

Introduction

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

Background

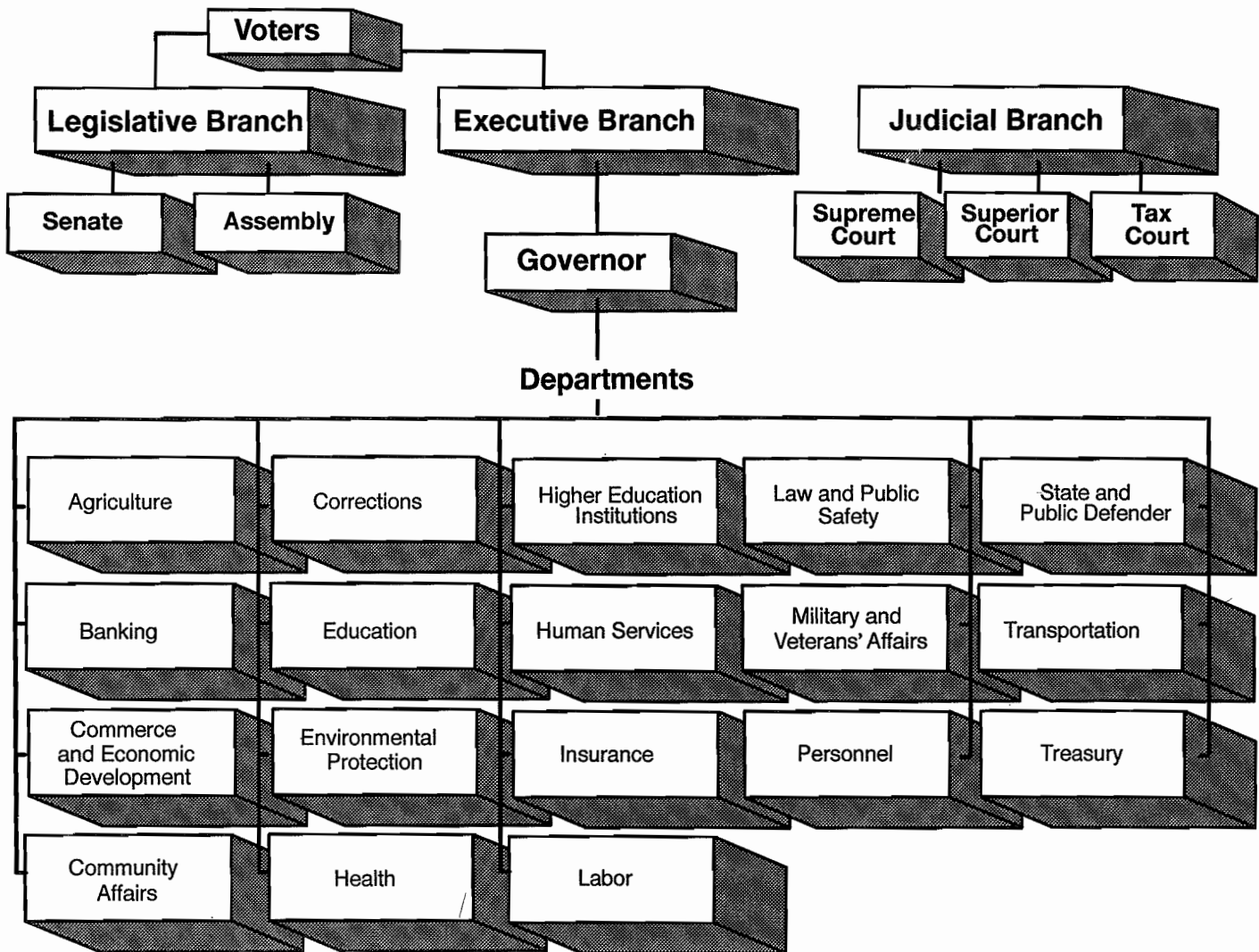
The State of New Jersey was one of the original thirteen colonies, and was the third state to ratify the United States Constitution in 1787. New Jersey's governmental structure is similar to the federal model, with three separate branches

of government – a Legislative Branch, a Judicial Branch and an Executive Branch. The original State Constitution was adopted on July 2, 1776 and was subsequently superseded in 1844 and 1947.

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

A State Government Organization chart is provided below:

ORGANIZATION OF NEW JERSEY STATE GOVERNMENT



THE STATE BUDGET PROCESS

The fiscal year for New Jersey State government, which includes the Legislature, the Judiciary, and all Executive Branch departments and agencies, is from July 1 to June 30 of the following year. For example, "fiscal year 1996" refers to the fiscal year ending June 30, 1996 (The federal government's fiscal year begins October 1, and ends on September 30.)

In the past, the budget process in New Jersey has had several variations, including Zero Based Budgeting (ZBB) and the Planning, Programming and Budgeting System (PPBS).

The current process, the Integrated Planning and Budgeting Process, uses several of the key features of all previous budget processes, and is designed to result in planning driven budgets. Implementation of the process usually begins during the month of April some fifteen months prior to the year for which the budget will be effective.

The planning framework that begins this process each year includes reviews of the Governor's program priorities, economic forecasts, demand assumptions and analyses of selective program areas. General guidance is provided to each State agency, usually in August - September.

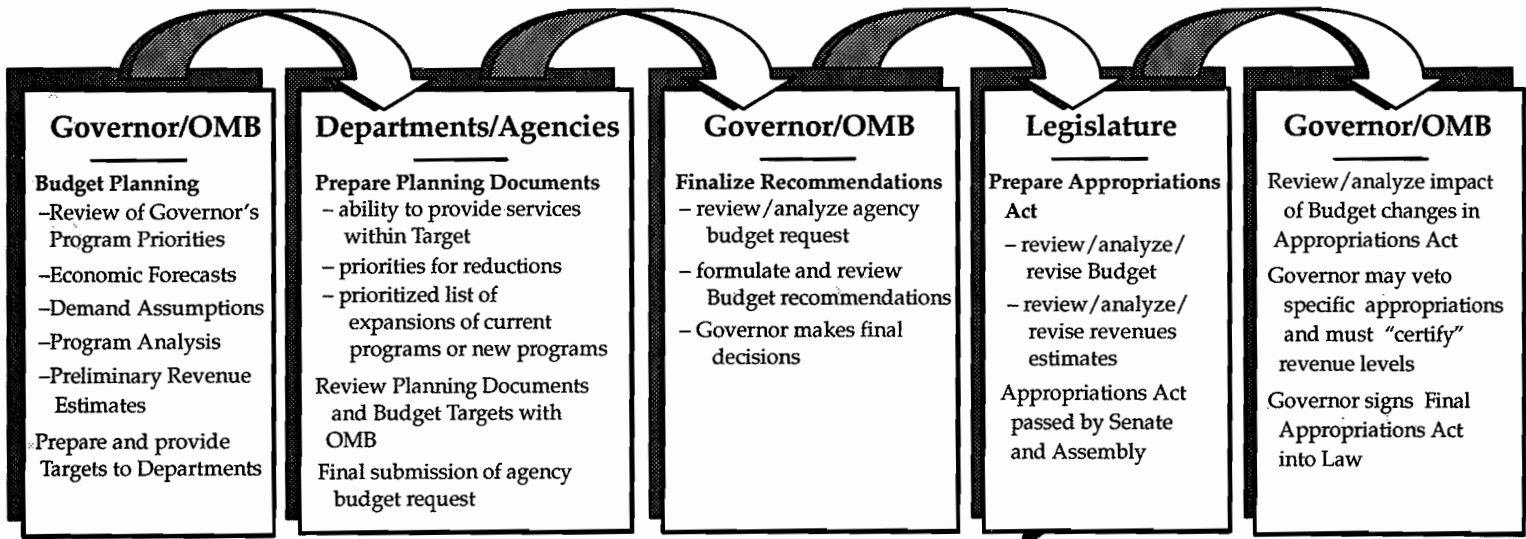
Agencies prepare planning documents which describe (1) their ability to provide current services within the budget target, (2) the agencies' priorities for reduction of current services if requested, and (3) priority packages representing either expansion of current programs or new programs. The Office of Management and Budget (OMB) reviews the planning documents with the agencies and budget targets are agreed upon. The planning portion of the process is then culminated by the final submission of the agency budget request to OMB.

During the months of December and January, the Director of the Office of Management and Budget reviews budget recommendations with the Governor, the State Treasurer and the Governor's staff. The Governor makes the final decisions in January. The Budget Message, representing the Governor's recommendations on how revenues should be allocated, is delivered to the Legislature on or before the

third Tuesday following the first meeting of the State Legislature, except in the year when the Governor is inaugurated, when it must be transmitted on or before February 15 (although the Legislature may extend this deadline under unusual circumstances). From year to year, the Budget probably is the single most important policy statement that the Governor makes.

The Legislature, through a series of hearings conducted by its Appropriations Committees, reviews the Budget and makes changes. The Legislature also reviews the revenue estimates included in the Governor's Budget, and based upon several additional months of actual revenue collections in the current fiscal year, makes adjustments to the Budget's revenue projections and surplus estimates. The Budget, including changes made by the Legislative Committees, must then be approved by the Senate and the Assembly; and, according to the New Jersey Constitution, a balanced budget must be approved and signed by the Governor before July 1. After the Legislature passes the Appropriations Act, the Governor has the power to veto specific appropriations (line items), or Appropriation Language segments, which may have been added by the Legislature as a result of its review of the Governor's proposals. The line-item veto allows the Governor to reshape the final Budget and ensure that appropriations do not exceed the certified level of revenues. (As part of the final Appropriations Act, the Governor must "certify" the level of revenues in order to meet the constitutional requirement of a balanced budget.) The final approved budget, which includes the Governor's line item vetoes and certification of revenues, is the Appropriations Act. Once the budget is enacted, it becomes an effective tool for fiscal control and monitoring program effectiveness.

As part of the first execution phase of the Budget process, and to ensure that State monies are spent according to the intent of the Budget, all state departments are required by appropriations language included in the Budget to submit quarterly spending plans to the Office of Management and Budget and the Legislative Budget Officer.



HOW THE BUDGET IS ORGANIZED

The New Jersey State Budget is divided into five major sections, which provide information on a broad range of budget related topics, including anticipated state revenues,

gubernatorial policies and new initiatives, and agency programmatic achievements. The major sections are described below:

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

Also included within this section is the *Major Highlights* of the fiscal year 1996 Budget, which discusses the major programmatic and operational impact of the budget proposals.

Additional summaries of major increases and decreases, and charts and graphs depicting significant programmatic or fiscal trends included within the FY 1996 Budget are also included within this section.

- 3.) The *Summaries of Revenues, Expenditures and Fund Balances* section provides an overview of the state's economy and revenue outlook and the impact that anticipated economic trends will have on the state's revenue estimates. The tables included within this section highlight the state's major revenue sources, such as the income tax, sales tax, corporation tax, etc., and provide year to year comparisons and projections for the fiscal year 1996 budget year. Most of the schedules and exhibits in this section are displayed by *Fund*. For the purposes of state financial accounting, funds are accounting entities which segregate financial resources according to the purposes for which they may be used.

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

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

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

- 4.) The *Budget Recommendations* section is the largest section of the Budget and includes the greatest detail on proposed appropriations. It is divided into categories based on the source and use of Appropriations; and is organized by Governmental Branch and sorted in alphabetical order by Agencies or Executive departments. The major subdivisions of this section are summarized below:
 - a. Direct State Services
 - b. Grants in Aid
 - c. State Aid
 - d. Capital Construction
 - e. Debt Service
 - f. Dedicated Funds
 - g. Language Provisions
 - h. Bond Funds
 - i. Revolving and Other Funds

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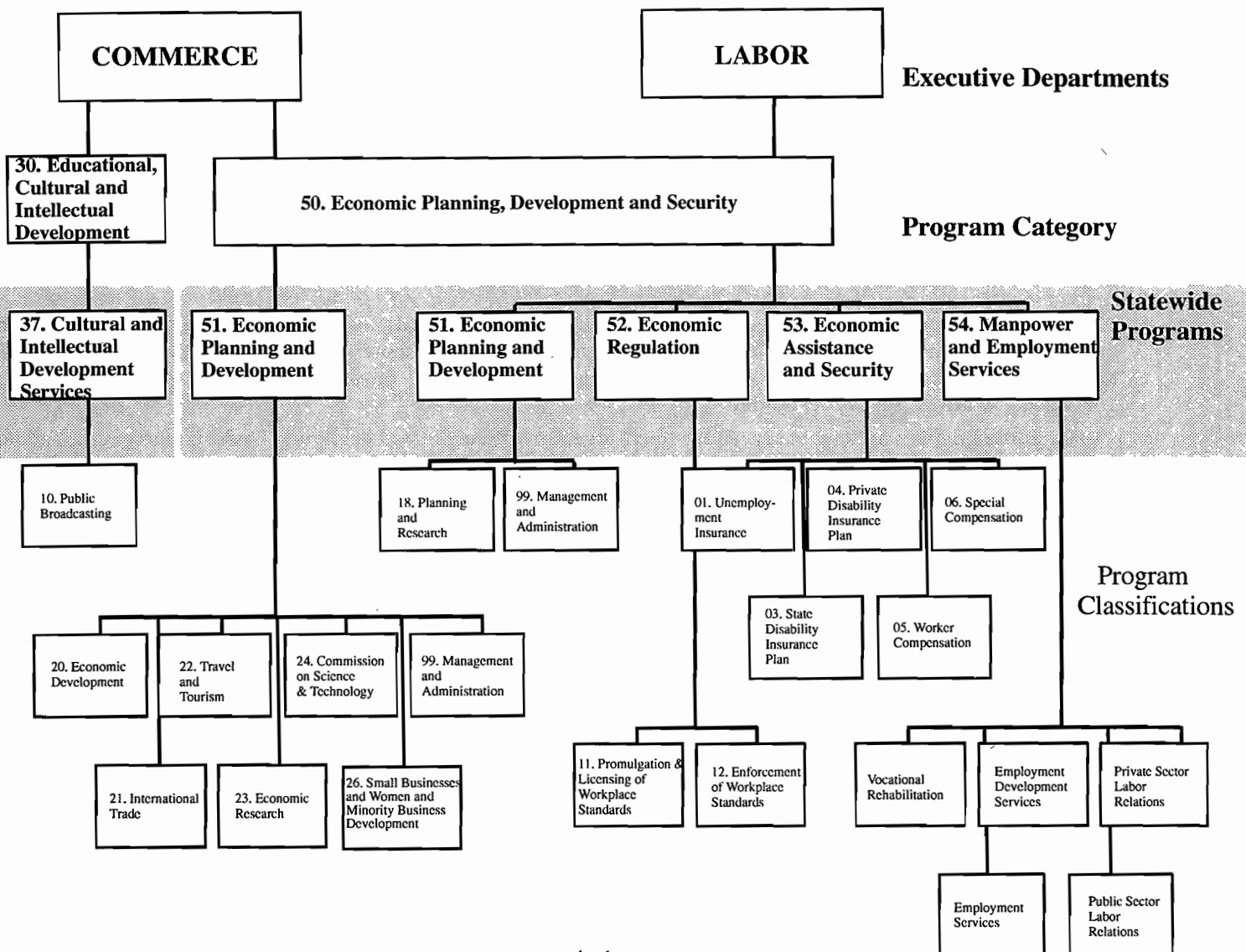
4.a.) Budget Recommendations – Overview

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

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

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

The programmatic hierarchy of two State departments, Commerce and Labor, is shown below. Note that the Statewide Program, Economic Planning and Development, is common to both.



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

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

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

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

In addition to programmatic descriptions and agency evaluation data, the *Direct State Services* presentation also includes information on the number of funded positions within each department. The actual number of employees may be less than the number of positions and is dependent upon authorized hiring levels and other factors. Position and Personnel data are generally summarized to the program classification level, and include information on the current year, two prior years, and a projection for the budget request year.

The *Appropriations Data* portion of the *Direct State Services* section includes the detailed funding recommendations by program classification, and by object of expenditure. Objects of expenditure include salaries, materials and supplies (paper, printing, etc.), services other than personal (travel, telephones, postage, micro computer software, consultant services) maintenance, equipment and Special Purpose Accounts. By examining the incremental changes in the program class recommendations vis-a-vis prior year spending levels and other programs, readers will be able to ascertain the relative priority that is being placed on specific agency program activities.

One final, significant item of this portion of the budget is the *Appropriation Language Provisions* included at the end of the statewide program or departmental presentations. These language provisions are as significant as the fiscal recommendations because they provide the Department, the Legislature, or the Director of the Division of Budget and Accounting with specific budget and/or spending authority or establish limits on such authority. It is through this language, for example, that prior year balances are appropriated for current year expenses or lapsed, and that departments are provided with incentives that allow them to keep fine or fee revenue above a specific predetermined amount.

- b.) *Grants-In-Aid* follows the same tabular format as the *Direct State Services* presentation and shows the Governor's recommendations for funding of grants made to individuals and various public and private agencies, for services that are considered the overall responsibility of the State but that are provided by third parties. The largest grant-in-aid program is Medicaid, but others include subsidy assistance to NJ Transit, and Tuition Assistance programs. The programmatic descriptions for these grants are provided in the *Direct State Services* display, although the recommended appropriation language provisions affecting these grants is included in this section. A summary of all State Grants-In-Aid, by department, is provided on page E-1.
- c.) The *State Aid* section comprises recommendations for payments by the State to or on behalf of a local unit of government (county, municipality, or school district) to assist this local government in carrying out its responsibilities. The largest state appropriations are for aid to local schools. The programmatic descriptions for state aid are also provided in the Direct State Services display, although recommended appropriations language affecting state aid is included in this section.
- d.) The *Capital Construction* section contains the recommendations, by capital project within department, for current (pay-as-you-go) projects, as opposed to those funded by long-term bonds. A capital project includes the acquisition of land, new structures and equipment, and other projects whose estimated cost of land, planning, furnishing and equipping is estimated to be \$100,000 or more. Projects or acquisitions under \$100,000 are appropriated in the maintenance accounts in the Direct State Services Section.

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- e.) The *Debt Service* section shows the amounts necessary to pay principal and interest due on capital projects financed by general obligation bonds of the State. The primary method for financing of capital projects is through the sale of bonds. No debt can be issued by the State without approval by a majority of the legally qualified voters. This section also includes a brief description of the active bond issues financed by current Debt Service appropriations. Historically, New Jersey Debt Service payments average approximately three percent of the total General Fund appropriations.
 - f.) *Dedicated Funds* comprise direct state services, grants-in-aid, and state aid programs funded from one of four major funds dedicated by the Constitution for specific purposes. The *Property Tax Relief Fund*, financed by the personal income tax, provides aid to local schools and municipalities as well as the Homestead Rebate Program, which offsets a portion of an individual's property taxes. The *Casino Revenue Fund*, the proceeds of a tax upon casino revenues, finances new or expended programs for the elderly and the disabled. The *Casino Control Fund* represents the cost of regulating the casino industry, as charged to that industry. And the *Gubernatorial Elections Fund* consists of designated contributions by taxpayers for the public financing of gubernatorial elections.
 - g.) *Bond Funds*, Bonds are long-term obligations of the State issued to raise funds to finance the construction of facilities and the purchase of land or equipment, and provide aid for local and economic development programs. The use of long-term debt must be approved by the Legislature, the Governor and then by a majority of voters in a Statewide referendum. Once bond authorizations are approved, funds must be appropriated by the Legislature before they can be expended. The *Bond Fund* section displays the authorizations to issue bonds, the amount appropriated to date, the amount expended, and the amount recommended for appropriation by the New Jersey Commission on Capital Budgeting and Planning, and the Governor for the upcoming year.
 - h.) *Revolving Funds* are established for State entities which are not provided with direct appropriations, but rather operate from fees charged for services or commodities provided to other State agencies. Examples include print shops, laundries, and information processing services.
- 5.) The *Appendix* includes Statements of Estimated Revenues, Expenditures and Fund Balances of the State's Special Revenue, Capital Projects and Trust Funds (excluding Pension Trust Funds). The statements include the actual revenues and expenditures for the fiscal year ended June 30, 1994, presented in accordance with generally accepted accounting principles, as well as estimated amounts for 1995 and 1996.

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

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

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

PHYSICAL AND MENTAL HEALTH
II. HEALTH SERVICES

OBJECTIVES

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

PROGRAM CLASSIFICATIONS

- Vital Statistics. Utilizes and research data such as birth, deaths and marriages from the 566 local registration approval appointment of, inspectors and supervisory local registration of vital statistics workers and various certified copies of their records (AR 24.5 (2) of sec.) previous legal changes of name, adoption and corrections to vital records.
- Family Health Services. Provides funding of consultant services and substitute services to health-care providers (AR 24.5 (2) of sec.).

EVALUATION DATA

PROGRAM DASH	Actual FY 1992	Actual FY 1991	Revised FY 1992	Budget Estimate FY 1992
Vital Statistics				
Statisticians	15,145	14,167	40,000	40,000
Certified Copies Issued	77,368	61,851	70,000	62,000
Family Health Services				
Appointing health services grants (Hampden Children)	100	100	117	137
Physically Handicapped Children monitoring services	28,600	27,237	28,000	25,000
Newborns registered with Special Child Health Services	7,900	7,086	9,700	10,800

PERSONNEL DATA

Personnel Data	1992	1991
Suggested Positions	176	176
Family Health Services	176	176
Epidemiology and Vital Statistics	176	176

Reading the Budget Tables

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

Agency	1992	1991	1992	1991	Description	1992	1991	1992
Dept. of Health Services	1,210	1,197	1,210	1,197	Administrative	1,210	1,197	1,210
	33,344	33,344	33,344	33,344	Medical	33,344	33,344	33,344
	20,741	20,741	20,741	20,741	Public Health	20,741	20,741	20,741
	4,337	4,337	4,337	4,337	Other	4,337	4,337	4,337
	3,304	3,304	3,304	3,304	Capital	3,304	3,304	3,304
	889	889	889	889	Other	889	889	889
	5,532	5,532	5,532	5,532	Other	5,532	5,532	5,532
	20	20	20	20	Other	20	20	20
	44,044	44,044	44,044	44,044	Other	44,044	44,044	44,044
	78,308	78,308	78,308	78,308	Other	78,308	78,308	78,308
	2,467	2,467	2,467	2,467	Other	2,467	2,467	2,467
	2,467	2,467	2,467	2,467	Other	2,467	2,467	2,467
	81,688	81,688	81,688	81,688	Other	81,688	81,688	81,688
	25,597	25,597	25,597	25,597	Other	25,597	25,597	25,597
	10,853	10,853	10,853	10,853	Other	10,853	10,853	10,853
	14,744	14,744	14,744	14,744	Other	14,744	14,744	14,744
	1,428	1,428	1,428	1,428	Other	1,428	1,428	1,428
	8,925	8,925	8,925	8,925	Other	8,925	8,925	8,925
	12,819	12,819	12,819	12,819	Other	12,819	12,819	12,819
	11,854	11,854	11,854	11,854	Other	11,854	11,854	11,854

Number (a) The 1992 appropriation has been adjusted for the allocation of the agency program.

LANGUAGE PROVISIONS

It is recommended that the unexpended balance as of June 30, 1992, in the Departmental Reserve Account Contingency Fund account be appropriated.

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

Program Classification Account code.

Evaluation Data provides measurements of workload effectiveness and efficiency.

The Original and Supplemental column represents the original appropriation for fiscal year 1994 as enacted by the Legislature on July 1, 1993. This column also includes the total of all supplemental appropriations which were enacted by the Legislature and signed into law by the Governor during fiscal year 1994.

Reappropriations and Receipts column contains two separate items: Reappropriations, which represent funds that remained unexpended from a prior fiscal year and were made available for spending purposes in the budget year. Reappropriations are usually restricted to certain programs or accounts with multi-year obligations, such as Capital Accounts, where rehabilitation or construction projects typically take several years. Receipts represent dedicated taxes or fees which are credited to a specific account or agency. An example of receipts are funds collected for Hunters and Anglers' programs from license fees (See page D-131). Receipts are indicated by a superscript "R".

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

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

The Expended Amount represents total disbursements and obligations made in fiscal year 1994.

OBJECTIVES

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

EVALUATION

PROGRAM DATA

- Vital Statistics
 - Searches
 - Certified Copies Issued
- Family Health Services
 - Agencies receiving health services grants Handicapped Children
 - Physically disabled children receiving services
 - Newborns registered with Special Child Health Services

PERSONNEL DATA

- Position Data
 - Budgeted Positions
 - Family Health Services
 - Epidemiology and Disease Control

APPROPRIATIONS
(thousands)

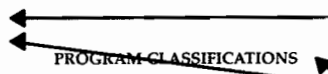
Year Ending June 30, 1994					
Orig. & Supplemental	Reapp. & Receipts	Transfers & Emergencies	Total Available	Expended	
1,250	118	-151	1,217	1,146	Distrib Vital
31,893	3,988	-701	35,180	28,252	Fami
33,143	4,106	-852	36,397	29,398	To
20,741	4	393	21,138	20,548	Distrib Person Salari
20,741	4	393	21,138	20,548	To
4,302	1	-466	3,837	3,322	Material
3,939	57	-456	3,540	2,437	Services
589 ^S	—	-131	458	417	Mainten
3,552	3,595 ^R	-61	35	—	Special F Contr
—	78 ^R	-17	931	—	Suppl Assi
3,552	3,766	-77	7,241	2,639	To
20	278	-115	183	35	Additio
46,048	3,583	1,129	50,760	48,071	OTHER REL To
79,191	7,689	277	87,157	77,469	To
2,463	—	1	2,464	2,414	To D
2,463	—	1	2,464	2,414	To
81,654	7,689	278	89,621	79,883	TC
—	29,597	24,196	110,646	110,367	Feder Famil
—	56,853 ^R	24,196	110,646	110,367	To
—	3,428	1,402	13,818	12,288	All O Famil
—	8,998 ^R	1,402	13,818	12,288	To
81,654	106,565	25,876	214,095	202,538	GF

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

LANGUAGE

It is recommended that the unexpended balance as of June 30, 1995, in the Supplemental

VITAL HEALTH SERVICES



Vital Statistics. Collects and records data such as births, deaths and marriages from the 566 local registrars; approves appointment of, instructs and supervises local registrars of vital statistics; searches and makes certified copies of these records (RS 26:8-23 et seq.); processes legal changes of name, adoptions and corrections to vital records.

Family Health Services. Provides funding of specialized medical and rehabilitative services for handicapped children (RS 9:13-1 et seq.).

DATA

Actual FY 1993	Actual FY 1994	Revised FY 1995	Budget Estimate FY 1996
116,165	84,167	80,000	80,000
77,164	61,801	50,000	60,000
120	105	112	112
28,400	27,200	28,000	25,000
7,930	9,065	9,700	10,500
150	212	206	176
27	67	66	57
123	145	140	119

APPROPRIATIONS DATA
(dollars)

	Prog. Class.	Year Ending June 30, 1996		
		1995 Adjusted Approp.	Requested	Recommended
by Program				
Vital Statistics	01	1,163	1,163	1,073
Family Health Services	02	30,102	27,812	27,220
Appropriation		31,265	28,975	28,293
by Object				
Salaries and Wages		21,692	20,093	20,003
Personal Services		21,692 ^(a)	20,093	20,003
Supplies		3,450	3,284	3,008
Other Than Personal		2,943	2,492	2,306
Travel and Fixed Charges		453	379	379
by Purpose				
Vital Statistics	01	—	—	—
Family Health Services	02	2,727	2,727	2,597
Special Purpose		2,727	2,727	2,597
Improvements Equipment		—	—	—
OTHER APPROPRIATIONS				
Grants-in-Aid		36,674	40,333	31,382
General Fund		67,939	69,308	59,675
Casino Revenue Fund - State Services		2,380	2,380	2,380
Casino Revenue Fund		2,380	2,380	2,380
ALL STATE APPROPRIATIONS		70,319	71,688	62,055
Funds				
Family Health Services	02	141,776	148,243	148,243
Federal Funds		141,776	148,243	148,243
Other Funds				
Family Health Services	02	8,952	8,861	8,861
All Other Funds		8,952	8,861	8,861
GRAND TOTAL		221,047	228,792	219,159

PROVISIONS
Nutrition Assistance Contingency Fund account be appropriated.

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

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

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

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

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

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

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

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

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GLOSSARY

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

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

ADDITIONS, IMPROVEMENTS AND EQUIPMENT— Additions and improvements which are less than \$100,000 in cost and the purchase of equipment such as vehicles, office equipment and information processing equipment. Any addition and improvement that is \$100,000 or more or is for a new structure is classified as Capital Construction.

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

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

ALLOTMENT— An allocation of a portion of an appropriation to make it available for encumbrance or disbursement by the agency to which appropriated, and usually applying to a period of time; e.g., a calendar quarter. In the instance of Inter-departmental appropriations, allotments made to the various agencies simultaneously transfer appropriations and make them available for encumbrance or disbursement by the agency.

ANTICIPATED RESOURCES— For each fiscal year, is the sum of the estimated surplus at the end of the prior fiscal year, together with all estimated revenues for the General Fund from all sources, including taxes and license fees, other miscellaneous departmental Federal aid and revenues of trust funds which are not within the General Treasury.

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

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

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

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

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

BEGINNING BALANCE— The amount of funds available at the start of a state fiscal year that is left over from the previous year.

BILL— A proposed law.

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

BOND— A funding tool representing a written promise to pay a specific sum of money in the future plus interest. In New Jersey, bonds are used to finance capital improvements.

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

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

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

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

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

CAPITAL CONSTRUCTION— One of the major subdivisions of the State budget, this category includes funds budgeted for:

1. Acquisition of or option to buy land and right-of-way and existing improvements therein, regardless of cost.
2. New buildings and structures not attached to or directly related to any existing structures, regardless of cost.
3. Projects whose estimated cost including land, planning, furnishing and equipping, is usually \$100,000 or more regardless of the construction involved.

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

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

CASINO REVENUE FUND— Accounts for the tax on gross revenues generated by the casinos. Gross revenue refers to the total of all sums actually received by a licensee from gaming operations, less the total sums paid out as winnings to patrons. Appropriations from this fund must be used for reductions in property taxes, utility charges and other specified expenses of eligible senior and disabled citizens.

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

CERTIFICATES OF PARTICIPATION— Certificates which are sold to investors to raise cash to purchase equipment through a master lease-purchase agreement. The principal and interest on the certificates are paid from appropriations made to agencies which obtained equipment through the master lease-purchase program. (See also MASTER LEASE PROGRAM.)

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

GLOSSARY

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

CONTROL ACCOUNT— Denotes an account established for the purpose of receiving and holding unallocated appropriations or appropriated receipts pending transfer to operating, or expenditure accounts.

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

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

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

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

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

EMERGENCY TRANSFER— The allocation of funds to an agency from the Emergency Fund to meet unanticipated expenditures.

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

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

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

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

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

EXPENDITURE ACCOUNT— An account in which expenditure transactions are recorded, normally termed an object account; as opposed to a control account in which expenditures may not be recorded.

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

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

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

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

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

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

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

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

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

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

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

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

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

LINE ITEM— Any single line account for which an appropriation is provided in an Appropriations Act.

GLOSSARY

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

MASTER LEASE PROGRAM— A program of financing selected equipment including computers, vehicles and furniture purchases, over multiple years through the issuance of Certificates of Participation. The State of New Jersey, as lessee, is obligated to make payments equal to principal and interest of the certificates. (See also **CERTIFICATES OF PARTICIPATION**.)

MATCHING FUNDS— A type of grant that requires the government or agency receiving the grant to commit a certain amount of funding to a program before funding is made available by the granting authority.

MATERIALS AND SUPPLIES— Materials and supplies are defined as tangible consumable items used for operations not for the maintenance of machinery or equipment.

NON-BUDGETED POSITION— A position, established on a temporary basis, for a limited period of time, using funds available from a Special Purpose appropriation, from balances available from unfilled budgeted positions, or from funds provided as a lump sum amount in a salary appropriation.

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

OBJECT ACCOUNT— This term applies to account classification to identify funds for articles purchased or services obtained (as distinguished from the results obtained from expenditures).

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

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

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

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

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

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

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

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

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

RAINY DAY FUND— A reserve into which certain revenues are deposited when the amount collected exceeds the amount anticipated. The balance in this fund may be appropriated upon certification by the Governor that anticipated revenues are less than those certified or to meet emergencies. Specific guidelines regarding this fund can be found in the General Provisions section of the Budget.

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

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

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

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

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

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

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

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

SERVICES OTHER THAN PERSONAL— Charges to this series of accounts represent the cost of purchased services which are primarily non-personal or of a contract nature under which no employer-employee relationship is established.

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

GLOSSARY

SPECIAL REVENUE FUNDS— These funds are used to account for resources legally restricted to expenditure for specified current operating purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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