	<u>377,873</u>	<u>382,643</u>
Department of Human Services:			
Access to Recovery	1,426	4,049	4,049
Block Grant Mental Health Services	14,365	12,227	12,227
Child Care Block Grant	102,773	109,778	119,250
Child Support Enforcement Program	174,230	173,677	168,455
Community Based Residential Program Grant	567	1,000	1,000
Developmental Disabilities Council	1,587	1,598	1,598
Federal Independent Living	980	1,153	1,153
Food Stamp Program	78,782	99,022	102,842
Foster Grandparents Program	726	1,080	1,127
Low Income Energy Assistance Block Grant	64,690	84,514	112,991
Projects for Assistance in Transition from Homelessness (PATH)	1,719	1,745	1,944
Refugee Resettlement Program	2,700	5,705	5,705
State Data Infrastructure Project	98	---	---
Substance Abuse Block Grant	48,178	53,606	51,882
Temporary Assistance to Needy Families Block Grant	531,298	437,021	462,186
Title XIX Community Care Waiver	230,744	262,235	268,654
Title XIX ICF/MR	279,053	282,111	314,562
Title XIX Medical Assistance	3,172,512	3,600,285	3,570,063
Title XX Urban Empowerment Zone	821	---	---
Title XXI Children's Health Insurance Program	201,979	205,019	231,645
Vocational Rehabilitation Act, Section 120	11,137	10,961	10,961
Various Federal Programs and Accruals	-118,014	7,784	8,510
	<u>4,802,351</u>	<u>5,354,970</u>	<u>5,450,804</u>
Department of Labor and Workforce Development:			
Adult and Continuing Education – Workforce Investment Act	14,388	18,343	18,121
Comprehensive Services for Independent Living	746	1,012	1,012
Current Employment Statistics	2,254	2,764	2,764
Disability Determination Services	35,606	48,000	49,176
Disabled Veterans' Outreach Program	2,399	2,500	2,658
Employment Services	16,806	22,930	25,902
Employment Services – One-Stop Shopping	180	325	325
Employment Services Cost Reimbursable Grants – Migrant Housing	32	50	50
Employment Services Grants – Alien Labor Certification	1,274	2,321	2,403
Employment Services Reemployment Services	689	1,100	1,100
Federal Public Employees Occupational Safety and Health Act	2,095	1,900	1,942
Local Veterans' Employment Representatives	1,625	1,700	1,770
National Council on Aging – Senior Community Services Employment Project	2,290	3,000	3,014
Occupational Informational Coordinating Program	131	159	175
Occupational Safety Health Act – On-Site Consultation	1,998	2,002	2,103
Occupational Safety and Health Administration Data Collection Survey	33	74	74
Old Age and Survivor Insurance Disability Determination Services	---	1,000	1,000
One Stop Labor Market Information	1,124	940	940
Redesigned Occupational Safety and Health (ROSH)	182	233	233
Rehabilitation of Supplemental Security Income Beneficiaries	225	2,000	2,000
Supported Employment	808	975	975
Technical Assistance Training	122	1,700	1,700
Technology Related Assistance Project	365	350	350
Trade Adjustment Assistance Project	1,521	4,000	4,121
Unemployment Insurance	105,073	135,500	119,916
Vocational Rehabilitation Act of 1973	49,030	45,325	46,556
Work Incentive – Project Access	548	700	700
Work Opportunity Tax Credit	445	750	750
Workforce Investment Act	79,310	79,947	80,154
Workforce Investment Act Title IIID Discretionary Funding	382	4,000	4,000
Various Federal Programs and Accruals	23,130	245	251

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
	344,811	385,845	376,235
Department of Law and Public Safety:			
Anti Trafficking Task Force	---	600	600
April 2005 Flood Disaster Relief	150	---	---
Buffer Zone Protection	---	1,400	2,731
Bulletproof Vest Partnership	663	800	800
Bureau of Justice State Police Communications Grant	17,928	---	---
Burlington/Camden County Flood 2004 – Public Assistance	2,784	---	---
Casework DNA Backlog Reduction Program	80	1,300	1,300
Challenge Grant	374	300	326
Child Passenger Protection Education	70	500	500
Child Safety/Child Booster Seats	---	750	750
Combating Underage Drinking	303	360	360
Community Emergency Response Team Program	383	550	---
Community Oriented Policing Services (COPS) – Homeland Security Overtime	876	---	---
Community Oriented Policing Services (COPS) – In Schools	285	---	---
Convicted Offender In-House (DNA)	---	1,500	1,000
Criminal Justice Information System Master Plan Study	350	---	---
Criminal Justice Victims of Crime Act 9/11 Attack on America	2,408	---	---
Crisis Counseling Immediate Services	44	---	---
Declared Counties For New Jersey Power Outage	39	---	---
Delaware Flood / Hurricane Ivan – Crisis Counseling	37	---	---
Delaware Flood/Hurricane Ivan	2,135	---	---
Distance Learning Law Enforcement Training Initiative	325	---	---
Domestic Marijuana Eradication Suppression Program	---	200	89
Domestic Preparedness Equipment Grant	11,209	---	---
Domestic Preparedness Training	6,817	---	---
Drunk Driver Prevention	42	---	---
EOC Physical Modifications For Secure Communications	55	---	---
Edward Byrne Memorial Grant	11,086	---	---
Emergency Management Performance Grant – Non Terrorism	3,561	4,500	4,500
Equal Employment Opportunity Commission	793	600	600
FEMA Pre-Disaster Mitigation Grant	---	300	300
Financial Investigations & Money Laundering Initiative	---	5,000	5,000
Flood Mitigation Assistance	25	946	750
Forensic Crime Laboratory Improvement Program	---	2,000	1,000
Forensic DNA Testing Program	---	1,000	1,000
Grants To Encourage Arrest Polices and Enforcement of Protection Orders	191	500	---
Hazardous Materials Transportation	---	350	451
Help America Vote Act	68,067	2,210	2,210
High Intensity Drug Trafficking Area (HIDTA)	---	50	50
High Visibility Enforcement	---	750	750
Highway Safety Data Improvement Grant	---	1,500	1,500
Highway Traffic Safety	3,438	6,775	6,952
Housing and Urban Development	---	115	115
Incident Command	---	750	833
Innovative Seat Belt Use	1,512	3,000	3,000
Internet Crimes Against Children	116	300	390
Justice Assistance Grant (JAG)	---	10,500	10,500
Juvenile Accountability Incentive Block Grant – JAIBG	3,169	1,200	1,200
Juvenile Justice Delinquency Prevention	2,181	2,476	2,336
Law Enforcement Training Academy	107	---	---
Local Law Enforcement Block Grant	702	1,400	---
Marine Police Boat	494	---	---
Medicaid Fraud Unit	2,328	3,315	3,315
Motorcycle Safety	---	500	500
National Criminal History Program – Office of the Attorney General	---	2,000	2,000
National Forensic Sciences Improvement Act Program	---	400	198
New Jersey Anti-Money Laundering Initiative	293	750	---
Northeast Hazardous Waste Project-Resource Conservation and Recovery Act	150	250	250
Occupant Protection Grant	1,492	1,965	1,965
Pre-Disaster Mitigation – Competitive	---	2,056	2,000
Pre-Disaster Mitigation Grant-FEMA	16	---	---
Primary Safety Belt Use Law	---	3,000	3,000
Protecting Our Urban Areas	19,099	25,000	19,353
Recreational Boating Safety	408	2,000	2,440

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
Residential Treatment for Substance Abuse	514	1,600	1,600
Safety Incentive Grants	940	5,000	5,000
Section 163 Prevent Operations of Motor Vehicles By Intoxicated Persons	126	3,000	3,000
State Homeland Security Grant Program	9,376	36,785	7,239
State Police In-Car Camera Technology Grant	190	---	---
State Traffic Safety Information System	---	1,500	1,500
Title V Funding	235	1,500	1,500
Truth In Sentencing Incentive Grant	11,505	---	---
Victim Assistance Grants	19,481	12,000	12,000
Victim Compensation Award	4,707	7,000	7,000
Victims of Crime Act Compensation for 9/11 Attack	433	---	---
Violence Against Women Act	5,125	4,000	4,000
Various Federal Programs and Accruals	-43,602	100	100
	<u>175,615</u>	<u>168,203</u>	<u>129,853</u>
Department of Military and Veterans' Affairs:			
Armory Renovations and Improvements	384	1,800	1,900
Army Facilities Service Contracts	762	1,400	1,600
Army National Guard Statewide Security Agreement	65	500	500
Army National Guard Sustainable Range Program	---	200	200
Army National Guard Transportation	---	125	125
Army Training and Technology Lab	183	500	500
Atlantic City Air Base - Service Contracts	1,112	2,200	2,200
Atlantic City Environmental	34	50	50
Atlantic City Operations and Maintenance	29	65	65
Brigadier General Doyle Memorial Cemetery Building Project	567	8,500	12,000
Combined Logistics Facility	---	26,000	---
Design and Construction of the Vineland Memorial Veterans' Home	10,440	---	---
Dining Facility Operations	---	700	700
Facilities Support Contract	1,797	6,000	6,433
Federal Distance Learning Program	34	200	200
Fire Fighter/Crash Rescue Service Cooperative Funding Agreement	580	1,500	1,500
Hazardous Waste Environmental Protection Program	120	500	500
McGuire AFB Environmental	17	50	50
McGuire Air Force Base - Service Contracts	1,434	2,095	2,049
McGuire Operations and Maintenance	21	70	70
Medicare Part A Receipts for Resident Care and Operational Costs	3,513	5,042	6,108
National Guard Communications Agreement	341	750	880
New Jersey National Guard Challenge Youth Program	629	2,000	2,000
New Jersey National Guard Counter Drug Program Interservice State-Federal	12	12	12
Training and Equipment - Pool Sites	85	250	250
Transitional Housing	45	360	360
Veterans Haven Life Safety Code Rehabilitation - VA grant	229	---	---
Veterans' Education Monitoring	43	565	583
Warren Grove/Coyle Field	---	80	80
Various Federal Programs and Accruals	11,138	55	55
	<u>33,614</u>	<u>61,569</u>	<u>40,970</u>
Department of State:			
Americorps Grants	142	5,552	5,607
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	3,910	3,500	3,500
Leveraging Educational Assistance Partnership	2,266	2,097	2,097
National Endowment for the Arts Partnership	1,093	750	750
National Endowment for the Humanities Grant	---	715	715
National Health Service Corps - Student Loan Repayment Program	108	240	240
National Telecommunications Information Agency	---	625	625
Student Loan Administrative Cost Deduction and Allowance	15,368	22,056	23,175
Various Federal Programs and Accruals	2,823	---	---
	<u>25,710</u>	<u>35,535</u>	<u>36,709</u>
Department of Transportation:			
Airport Fund	1,186	10,000	10,000
Highway Planning and Research	11,789	19,500	19,500
Homeland Security	909	10,000	10,000
Metropolitan Planning Funds	15,111	12,039	12,039
Motor Carrier Safety Assistance Program	1,776	9,808	9,998
New Jersey Maritime Program	---	1,600	1,600

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	-----Fiscal Year Ending June 30-----		
	2005 Actual	2006 Estimated	2007 Estimated
New Jersey Transportation Planning Assistance	84	8,700	8,700
Supportive Services Highway Construction Training Program	---	500	500
	<u>30,855</u>	<u>72,147</u>	<u>72,337</u>
Department of the Treasury:			
Diamond Shamrock Oil Overcharge Settlement	---	717	717
Division of Gas Expansion	801	600	600
NJ Partnership for the National Map	72	---	---
State Energy Conservation Program	---	2,602	2,602
Various Federal Programs and Accruals	1,219	700	700
	<u>2,092</u>	<u>4,619</u>	<u>4,619</u>
Judicial Branch--			
The Judiciary:			
Juvenile Drug Court Grant	366	---	---
Various Federal Programs and Accruals	517	835	835
	<u>883</u>	<u>835</u>	<u>835</u>
<i>Total Federal</i>	<u>7,386,429</u>	<u>8,348,666</u>	<u>8,356,676</u>
Revolving:			
Legislative Branch--			
Legislature:			
Various Revolving Funds	5	---	---
Executive Branch--			
Department of Community Affairs:			
Administration and Support Services	479	650	650
Housing Services	---	495	495
Liquid Petroleum Gas Education and Safety Board	111	360	315
Uniform Construction Code	9,749	6,800	6,394
Various Revolving Funds	74	---	---
	<u>10,413</u>	<u>8,305</u>	<u>7,854</u>
Department of Corrections:			
Culinary Arts Vocational Program	108	135	135
Farm Operations	9,615	10,500	10,700
Institutional Care and Treatment	442	470	499
State Use	20,494	20,500	20,500
	<u>30,659</u>	<u>31,605</u>	<u>31,834</u>
Department of Education:			
Administration and Support Services	5,334	3,419	3,599
General Education Development	306	350	350
Professional Development and Licensure	328	199	199
	<u>5,968</u>	<u>3,968</u>	<u>4,148</u>
Department of Environmental Protection:			
Administration and Support Services	126	100	130
Pesticide Control	104	225	225
Publicly-Funded Site Remediation	207	---	---
	<u>437</u>	<u>325</u>	<u>355</u>
Department of Health and Senior Services:			
Administration and Support Services	5,216	5,497	5,497
Laboratory Services	10,496	10,530	11,000
	<u>15,712</u>	<u>16,027</u>	<u>16,497</u>
Department of Human Services:			
Administration and Support Services	883	861	890
Income Maintenance Management	4,835	5,463	5,767
	<u>5,718</u>	<u>6,324</u>	<u>6,657</u>
Department of Labor and Workforce Development:			

**SCHEDULE 2
OTHER REVENUES
(thousands of dollars)**

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
Administration and Support Services	1,186	---	---
Planning and Analysis	36	---	---
	<u>1,222</u>	<u>---</u>	<u>---</u>
Department of Law and Public Safety:			
Criminal Justice	251	300	300
State Police Operations	1	553	553
	<u>252</u>	<u>853</u>	<u>853</u>
Department of State:			
Records Management	1,535	200	200
Department of Transportation:			
Administration and Support Services	716	---	---
Department of the Treasury:			
Adjudication of Administrative Appeals	894	895	895
Automotive Services	19,760	25,539	25,957
Capitol Post Office	1,648	1,648	1,648
Escrow – Construction Management Services	1,173	---	---
Office of Emergency Telecommunication Services	1,500	---	---
Office of Information Technology	102,296	101,554	101,554
Printing Services	2,484	2,324	2,324
Property Management and Construction – Construction Management Services	2,617	4,527	4,425
Public Information Services	1,430	1,293	1,001
Purchasing and Inventory Management	51,613	43,051	27,517
	<u>185,415</u>	<u>180,831</u>	<u>165,321</u>
<i>Total Revolving</i>	<u>258,052</u>	<u>248,438</u>	<u>233,719</u>
Total Other Revenues General Fund	<u>10,423,234</u>	<u>11,615,276</u>	<u>12,050,597</u>

SPECIAL TRANSPORTATION FUND

General:			
County and Other Shared Projects	2,527	---	---
Transportation Trust Fund – Local Highway Facilities	196,654	145,000	175,000
Transportation Trust Fund – Public Transportation Projects	573,101	534,000	750,000
Transportation Trust Fund – State Highway Projects	558,298	526,000	675,000
	<u>1,330,580</u>	<u>1,205,000</u>	<u>1,600,000</u>
Federal:			
Federal Highway Administration	624,022	889,923	977,509
<i>Total Special Transportation Trust Fund</i>	<u>1,954,602</u>	<u>2,094,923</u>	<u>2,577,509</u>
TOTAL OTHER REVENUES	<u>12,377,836</u>	<u>13,710,199</u>	<u>14,628,106</u>

SCHEDULE 3
EXPENDITURES BUDGETED
(thousands of dollars)

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
GENERAL FUND			
Legislative Branch			
Senate	10,966	12,269	12,269
General Assembly	18,250	18,692	18,692
Office of Legislative Services	33,644	29,991	29,991
Legislative Commissions	4,949	6,124	6,124
State Capitol Joint Management Commission	9,260	9,001	9,001
Clean Ocean and Shore Trust Committee	148	144	144
	<u>77,217</u>	<u>76,221</u>	<u>76,221</u>
Executive Branch			
Chief Executive	5,133	5,183	4,924
Department of Agriculture	24,586	22,871	25,996
Department of Banking and Insurance	64,386	68,033	67,965
Department of Children and Families	672,672	739,253	974,815
Department of Community Affairs	220,734	200,967	192,870
Department of Corrections	1,016,592	1,081,549	1,064,571
Department of Education	2,386,159	1,065,466	1,389,119
Department of Environmental Protection	406,511	346,828	494,879
Department of Health and Senior Services	1,548,453	1,349,070	1,624,680
Department of Human Services	4,490,299	4,503,139	4,238,002
Department of Labor and Workforce Development	148,877	108,436	115,213
Department of Law and Public Safety	622,316	576,892	575,171
Department of Military and Veterans' Affairs	86,433	89,999	90,545
Department of Personnel	30,535	25,463	23,990
Department of the Public Advocate	13,164	16,220	19,420
Department of State	1,229,774	1,335,001	1,175,194
Department of Transportation	1,202,304	1,182,655	1,282,148
Department of the Treasury	1,149,045	1,082,507	1,429,454
Miscellaneous Commissions	1,399	1,432	1,407
	<u>15,319,372</u>	<u>13,800,964</u>	<u>14,790,363</u>
Inter-Departmental Accts			
Inter-Departmental Services	543,532	570,075	654,149
Employee Benefits	1,983,781	2,169,455	2,399,482
Other Inter-Departmental Accounts	92,842	134,346	92,067
Salary Increases and Other Benefits	5,717	7,500	135,360
	<u>2,625,872</u>	<u>2,881,376</u>	<u>3,281,058</u>
Judicial Branch			
The Judiciary	537,712	571,750	571,750
	<u>537,712</u>	<u>571,750</u>	<u>571,750</u>
Total General Fund	<u>18,560,173</u>	<u>17,330,311</u>	<u>18,719,392</u>
CASINO CONTROL FUND – DIRECT STATE SERVICES			
Department of Law and Public Safety	40,676	42,599	42,599
Department of the Treasury	27,601	29,440	29,440
Total Casino Control Fund – Direct State Services	<u>68,277</u>	<u>72,039</u>	<u>72,039</u>

SCHEDULE 3
EXPENDITURES BUDGETED
(thousands of dollars)

	-----Fiscal Year Ending June 30-----		
	2005	2006	2007
	Actual	Estimated	Estimated
CASINO REVENUE FUND			
Department of Health and Senior Services	496,614	351,213	317,781
Department of Human Services	118,627	112,844	112,844
Department of Labor and Workforce Development	2,440	2,440	2,440
Department of Law and Public Safety	92	92	92
Department of Transportation	25,287	34,352	34,930
<i>Total Casino Revenue Fund</i>	<u>643,060</u>	<u>500,941</u>	<u>468,087</u>
GUBERNATORIAL ELECTIONS FUND – GRANTS-IN-AID			
Department of Law and Public Safety	6,310	2,525	---
PROPERTY TAX RELIEF FUND			
Department of Community Affairs	944,322	992,569	965,172
Department of Education	6,566,335	8,401,023	9,142,006
Department of Environmental Protection	8,457	9,000	9,500
Department of the Treasury	1,764,917	956,908	1,498,322
<i>Total Property Tax Relief Fund</i>	<u>9,284,031</u>	<u>10,359,500</u>	<u>11,615,000</u>
GRAND TOTAL EXPENDITURES BUDGETED	<u>28,561,851</u>	<u>28,265,316</u>	<u>30,874,518</u>

SCHEDULE 4
EXPENDITURES NOT BUDGETED
(thousands of dollars)

	Fiscal Year Ending June 30		
	2005 Actual	2006 Estimated	2007 Estimated
GENERAL FUNDS			
Dedicated Funds			
Chief Executive	1,101	1,100	1,100
Department of Agriculture	9,276	10,950	10,764
Department of Banking and Insurance	432	896	896
Department of Children and Families	26,725	28,079	30,036
Department of Community Affairs	78,647	118,262	118,242
Department of Corrections	25,740	23,017	23,497
Department of Education	13,497	27,120	32,606
Department of Environmental Protection	33,936	61,712	68,091
Department of Health and Senior Services	180,596	255,919	273,877
Department of Human Services	733,328	732,639	1,120,448
Department of Labor and Workforce Development	149,648	181,400	177,700
Department of Law and Public Safety	186,281	254,774	275,862
Department of Military and Veterans' Affairs	323	2,285	2,190
Department of Personnel	4	3,300	3,200
Department of the Public Advocate	358	409	409
Department of State	46,379	22,643	23,116
Department of Transportation	293,179	282,692	283,775
Department of the Treasury	870,608	955,183	959,510
The Judiciary	50,616	55,792	54,883
<i>Total Dedicated Funds</i>	<u>2,700,674</u>	<u>3,018,172</u>	<u>3,460,202</u>
Federal Funds			
Legislature	2	---	---
Department of Agriculture	223,900	286,534	313,460
Department of Children and Families	309,891	366,981	407,910
Department of Community Affairs	248,726	286,031	283,409
Department of Corrections	9,136	10,065	8,613
Department of Education	821,115	835,799	809,975
Department of Environmental Protection	45,545	220,977	208,461
Department of Health and Senior Services	1,371,726	1,573,448	1,595,575
Department of Human Services	3,585,610	3,930,644	3,941,664
Department of Labor and Workforce Development	366,075	411,329	413,835
Department of Law and Public Safety	207,716	172,584	134,552
Department of Military and Veterans' Affairs	34,205	61,569	40,970
Department of Personnel	322	---	---
Department of the Public Advocate	728	1,023	1,023
Department of State	27,714	36,109	37,283
Department of Transportation	28,381	69,647	69,647
Department of the Treasury	3,405	5,847	5,847
Interdepartmental Accounts	1,194	---	---
The Judiciary	75,292	80,079	84,452
<i>Total Federal Funds</i>	<u>7,360,683</u>	<u>8,348,666</u>	<u>8,356,676</u>
Revolving Funds			
Legislature	4	---	---
Department of Community Affairs	15,223	8,305	7,854
Department of Corrections	31,139	31,605	31,834
Department of Education	5,110	3,968	4,148
Department of Environmental Protection	706	325	355
Department of Health and Senior Services	18,838	16,027	16,497
Department of Human Services	7,209	6,324	6,657
Department of Labor and Workforce Development	1,618	---	---
Department of Law and Public Safety	445	853	853
Department of State	1,351	200	200
Department of Transportation	701	---	---
Department of the Treasury	189,356	180,831	165,321
<i>Total Revolving Funds</i>	<u>271,700</u>	<u>248,438</u>	<u>233,719</u>
<i>Total Expenditures General Fund</i>	<u>10,333,057</u>	<u>11,615,276</u>	<u>12,050,597</u>
SPECIAL TRANSPORTATION TRUST FUND			
General	2,081,437	2,094,923	2,577,509
GRAND TOTAL EXPENDITURES NOT BUDGETED	<u>12,414,494</u>	<u>13,710,199</u>	<u>14,628,106</u>