

ANALYSIS OF THE NEW JERSEY  
FISCAL YEAR 2003 - 2004 BUDGET



DEPARTMENT OF MILITARY AND VETERANS'  
AFFAIRS

PREPARED BY

OFFICE OF LEGISLATIVE SERVICES

NEW JERSEY LEGISLATURE

APRIL 2003

## NEW JERSEY STATE LEGISLATURE

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This report was prepared by the State Government Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was James F. Vari.

Questions or comments may be directed to the OLS State Government Section (Tel. 609 292-9106) or the Legislative Budget and Finance Office (Tel. 609 292-8030).

# Department of MILITARY AND VETERANS' AFFAIRS

Budget Pages..... C-12, C-20, C-28; D-335 to D-349

## Fiscal Summary (\$000)

	Expended FY 2002	Adjusted Appropriation FY 2003	Recommended FY 2004	Percent Change 2003-04
State Budgeted	\$78,414	\$76,971	\$69,884	(9.2)%
Federal Funds	17,634	62,253	55,075	(11.5)%
<u>Other</u>	<u>45</u>	<u>1,543</u>	<u>3,289</u>	<u>113.2%</u>
Grand Total	\$96,093	\$140,767	\$128,248	(8.9)%

## Personnel Summary - Positions By Funding Source

	Actual FY 2002	Revised FY 2003	Funded FY 2004	Percent Change 2003-04
State	1,300	1,202	1,213	0.9%
Federal	151	150	160	6.7%
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	1,451	1,352	1,373	1.6%

FY 2002 (as of December) and revised FY 2003 (as of September) personnel data reflect actual payroll counts. FY 2004 data reflect the number of positions funded.

## Introduction

The Department of Military and Veterans' Affairs provides services and programs directed to New Jersey's estimated 634,000 veterans and their families while also directing New Jersey's National Guard units and their 9,900 service members. The department operates three nursing homes, maintains 33 active armories and a cemetery, and provides outreach and assistance to veterans. In its role as a State militia, the National Guard responds to emergencies within the State. The National Guard also remains on call to support missions in the interest of national defense.



## Key Points (Cont'd)

reconstructed Vineland Veterans' Memorial Home is now complete. Other major funding reductions include \$479,000 for fire and life safety at the armories and \$300,000 in security enhancements.

- The Governor recommends the elimination of direct state services funding of \$2.6 million in FY 2004 for the Nuclear Facilities Security Detail account and proposes, in lieu thereof, a \$1.2 million appropriation in other funds derived from a prospective "Wireless Communication/Cell Tower Assessment." This recommended appropriation would provide six months of funding for National Guard security at the State's three nuclear power facilities. Recommended budget language (page D-340) would require the deposit of a portion of this new revenue not to exceed \$1.2 million into such a dedicated account. FY 2003 funding for this purpose represents 12 months of security costs, and will come from the General Fund rather than a car rental fee, which is not providing adequate revenue.
- The Governor's FY 2004 budget recommends a \$920,000 direct state services appropriation to the New Jersey National Guard Challenge Youth Program, down 18 percent, or \$200,000 from the FY 2003 adjusted appropriation of \$1.1 million. In addition, a capital construction \$165,000 appropriation is recommended to rehabilitation three buildings at Sea Girt that will house program participants. The federal government has requested that the Challenge Youth Program vacate Fort Dix and relocate to a non-federal installation. Although the department estimates that FY 2004 federal funding for Challenge Youth will increase \$700,000, to \$2.8 million, Challenge Youth requires a 60/40 federal - State match of program costs. Thus, recommended State appropriations may be insufficient to match the projected amount of federal funds.
- Approximately 71.6 percent of the department's recommended State appropriation is direct state services funding of the veterans' nursing homes at Menlo Park, Paramus and Vineland. The combined recommended appropriation of \$50 million for these three homes is one percent below the FY 2003 adjusted appropriation of \$50.6 million.
- Although the 60-bed unit at the Menlo Park nursing home was remodeled to a 40-bed Alzheimer's unit, the department has been unsuccessful in opening this unit due to staffing shortages. The Adult Day Care Unit at Menlo Park remains unopened, which contributed to a loss of \$435,000 in federal funds in FY 2004.
- Total federal funding is anticipated to decline 11.5 percent, from \$62.3 million in FY 2003 to \$55.1 million in FY 2004. The primary reasons for the decline are reductions in federal funding of various service contracts at military installations.
- The FY 2004 budget recommends a \$3.9 million reduction in the appropriation of federal capital construction funds for the reconstruction of the Vineland Veterans' Memorial Nursing Home. Federal funding for the reconstruction of this nursing home — appropriated over the past three fiscal years — totaled \$35 million

## Background Paper

Military Leave Benefits

p. 24





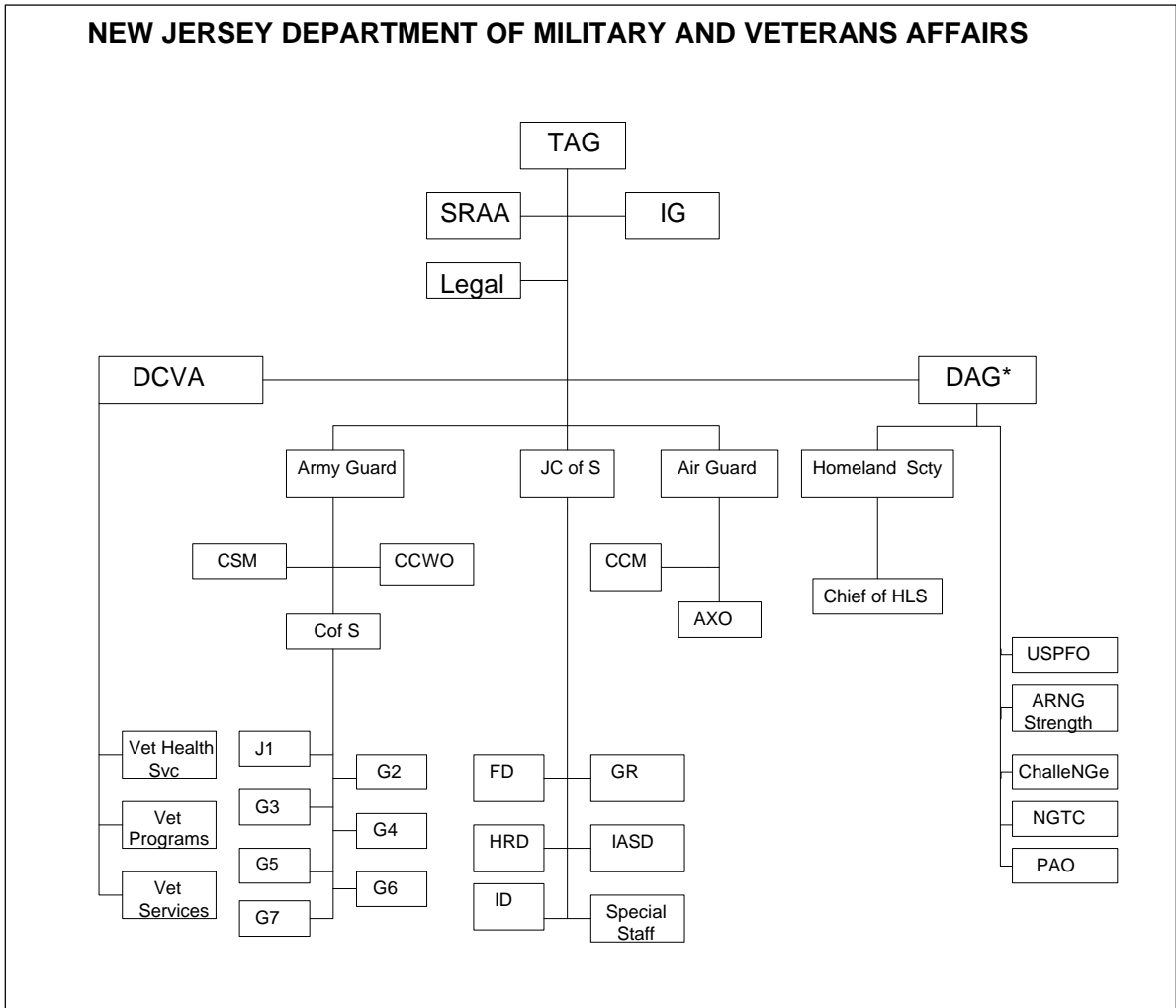








Organization Chart



Organization Chart (Cont'd)

<b>TAG</b>	<b>The Adjutant General</b>		
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SRAA	Senior Army Advisor	IG	Inspector General
Legal		JC of S	Joint Chief of State (civilian)
FD	Fiscal Division	GR	Government Relations
HRD	Human Resources	IASD	Information and Administrative Services
ID	Installation Division	Special Staff	

<b>DAG</b>	<b>Deputy Adjutant General</b>		
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Homeland Scty	Homeland Security	Chief of HLS	Chief of Homeland Security
USPFO	U.S. Property & Fiscal Office	ARNG Strength	Recruitment
ChalleNGe	National Guard Challenge Youth Program	NGTC	National Guard Training Center (Sea Girt)
PAO	Public Affairs Office		

<b>DCVA</b>	<b>Department Commission for Veterans' Affairs</b>		
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Veterans' Health	nursing homes	Vet Programs	cemetery, Veterans' haven
Veterans' Services	medals, monuments		

<b>Army Guard</b>			
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CSM	Command Sergeant Major	CCWO	Command Chief Warrant Officer
CofS	Chief of Staff	J1	Joint Personnel
G3	Operations	G2	Intelligence
G5	Public Affairs	G4	Logistics
G7	Construction/Maintenance	G6	Information Management

## Fiscal and Personnel Summary

### AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2002	Adj. Approp. FY 2003	Recom. FY 2004	Percent Change	
				2002-04	2003-04
<b>General Fund</b>					
Direct State Services	\$75,697	\$74,148	\$68,675	(9.3)%	(7.4)%
Grants-In-Aid	1,229	1,044	1,044	(15.1)%	0.0%
State Aid	0	0	0	0.0%	0.0%
Capital Construction	1,488	1,779	165	(88.9)%	(90.7)%
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$78,414</b>	<b>\$76,971</b>	<b>\$69,884</b>	<b>(10.9)%</b>	<b>(9.2)%</b>
<b>Property Tax Relief Fund</b>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Control Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>State Total</b>	<b>\$78,414</b>	<b>\$76,971</b>	<b>\$69,884</b>	<b>(10.9)%</b>	<b>(9.2)%</b>
<b>Federal Funds</b>	<b>\$17,634</b>	<b>\$62,253</b>	<b>\$55,075</b>	<b>212.3%</b>	<b>(11.5)%</b>
<b>Other Funds</b>	<b>\$45</b>	<b>\$1,543</b>	<b>\$3,289</b>	<b>7208.9%</b>	<b>113.2%</b>
<b>Grand Total</b>	<b>\$96,093</b>	<b>\$140,767</b>	<b>\$128,248</b>	<b>33.5%</b>	<b>(8.9)%</b>

### PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2002	Revised FY 2003	Funded FY 2004	Percent Change	
				2002-04	2003-04
State	1,300	1,202	1,213	(6.7)%	0.9%
Federal	151	150	160	6.0%	6.7%
All Other	0	0	0	0.0%	0.0%
<b>Total Positions</b>	<b>1,451</b>	<b>1,352</b>	<b>1,373</b>	<b>(5.4)%</b>	<b>1.6%</b>

FY 2002 (as of December) and revised FY 2003 (as of September) personnel data reflect actual payroll counts. FY 2004 data reflect the number of positions funded.

### AFFIRMATIVE ACTION DATA

Total Minority Percent	54.9%	54.9%	61.8%	----	----
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**Significant Changes/New Programs (\$000)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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**MILITARY SERVICES**

**Direct State Services**

<b>Salaries and Wages</b>	<b>\$8,882</b>	<b>\$7,278</b>	<b>(\$1,604)</b>	<b>(18.1)%</b>	<b>D-338</b>
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A FY 2004 combined reduction of \$1.6 million, or 18.1 percent, is recommended for the three "Salaries and Wages" accounts in the "Military Services" program classes, including the Joint Training Center (\$57,000), Administration and Support Services (\$840,000), and National Guard Support Services (\$707,000). Salary reductions result from cutting unfilled management and administration positions (\$689,000), substituting federal for State funds (\$499,000) and attrition and early retirement savings (\$416,000).

**Newark Armory, City of  
Newark Drum and  
Bugle Corps**

	<b>\$20</b>	<b>\$0</b>	<b>(\$20)</b>	<b>(100.0)%</b>	<b>D-338</b>
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This recommendation would eliminate funding to the Newark Drum and Bugle Corps.

**Nuclear Facilities  
Security Detail**

	<b>\$2,600(S)</b>	<b>\$0</b>	<b>(\$2,600)</b>	<b>(100.0)%</b>	<b>D-339</b>
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This projected FY 2003 supplemental appropriation represents full year funding for the costs of National Guard security details at the State's three nuclear power facilities. The FY 2003 Appropriations Act provided \$1.85 million for six months of security service, to be funded "off budget" with the proceeds of a \$2 per day fee on car rentals (P.L.2002, c.34). Because the fee is projected to generate less than half of the original estimate, general State funds are needed for this level of spending as well as the cost of expanding to full-year service. In FY 2004, the cost of this activity would again be shifted off budget, and funded for six months from a prospective wireless communications / cell tower assessment.

**New Jersey National  
Guard Challenge Youth  
Program**

	<b>\$1,120</b>	<b>\$920</b>	<b>(\$200)</b>	<b>(17.9)%</b>	<b>D-339</b>
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A FY 2004 reduction of \$200,000 in State funds is recommended for the Challenge Youth program, reflecting operational cost savings from moving the program to the State-owned Sea Girt base. Challenge Youth is a 22-week residential program for at-risk youth 16 to 18 years of age that provides education, life skills, leadership and employment training. The required State match for this federal program is 40 percent of program costs. The FY 2004 budget, however, shows federal funding increasing by \$700,000 to \$2.8 million. It is unclear whether FY 2004 State cash and in-kind matching funds will be adequate to draw down this increase.

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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**Capital Construction**

<b>Fire and Life Safety, Statewide</b>	<b>\$479</b>	<b>\$0</b>	<b>(\$479)</b>	<b>(100.0)%</b>	<b>D-339</b>
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This FY 2003 appropriation would have funded items categorized as fire / life safety that were outside the scope of the renovations and improvements program. These projects included the installation of fire suppression systems at seven armories: Cherry Hill, Dover, Flemington, Franklin, Freehold, Woodbridge and Woodbury. This entire appropriation remains unspent and may be targeted to lapse. In the absence of its own appropriation, the department will have to secure resources from centrally budgeted and managed funding of \$9.7 million, recommended in Interdepartmental Accounts for FY 2004 (page D-500).

<b>Security Enhancements</b>	<b>\$300</b>	<b>\$0</b>	<b>(\$300)</b>	<b>(100.0)%</b>	<b>D-339</b>
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This account was to fund the installation of Force Protection security measures against terrorism by modifying existing facilities without changing their functionality. Projects included the upgrading of existing or new installation of access control security systems, security fencing and lighting, window and door glazing modifications. As of April 1, 2003, no funds have been expended from this account.

<b>Youth Challenge Renovations</b>	<b>\$0</b>	<b>\$165</b>	<b>\$165</b>	<b>—</b>	<b>D-340</b>
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If approved by the Legislature, this FY 2004 project would provide for the rehabilitation of three buildings at Sea Girt. Renovations are necessary because the buildings will house the New Jersey Youth Challenge Program that must relocate from federal installations at Fort Dix. The rehabilitation will enable the Sea Girt buildings to meet fire and electrical code requirements.

**Federal Funds**

<b>New Jersey National Guard Support Services Total</b>	<b>\$24,942</b>	<b>\$18,322</b>	<b>(\$6,620)</b>	<b>(26.5)%</b>	<b>D-340</b>
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Reductions in federal funding for New Jersey National Guard Support Services are primarily the result of eliminating one-time FY 2003 aid for homeland security-related projects. Among the FY 2004 reductions are \$700,000 in the National Guard Communications Agreement; \$550,000 in the Army National Guard Statewide Security Agreement; \$395,000 in the Hazardous Waste Environmental Protection Program; \$2.9 million in the Facilities Support Contract; \$700,000 in the Army Facilities Service Contracts; and reductions of \$680,000 and \$306,000 to the Atlantic City Air Base and McGuire Air Force Base service contracts, respectively. New Jersey National Guard Challenge Youth Program federal funding is estimated to increase by \$700,000 to \$2.8 million in FY 2004.

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Administrative and Support Services</b>	\$22,000	\$26,000	\$4,000	18.2%	D-340

This anticipated federal appropriation would fund the final phase of a project to design and construct the Consolidated Logistics and Training Facility at the Lakehurst Naval Engineering Station. This \$72.4 million federal project would result in the construction of a 619,000 square foot training and maintenance facility. The federal appropriation included \$24.4 million in FY 2002 and \$22.0 million in FY 2003. To date, no funds have been expended from this account.

**All Other Funds**

<b>New Jersey National Guard Support Services</b>	\$948	\$2,225	\$1,277	134.7%	D-340
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The Governor's FY 2004 budget recommends this appropriation to fund six months of National Guard security details at the State's three nuclear power generating facilities. Funding would be derived from receipts collected from a "Wireless Communication/Cell Tower Assessment," subject to the passage of enabling legislation. Recommended budget language (page D-340) would require that appropriated revenues, not to exceed \$1.2 million, be deposited into a dedicated account for this purpose.

***SERVICES TO VETERANS***

**Direct State Services**

<b>Salaries and Wages</b>	\$4,270	\$3,853	(\$417)	(9.8)%	D-342
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This recommended reduction in the Salaries and Wages account would impact the Veterans' Outreach and Assistance agency, which is responsible for the Veterans' State Benefits Bureau and the Vietnam Veterans and Korean War memorials. This reduction notwithstanding, staffing levels are projected to be commensurate with that of recent years.



**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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**Federal Funds**

<b>Veterans' Outreach and Assistance</b>	<b>\$1,451</b>	<b>\$825</b>	<b>(\$626)</b>	<b>(43.1)%</b>	<b>D-343</b>
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The primary reason for this reduction is a new estimate on the amount of federal funds that will be appropriated to the Transitional Housing program. The \$800,000 displayed in the FY 2003 adjusted appropriation was an over projection of actual dollars received. The budget also estimates a \$178,000 reduction in funding for consultants in the Veterans' Education Monitoring program.

<b>Burial Services</b>	<b>\$5,300</b>	<b>\$6,000</b>	<b>\$700</b>	<b>13.2%</b>	<b>D-343</b>
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This recommendation represents the continuation of federal funding to implement the Master Plan that establishes a 20 year time line for continued development of the Brigadier General William C. Doyle Cemetery. This \$34 million, 100 percent federally-funded project included the installment of over 9,600 pre-cast concrete in-ground lawn crypts in May 2002. The FY 2003 appropriation funded a project to construct 1,680 above ground columbarium niches and 1,449 in-ground cremains burial sites.

***VETERANS' MEMORIAL HOMES***

**Direct State Services**

<b>Additions, Improvements and Equipment (Menlo Park)</b>	<b>\$146</b>	<b>\$46</b>	<b>(\$100)</b>	<b>(68.5)%</b>	<b>D-345</b>
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Pursuant to the FY 2003 Appropriations Act, the department is authorized to appropriate forty percent of the receipts in excess of the amount anticipated derived from resident contributions and federal reimbursements. In FY 2003, the amount appropriated totaled \$100,000. Budget language (page D-349) would continue this appropriation.

<b>Additions, Improvements and Equipment (Paramus)</b>	<b>\$170</b>	<b>\$41</b>	<b>(\$129)</b>	<b>(75.9)%</b>	<b>D-347</b>
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Pursuant to the FY 2003 Appropriations Act, the department is authorized to appropriate forty percent of the receipts in excess of the amount anticipated derived from resident contributions and federal reimbursements. In FY 2003, the amount appropriated totaled \$129,000. Budget language (page D-349) would continue this appropriation.

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Salaries and Wages (Vineland)	\$13,812	\$13,512	(\$300)	(2.2)%	D-348

The Governor's FY 2004 budget recommends a \$300,000 reduction in the "Salaries and Wages" account for the Vineland Veterans' Memorial Home, reflecting a reduction of 10 State supported positions. These positions will not be needed in FY 2004 due to the closure of a 50-bed wing, necessitated by construction of the new Vineland Veterans' Memorial Home.

Additions, Improvements and Equipment (Vineland)	\$132	\$54	(\$78)	(59.1)%	D-348
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Pursuant to the FY 2003 Appropriations Act, the department is authorized to appropriate forty percent of the receipts in excess of the amount anticipated derived from resident contributions and federal reimbursements. In FY 2003, the amount appropriated totaled \$78,000. Budget language (page D-349) would continue this appropriation.

**Capital Construction**

Construction of Replacement Facility	\$1,000	\$0	(\$1,000)	(100.0)%	D-348
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This recommendation has been eliminated because pre-funding for the architectural and engineering design and capital construction of the reconstructed Vineland Veterans' Memorial Home is complete. Ground breaking on the nursing home took place in August 2002. State architectural and engineering design funding of \$3.6 million in FY 2000 and capital construction funding of \$14.1 million over the past three fiscal years brought total State funding for the reconstructed nursing home to \$17.7 million. This State funding was matched with \$35 million in federal funds. Thus, total funding for this project is \$52.7 million, or approximately \$158,735 per bed for the 332 bed facility.

**Federal Funds**

Domiciliary and Treatment Services (Menlo Park)	\$2,495	\$1,873	(\$622)	(24.9)%	D-345
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An appropriation of \$290,000 in federal funds is recommended for Menlo Park Adult Day Care in FY 2004, a decline of \$435,000 or 60 percent, from the \$725,000 FY 2003 adjusted appropriation. FY 2004 Medicare Part A receipts for resident care and operational costs at the Menlo Park Veterans' Memorial Home would decline by 10.6 percent, to \$1.6 million, down \$187,000 from the \$1.8 million FY 2003 adjusted appropriation.

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2003</u>	<u>Recomm. FY 2004</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Domiciliary and Treatment Services (Vineland)</b>	\$151	\$78	(\$73)	(48.3)%	D-348

Medicare Part A receipts for resident care and operational costs at the Vineland Veterans' Memorial Home would decline by 48.3 percent, to \$78,000 in FY 2004, down \$73,000 from the \$151,000 FY 2003 adjusted appropriation.

<b>Administrative and Support Services (Vineland)</b>	\$3,953	\$0	(\$3,953)	(100.0)%	D-348
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Federal funding for the reconstruction of the Vineland Veterans' Memorial Home — appropriated over the past three fiscal years — totaled \$35 million, including \$23.9 million in FY 2001, \$7.1 million in FY 2002, and \$4 million in FY 2003. Upon its completion, bed capacity of the nursing home would increase from 232 beds to 332 beds and include an Alzheimer's unit as an assisted living complex.

## Language Provisions

### 2003 Appropriations Handbook

#### p. B-136 (inadvertently omitted)

Receipts derived from the agency surcharge on vehicle rentals pursuant to P.L.2002, c.34, not to exceed \$1,850,000, are appropriated for security coverage at nuclear power facilities and shall be deposited into a dedicated account, the expenditure of which shall be subject to the approval of the Director of the Division of Budget and Accounting.

### 2004 Budget Recommendations

#### p. D-340

Receipts derived from the Wireless Communications / Cell Tower Assessment pursuant to the passage of enabling legislation, not to exceed \$1,200,000 for National Guard security operations at nuclear power facilities, are appropriated for this purpose and shall be deposited into a dedicated account, the expenditure of which shall be subject to the approval of the Director of the Division of Budget and Accounting.

### Explanation

A \$2 per day fee on car rentals was imposed by P.L.2002, c.34 to provide dedicated new revenue to homeland security programs, including \$1.85 million for National Guard security details at nuclear facilities. However, this new fee is producing less than half the revenue originally projected. Therefore, a supplemental appropriation of \$2.6 million is projected in FY 2003 to fund the Nuclear Facilities Security Detail account. The Governor recommends the elimination of this direct state services funding in FY 2004 and proposes, in lieu thereof, a \$1.2 million appropriation in other funds derived from a proposed "Wireless Communication/Cell Tower Assessment." The recommended budget language described above would require the deposit of a portion of this new revenue not to exceed \$1.2 million into such a dedicated account. This recommended appropriation would provide six months of funding for National Guard security at nuclear power facilities.

### 2003 Appropriations Handbook

No comparable language

### 2004 Budget Recommendations

#### p. D-340

Notwithstanding the provisions of any law or regulation to the contrary, in addition to the amount appropriated above for National Guard operations, 50% of the proceeds of the sale of armory facilities in the City of West Orange, in addition to any lease savings realized as a result of the sale, shall be appropriated for the maintenance and capital improvement of National Guard armories throughout the State, subject to the approval of the Director of the Division of Budget and Accounting.

## Language Provisions (Cont'd)

### Explanation

This recommended language allows one-half of the net revenue realized from the sale of 11+ acres of surplus land in the Township of West Orange in Essex County to the Kessler Institute to be appropriated for the maintenance and capital improvement of National Guard armories. The net revenue estimate from the sale is \$561,120, therefore, approximately \$280,560 may be appropriated for maintenance at the armories, subject to approval of the Director of the Division of Budget and Accounting.

### 2003 Appropriations Handbook

### 2004 Budget Recommendations

#### p. B-136

The unexpended balance as of June 30, 2002 in the NJ Domestic Security Preparedness account is appropriated for the same purpose. No comparable language.

### Explanation

This language provided that any remaining balances in the NJ Domestic Security Preparedness account at the end of FY 2002 was carried forward to FY 2003 and made available for the same purpose. Pursuant to P.L.2001, c.246, the "New Jersey Domestic Security Preparedness Act," the department was appropriated \$2 million in supplemental FY 2002 funding to initiate the training and equipping of domestic emergency response teams. These teams serve as first responders for disaster recovery related to acts of terrorism, weapons of mass destruction incidents and other public safety emergencies. Fund balances were fully expended in FY 2003 on domestic security training, so this language is not needed in FY 2004.

## Discussion Points

### 1. Federal Funding

Federal enactments and federal budget proposals often impact significantly on State programs and fiscal resources.

- **Question:** What impact will the expectation of (a) increased or decreased Federal funding, or (b) new or revised federal mandates or matching requirements, have on your department's resources and activities in FY 2004? Be specific with regard to the expected federal action and the corresponding State or local impact.

### 2. Appropriation Reductions

The Governor's budget recommends a department-wide decrease of \$2.3 million to the various "Salaries and Wages" accounts and a decrease of \$553,000 with shifts from State to federal funding.

- **Question:** Please itemize the salary reductions (i.e. attrition, ERI, number of paid employee cuts). From and to which accounts does the department plan to shift \$553,000 in State costs to federal funding?

## MILITARY SERVICES

### 3. Base Realignment And Closure Commission Funding

As of February 10, 2003, \$263,200 was transferred into the New Jersey National Guard Support Services account. Of this amount, approximately \$140,000 was transferred to cover costs associated with the Base Realignment and Closure Commission consultant.

- **Question:** Does the department anticipate a new round of military base closings? If so, is the department prepared to represent New Jersey before the Administration, Congress and the Federal Base Realignment and Closure Commission? Please itemize the FY 2003 costs associated with the consultant. How much will be expended in FY 2003 on these consulting services? Are there any other costs associated with the base closing issue that are not reflected in this line item? If so, how much is the cost and from which accounts are the funds drawn?

### 4. National Guard Strength

A March 2002 United States General Accounting Office (GAO) analysis of military personnel strengths in the Army National Guard found that states were over reporting the strength of their National Guard units.

This GAO analysis of fiscal years 2000 and 2001 showed that the Guard overstated its personnel strength because it relied on inaccurate military personnel strength data, which included individuals who should not have been considered in the calculation of strength numbers for inactive duty training.

For the time period ended September 30, 2001 (FY 2002), the number of New Jersey Army National Guard members not paid for three or more consecutive months totaled 659, or 11 percent of the total assigned strength of the New Jersey Army National Guard of 5,984.

- **Question:** Is the New Jersey Army National Guard prepared to meet missions that may be ordered by the President? How has the department improved its method of determining military personnel strength and inactive duty training participation rates?

## Discussion Points (Cont'd)

What is the number and percent of total assigned strength of New Jersey National Guard Members who have not been paid for three or more consecutive months? What quality control procedures does the department practice to ensure that Guard members who are no longer participating in training are not paid? What is the authorized strength of the New Jersey Army National Guard and Air National Guard? What is the number of fully participating soldiers in the Army and Air National Guard and what percent of the total authorized positions do these numbers represent? What is the total number of New Jersey National Guard troops who are on state or federal active duty? Explain what actions the department has taken to recruit and retain quality soldiers and airmen. Are there vacancies remaining in critical areas? If so, what steps has the department taken to address these critical area vacancies?

### 5. Federal Funding Reductions

Federal funding to the New Jersey National Guard Support Services is anticipated to decline \$6.6 million to \$18.3 million in FY 2004, down 26.5 percent from the \$24.9 million appropriated in FY 2003. These reductions in Federal funding to National Guard Support Services include, but are not limited to, \$700,000 in the National Guard Communications Agreement; \$550,000 in the Army National Guard Statewide Security Agreement; \$395,000 in the Hazardous Waste Environmental Protection Program; \$2.9 million in the Facilities Support Contract; \$700,000 in the Army Facilities Service Contracts; and a combined \$901,000 reduction in the Atlantic City Air Base and McGuire Air Force Base service contracts.

- **Question:** Please explain the reasons for the decreases in federal funding listed above and provide a brief explanation of the programs subject to these funding reductions. How will these reductions in federal funds impact National Guard operations? What measures will the department implement in response to these funding reductions? Does the FY 2004 Budget Request for the department reflect the necessary level of State funding to the National Guard?

## SERVICES TO VETERANS

### 6. Nursing Homes - Inspection Compliance

The policy of the federal Department of Veterans Affairs requires its staff to inspect state nursing homes before such facilities can be certified as state veterans' homes, and annually thereafter. In January 2000, Veterans Affairs issued regulations detailing standards to be used when inspecting state veterans' homes. These standards are considerably more detailed and lengthy than those they replaced, and cover such issues as resident rights, quality of life, quality of care, and physical environment.

A recent United States General Accounting Office (GAO) report to Congress found that about 58 percent of inspections were conducted within 12 months of the prior inspection, as required by Veterans Affairs policy. An additional 28 percent were conducted within 15 months, the maximum time the Centers for Medicare and Medicaid Services allows between Medicare or Medicaid certification inspections.

- **Question:** Has the department been able to meet the new standards used by Veterans Affairs staff inspecting the three State veterans' homes of Paramus, Menlo Park and Vineland? Please detail areas of compliance that any of the three nursing homes did not meet. Among the three nursing homes, which home has the highest rate of compliance

## Discussion Points (Cont'd)

with Veterans Affairs standards and which home has the lowest rate of compliance? What are the rates of compliance for each of the three homes? Have nursing home RN and LPN staffing shortages contributed to a lack of compliance? Was the most recent inspection by Veterans Affairs staff for each of the three homes conducted within the 12 month time period? If not, what is the time period, by nursing home, between Veterans Affairs' inspections? Please provide the Legislature with the most recent Veterans Affairs inspection reports for each of the State veterans' nursing home facilities.

### 7. Nursing Home Care Demand

Nationally, the Department of Veterans Affairs is likely to see an increase in demand for nursing home care over the next decade because the number of veterans age 85 and older is expected to triple — from 422,000 veterans in 2000 to nearly 1.3 million in 2010 — and the prevalence of chronic health conditions and disabilities increases markedly at advanced age. In addition, as a result of federal enactment of the "Veterans Millennium Health Care and Benefits Act" (P.L. 106-117), Veterans Affairs is required to provide long-term care to certain disabled veterans, which may further increase veterans' demand for nursing home care.

- **Question:** What is the estimated demand, by year, for each of the three State veterans' nursing homes through the year 2010? How will the "Veterans Millennium Health Care and Benefits Act" (P.L. 106-117) impact demand at the State homes? Based on demand projections, does the department foresee the need for a fourth veterans' nursing home? If so, is it generally less expensive to the State to purchase an existing vacant nursing home and reconstruct the facility to meet Veterans Affairs standards, or to construct a new home? What has been the experience in other states?

### 8. Nursing Home Waiting List

Information provided by the department indicates that the number of veterans waiting for admission to one of the three veterans' nursing homes remains a significant problem. For example, at the end of February, 2003, a total of 128 individuals, including 105 veterans and 23 non-veterans, were approved for admission into a nursing home but were assigned to a waiting list due to capacity limits. This waiting list problem is exacerbated by the fact that in FY 2003, the Menlo Park nursing home maintained an average daily population of only 262 and 50 beds remained, on average, vacant each day. Budget evaluation data ([Budget](#) page D-344) for FY 2004 optimistically estimates that the average daily population at the Menlo Park nursing home will rise to 304.

- **Question:** What immediate steps can be taken to alleviate the waiting list problem? Why has the department been unable to hire a sufficient number of RNs and LPNs to staff the dementia wing at the Menlo Park facility and what steps has the department taken to recruit staff for FY 2004? Is the recommended \$13.5 million appropriation for "Salaries and Wages" at the Menlo Park home adequate to hire and retain RNs and LPNs? If not, what amount of funding is necessary in FY 2004? Is home health care for those on the waiting list a solution?



## Discussion Points (Cont'd)

### 9. Medicare Part A Funding

Medicare Part A receipts for resident care and operational costs at the Menlo Park Veterans' Memorial Home are anticipated at \$1.58 million in FY 2004, down \$187,000 or 10.6 percent, from the FY 2003 adjusted appropriation of \$1.77 million. Medicare Part A receipts to the Vineland Veterans' Memorial Home are recommended at \$78,000 in FY 2004, down \$73,000 or 48.3 percent, from the FY 2003 adjusted appropriation of \$151,000.

- **Question:** How will this Medicare aid reduction impact the department's ability to operate the nursing homes at Menlo Park and Vineland? Please explain the reasons for the reductions in Medicare Part A receipts at the Menlo Park and Vineland facilities and why such receipts at the Paramus Veterans' Memorial Home are increasing slightly in FY 2004 compared to FY 2003.

### 10. Menlo Park Nursing Home Adult Day Care Center Not Open

The FY 2004 budget recommends an appropriation of \$290,000 in federal funds for the Menlo Park Adult Day Care, down \$435,000 or 60 percent, from the \$725,000 FY 2003 adjusted appropriation. In response to a Discussion Point question from a previous fiscal year, the department indicated that the State of New Jersey will not have any financial responsibilities for the operation of the adult day care center at Menlo Park other than utilities such as heat, electricity, etc. Adult day care center services were to be provided through a contract vendor whose policies and procedures must comply with Department of Health and Senior Services standards for adult day care centers. Therefore, the department would not be directly responsible for the care of the veterans using the service.

- **Question:** When does the department anticipate that the Menlo Park Adult Day Care program will become operational? Please explain the reasons for the delay in opening the day care. Will the State have any financial responsibilities for the operation of the Adult Day Care, other than utilities?

### 11. World War II Memorial

More than 10,000 New Jersey residents who served in the Armed Forces during World War II lost their lives. However, a State World War II Veterans' Memorial has not been constructed. A proposed plan was to construct the memorial on Department of Military and Veterans' Affairs property located at the corner of Hudson and Essex street on the Jersey City waterfront, which is approximately two miles northeast of Liberty State Park.

- **Question:** Please provide the Legislature with an update on the status of the design and construction of the New Jersey World War II Veterans' Memorial. What is the estimated cost for the architectural and engineering study to design the memorial? What is the estimated construction cost? Has the department solicited private donations to fully or partially fund this project?

## Background Paper: Military Leave Benefits

### Statutory Provisions

State law provides paid leaves of absence for public officers and employees in the performance of service as members of the Reserve (N.J.S.A.38:23-1) or National Guard (N.J.S.A.38A:4-4). Members of the Reserve are entitled to 30 work days per calendar year of military leave for any period of federal active duty without loss of pay, leave or service time. These members were only recently entitled to military leave for active duty, pursuant to P.L.2001, c.351.

Members of the State militia — which consists of the New Jersey Air and Army National Guard, Naval Militia, and State Guard — are entitled to 90 work days per calendar year of military leave with full salary for any period of federal active duty. There is no limit for State active duty with full salary.

Military leave in excess of the allowable number of work days is without pay but without loss of leave or service time for both the Reserve and National Guard.

Through Executive Orders, extended benefits have been provided to active duty members who are State employees following the exhaustion of statutory entitlements.

All persons called to active duty, including government and private sector employees, have certain protections under the provisions of the "New Jersey Soldiers' and Sailors' Civil Relief Act of 1979" (N.J.S.A.38:23C-1 et seq.) and federal law to reemployment, housing and other rights.

### Executive Order

Governor DiFrancesco issued Executive Order No. 133 (2001) in September 2001 to provide State employees on active duty the right to retain salary, insurance and pension rights as well as the right to return to State service with full seniority and benefits, regardless of the duration of their absence while on active duty. Governor McGreevey

extended these benefits through Executive Order No. 50 (2003), issued February 28, 2003. The order applies to any State employee who is a member of the Reserve or National Guard and is called to active duty in response to continuing Global War on Terrorism, armed conflict with Iraq, and heightened tensions with North Korea. The order entitles State employees upon termination of active duty to return to State employment with full seniority and benefits consistent with State and federal military reemployment and seniority rights.

For the duration of their activation, these State employees are entitled to receive a salary equal to the differential between the employee's State salary and the employee's military base pay, following the exhaustion of statutory entitlements to full pay.

Finally, Executive Order No. 50 provides State employees' health benefits, life insurance and pension coverage for the duration of their active duty service.

### Enhanced Benefits

Governor McGreevey's Executive Order No. 54 (2003) issued April 1, 2003 implemented additional benefits for National Guard members, including those employed in the private sector. These benefits are automatic extensions for drivers' licenses, extended application deadlines for Tuition Aid Grants, tuition refunds, job training and half price discounts on New Jersey Transit.

The Governor also proposed enhanced benefits for National Guard members on State active duty that will require legislation to implement. The Governor proposes to increase State pay for Guard members from the current \$50 to \$60 per day to a minimum of \$100 per day. The Governor will also seek legislation to provide health benefits coverage for immediate family members of National Guard personnel called to State active duty that exceeds 30 days, in situations where Guard personnel lose their employment-related health benefits or where such

## Background Paper: Military Leave Benefits (Cont'd)

personnel did not have employer-related health benefit coverage.

According to the Department of Military and Veterans' Affairs, the State paid approximately \$1.2 million on State active duty benefits in FY 2002. However, because of enhanced security details, active duty spending is on a pace to exceed \$4 million in FY 2003. Governor McGreevey said the total cost of the added benefits and proposed higher pay pursuant to Executive Order No. 54 (2003) would be \$1 million per year.

### **Pension Coverage**

Unless extended by Executive Order, State and local government employees called to active duty or active duty for training remain covered by and entitled to their pension benefits only during the statutory entitlement period — the time period they are eligible for full salary plus military pay.

Pension coverage for these individuals who remain on active duty for a period of time that exceeds statutory entitlements to full pay is addressed on an ad hoc basis by both the State and local governments. For example, Executive Order No. 50 entitles State employees to pension coverage during active duty service. In the Legislature, Assembly Bill No. 3345 and Senate Bill No. 2478 would ensure that active members of the Police and Firemen's Retirement System (PFRS) who are called to active duty or active duty for training in the military service and are killed or injured remain entitled to death and disability benefits provided by the PFRS. For local employees, it is up to the discretion of the local governing body to provide pension coverage following the exhaustion of statutory entitlements to full pay.

Background Paper: Military Leave Benefits (Cont'd)

Summary of Benefits

National Guard	Reserves
<ul style="list-style-type: none"> <li>For both State and local government employees, full salary plus military pay for 90 work days annually on federal active duty. Full salary plus military pay for all work days on State active duty. Cost to the State, county, school district or municipality (N.J.S.A.38A:4-4).</li> </ul>	<ul style="list-style-type: none"> <li>For both State and local government employees, full salary plus military pay for 30 work days annually on federal active duty. Cost to the State, county, school district or municipality (N.J.S.A.38:23-1).</li> </ul>
<ul style="list-style-type: none"> <li>For State employees, upon exhaustion of statutory entitlement to full pay, salary equal to the differential between the employee's State salary and the employee's military base pay, after 90 work days on federal active duty. Cost to the State (Executive Order No. 50).</li> </ul>	<ul style="list-style-type: none"> <li>For State employees, upon exhaustion of statutory entitlement to full pay, salary equal to the differential between the employee's State salary and the employee's military base pay, after 30 work days on active duty. Cost to the State (Executive Order No. 50).</li> </ul>
<ul style="list-style-type: none"> <li>For local employees, upon exhaustion of statutory entitlement to full pay, <u>option</u> to pay all or part of differential between employee's salary and military base pay for periods engaged in federal active duty. Cost to county, school district or municipality (N.J.S.A.38:23-3).</li> </ul>	<ul style="list-style-type: none"> <li>For local employees, upon exhaustion of statutory entitlement to full pay, <u>option</u> to pay all or part of differential between employee's salary and military base pay for periods engaged in federal active duty. Cost to county, school district or municipality (N.J.S.A.38:23-3).</li> </ul>
<ul style="list-style-type: none"> <li>For both State and local government employees, leave of absence for federal active duty in excess of 90 work days without loss of time (N.J.S.A.38A:4-4).</li> </ul>	<ul style="list-style-type: none"> <li>For both State and local government employees, leave of absence for active duty in excess of 30 work days without loss of time (N.J.S.A.38:23-1).</li> </ul>
<ul style="list-style-type: none"> <li>Statutory pension coverage during time period of full pay. Pension coverage following the exhaustion of statutory entitlements to full pay for State employees. Cost to the State (Executive Order No. 50).</li> </ul>	<ul style="list-style-type: none"> <li>Statutory pension coverage during time period of full pay. Pension coverage following the exhaustion of statutory entitlements to full pay for State employees. Cost to the State (Executive Order No. 50).</li> </ul>

## OFFICE OF LEGISLATIVE SERVICES

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Individuals wishing information and committee schedules on the FY 2004 budget are encouraged to contact:

Legislative Budget and Finance Office  
State House Annex  
Room 140 PO Box 068  
Trenton, NJ 08625

(609) 292-8030

Fax (609) 777-2442