

ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
MILITARY AND
VETERANS' AFFAIRS**

FISCAL YEAR

2004 - 2005

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

Budget Pages..... C-16, C-25, C-33, C-38;
D-293 to D-307

Fiscal Summary (\$000)

	Expended FY 2003	Adjusted Appropriation FY 2004	Recommended FY 2005	Percent Change 2004-05
State Budgeted	\$92,440	\$79,433	\$83,812	5.5%
Federal Funds	49,314	55,414	30,967	(44.1)%
<u>Other</u>	<u>3,343</u>	<u>2,089</u>	<u>2,121</u>	<u>1.5%</u>
Grand Total	\$145,097	\$136,936	\$116,900	(14.6)%

Personnel Summary - Positions By Funding Source

	Actual FY 2003	Revised FY 2004	Funded FY 2005	Percent Change 2004-05
State	1,211	1,239	1,458	17.7%
Federal	149	146	192	31.5%
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	1,360	1,385	1,650	19.1%

FY 2003 (as of December) and revised FY 2004 (as of September) personnel data reflect actual payroll counts. FY 2005 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 628,500 veterans and their families while also directing New Jersey's National Guard units and their 8,824 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

An appropriation of \$83.8 million in State funds is recommended for the Department of Military and Veterans' Affairs in FY 2005, an increase of \$4.4 million or 5.5 percent from the FY 2004 adjusted appropriation of \$79.4 million. Direct state services funding — recommended at \$80.6 million — is \$2.4 million, or 3.1 percent greater than the FY 2004 adjusted appropriation of \$78.2 million. The department's capital construction funding is recommended at \$2.1 million, including \$1.5 million for the construction of a World War II memorial. Federal and other funds are anticipated at \$30.9 million and \$2.1 million, respectively.

- The Governor's FY 2005 budget recommends a \$1 million increase to fund the opening of the Old Glory Wing at the Menlo Park Veterans' Memorial Home. In FY 2004, an anticipated supplemental appropriation of nearly \$1.8 million would cover start-up costs of this wing for a planned late FY 2004 opening. Budget language would permit the carry forward of any fund balances. The Old Glory Unit at Menlo Park was vacant for a number of years due to the inability to recruit nurses. Beginning in FY 2003 and continuing in FY 2004, the Legislature appropriated \$250,000 each year for the special purpose of recruiting and hiring registered nurses, licensed practical nurses and certified nurses aides. A salary increase of one range effective October 5, 2002 granted to all registered nurses in all three nursing homes also helped in staff retention.
- The Governor's FY 2005 budget recommends a \$19.7 million direct state services appropriation to the Vineland Veterans' Memorial Home, up 8.7 percent or \$1.6 million, from the FY 2004 adjusted appropriation of \$18.1 million. This increase would fund six months of costs associated with a 68 bed increase in capacity, from 232 beds in FY 2004 to 300 beds, during the second half of FY 2005.
- The FY 2005 recommended appropriation for capital construction projects total \$2.1 million, including \$1.5 million for the construction of a World War II memorial and \$627,000 to generate approximately \$1.4 million in federal Veterans Affairs matching funds plus a \$135,000 pledge from a local non-profit veterans' organization to construct a 5,000 square foot all purpose room for daily activities at the Veterans' Memorial Nursing Home in Paramus.
- The Department will continue to fund in FY 2005 National Guard security details at nuclear facilities located within the State. The recommended appropriation of \$3.2 million would be derived from a proposed new tax or assessment on wireless communication service, which would raise a total of \$33 million for public safety purposes.
- A one-time federal Department of Veterans Affairs grant of \$339,000 to fund the purchase of a new electric transformer at the Veterans Haven facility was awarded in FY 2004.
- In FY 2004, a federal appropriation of \$26 million for the design and construction of the Consolidated Logistics and Training Facility at the Lakehurst Naval Engineering Station represented the third and final year of funding for this \$72.4 million federal project. Thus, federal funding in the Administrative and Support Services account (page D-298) is anticipated to decline by this amount.

Program Description and Overview

Formed in 1988 through the merger of the Department of Defense and the Division of Veterans' Programs and Special Services within the Department of Human Services, the New Jersey Department of Military and Veterans' Affairs is responsible for supporting the New Jersey Army and Air National Guard and administering programs to serve veterans and their eligible dependents.

Under the direction of the Adjutant General, the department's principal National Guard responsibility is to provide trained and qualified individuals and troop units in the support of the Army and Air Force of the United States. By this spring, 3,000 New Jersey National Guard members may be deployed in the Global War on Terrorism, the department reported.

The department operates nursing homes for veterans at Paramus, Menlo Park (Edison Township) and Vineland; Veterans Haven, a transitional housing program for homeless veterans; and the Brigadier General William C. Doyle Veterans' Memorial Cemetery in North Hanover Township. The department also provides assistance through veterans' service offices located throughout the State.

MILITARY SERVICES

The Department of Military and Veterans' Affairs is responsible for the support and coordination of Army and Air National Guard activities in New Jersey and for maintaining troop strength — as authorized by the Department of Defense — for the Guard. As of January 1, 2004, 1,189 members of the New Jersey National Guard have been federally activated and deployed to seven states and nine countries, according to the department. The current Army Guard strength is 6,384. Based on a projection of 3,000 members, 47 percent of the New Jersey Army National Guard will have served in a deployed status by the end of calendar year 2004. For the New Jersey Air National Guard, 31 percent, or 756, of the total strength of 2,440 will have been deployed by the end of 2004.

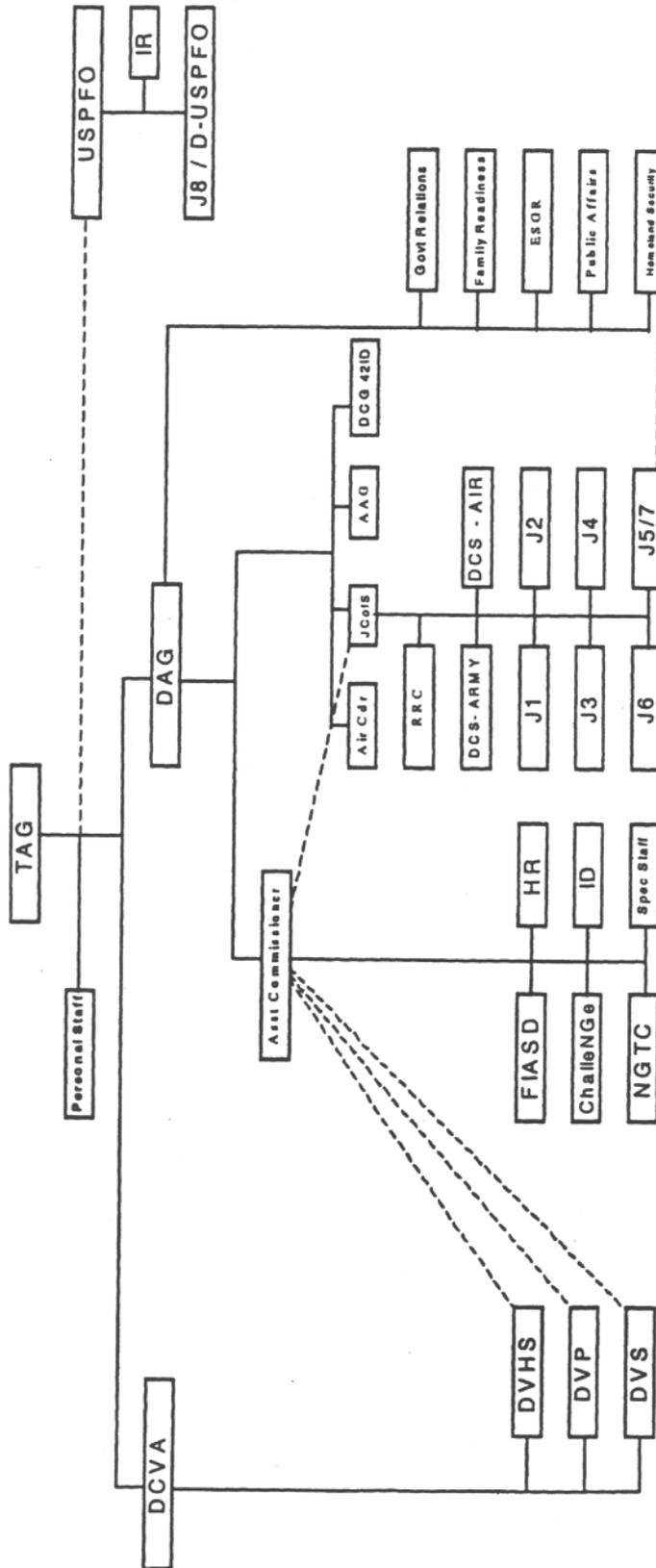
SERVICES TO VETERANS

The department is also responsible for the support and coordination of various services to military veterans in New Jersey. These responsibilities include:

- (1) Long-Term Care Services. The department operates veterans' nursing homes in Menlo Park, Paramus and Vineland. These facilities provide nursing home care for eligible veterans, their spouses, and parents of individuals killed in action. Eligibility requirements for veterans include an honorable discharge and two-year State residency preceding the date of application.
- (2) Burial Services. The department provides New Jersey veterans, their spouses and dependents with burial services at the Brigadier General William C. Doyle Veterans' Memorial Cemetery.
- (3) Veterans Outreach and Assistance. The department operates 16 veterans' affairs services offices throughout the State. These service offices assist veterans and their dependents in securing State and federal entitlements.

Military and Veterans' Affairs offers community-based services through third-party contracts for transportation and post-traumatic stress disorder counseling and runs a Transitional Housing Program for homeless veterans recovering from alcohol or drug abuse.

Organization Chart



Effective February 4, 2004

* DAG assumes command when TAG is absent

Organization Chart (cont'd)

Abbreviations Defined:

AAG	Assistant Adjutant General, Army
Air Cdr	Commander, NJ Air National Guard
DAG	Deputy Adjutant General
DCG 42 ID	Deputy Commanding General, 42nd Infantry Division
DCS-Air	Deputy Chief of Staff, NJ Air National Guard
DCS-Army	Deputy Chief of Staff, NJ Army National Guard
DCVA	Deputy Commissioner for Veterans Affairs
D-USPFO	Deputy United States Property and Fiscal Officer
DVHS	Division of Veterans Healthcare Services
DVP	Division of Veterans Programs
DVS	Division of Veterans Services
ESGR	Employer Support of the Guard and Reserve
FIASD	Fiscal, Information and Administrative Services Division
HR	Human Resources
ID	Installation Division
IR	Internal Review
J1	Manpower and Personnel Directorate
J2	Intelligence Directorate
J3	Training Directorate
J4	Logistics Directorate
J5/7	Plans, Policy, and Interoperability Directorate
J6	Command, Control, Communications, and Computers Directorate
J8	Force Structure Resources and Assessment/Comptroller Directorate
JCoS	Joint Chief of Staff
NGTC	National Guard Training Center
RRC	Recruiting and Retention Command
TAG	The Adjutant General

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2003	Adj. Approp. FY 2004	Recom. FY 2005	Percent Change	
				2003-05	2004-05
General Fund					
Direct State Services	\$75,174	\$78,224	\$80,641	7.3%	3.1%
Grants-In-Aid	1,026	1,044	1,044	1.8%	0.0%
State Aid	0	0	0	0.0%	0.0%
Capital Construction	16,240	165	2,127	(86.9)%	1189.1%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$92,440	\$79,433	\$83,812	(9.3)%	5.5%
Property Tax Relief Fund					
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%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$92,440	\$79,433	\$83,812	(9.3)%	5.5%
Federal Funds	\$49,314	\$55,414	\$30,967	(37.2)%	(44.1)%
Other Funds	\$3,343	\$2,089	\$2,121	(36.6)%	1.5%
Grand Total	\$145,097	\$136,936	\$116,900	(19.4)%	(14.6)%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2003	Revised FY 2004	Funded FY 2005	Percent Change	
				2003-05	2004-05
State	1,211	1,239	1,458	20.4%	17.7%
Federal	149	146	192	28.9%	31.5%
All Other	0	0	0	0.0%	0.0%
Total Positions	1,360	1,385	1,650	21.3%	19.1%

FY 2003 (as of December) and revised FY 2004 (as of September) personnel data reflect actual payroll counts. FY 2005 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	62.4%	61.3%	51.5%	----	----
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp. FY 2004</u>	<u>Recomm. FY 2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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MILITARY SERVICES**Capital Construction****Renovations and
Improvements,
Statewide**

	\$0	\$627	\$627	—	D-298
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This FY 2005 recommended capital construction appropriation would generate approximately \$1.4 million in federal Department of Veterans Affairs matching funds plus a \$135,000 pledge from a local non-profit veterans' organization to construct a 5,000 square foot all purpose room for daily activities at the Paramus Veterans' Memorial Nursing Home. Currently, resident activities are held in the facility's dining room, making it difficult to schedule both meals and programs. This expansion would enhance the quality of life for residents of the home.

World War II Memorial	\$0	\$1,500	\$1,500	—	D-298
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Recommended in the FY 2005 Budget is this capital construction appropriation to fund the design and construction of a World War II memorial. On August 20, 2001, the New Jersey World War II Memorial Advisory Commission recommended a location, design, funding and maintenance for a World War II memorial. However, the \$8.175 million recommended project was not formally approved or adopted.

**Youth Challenge
Program - Building
Renovations**

	\$165	\$0	(\$165)	(100.0)%	D-298
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The FY 2004 appropriation is intended to fund the rehabilitation of three buildings at Sea Girt for the New Jersey Youth Challenge Program, enabling the program to be relocated from Fort Dix. The rehabilitation would enable the Sea Girt buildings to meet fire and electrical code requirements. The rehabilitation project had not commenced as of March 25, 2004.

Federal Funds**Administration and
Support Services**

	\$26,000	\$0	(\$26,000)	(100.0)%	D-298
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The FY 2004 federal appropriation represented the third and final year of funding for the design and construction of 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.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2004</u>	<u>Recomm. FY 2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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SERVICES TO VETERANS

Federal Funds

Veterans Haven	\$339	\$0	(\$339)	(100.0)%	D-301
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This FY 2004 federal appropriation reflects a one-time grant awarded by the Department of Veterans Affairs to the State for the purchase a new electric transformer at the Veterans Haven facility.

VETERANS' MEMORIAL NURSING HOMES

Menlo Park

Salaries and Wages	\$14,943	\$15,824	\$881	5.9%	D-303
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Materials and Supplies	\$2,107	\$2,209	\$102	4.8%	D-303
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Services Other Than Personal	\$1,546	\$1,582	\$36	2.3%	D-303
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Maintenance and Fixed Charges	\$247	\$253	\$6	2.4%	D-303
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This combined \$1 million increase in recommended funding for the Menlo Park Veterans' Memorial Home reflects the increased costs of operating the Old Glory Wing for a full year. A FY 2004 anticipated supplemental appropriation of approximately \$1.8 million would be used to fund start-up costs for a planned late FY 2004 opening. This FY 2004 supplemental funding amount is included in the base of the FY 2005 recommended appropriation for the Menlo Park nursing home. Thus, the full fiscal year cost to operate this 40 bed unit for dementia and Alzheimer's patients is approximately \$2.8 million.

Vineland

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2004</u>	<u>Recomm. FY 2005</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
Salaries and Wages	\$14,554	\$15,554	\$1,000	6.9%	D-306
Materials and Supplies	\$1,754	\$1,800	\$46	2.6%	D-306
Services Other Than Personal	\$1,390	\$1,945	\$555	39.9%	D-306
Maintenance and Fixed Charges	\$236	\$275	\$39	16.5%	D-306

This \$1.6 million increase in recommended funding for the Vineland Veterans' Memorial Home represents additional operating costs associated with the replacement facility scheduled to open in the second half of FY 2005. A \$1.6 million supplemental appropriation is projected for FY 2004 to cover current fiscal year expenses. This FY 2004 supplemental appropriation amount is included in the base of the FY 2005 recommended appropriation. Budget evaluation data (page D-304) indicates the bed capacity would increase from 232 beds in FY 2004 to 300 beds, beginning in the second half of FY 2005.

Federal Funds

Domiciliary and Treatment Services	\$78	\$776	\$698	894.9%	D-306
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This FY 2005 increase in federal funding appropriated to the nursing home replacement facility at Vineland represents the collection of Medicare Part A receipts for resident care and operational costs. The Vineland nursing home is not currently eligible to collect Medicare Part A receipts. However, when the replacement facility opens in the second half of FY 2005 it will be eligible to collect these federal funds.

Language Provisions

2004 Appropriations Handbook

2005 Budget Recommendations

B-140

Notwithstanding the provisions of any law or regulation to the contrary, in addition to the amount appropriated hereinabove 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.

No comparable language.

Explanation

This language allowed 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. With completion of the sale in FY 2004, this language is no longer required.

2004 Appropriations Handbook

2005 Budget Recommendations

D-299

No comparable language.

The amount appropriated hereinabove for Nuclear Facilities Security Detail is chargeable to receipts derived from the wireless communications / cell tower assessment, pursuant to the passage of enabling legislation.

Explanation

A \$3.18 million direct state services appropriation (page D-297) is recommended in FY 2005 to fund the costs of providing National Guard security details at nuclear power facilities. The Governor recommends funding this activity from new revenue derived from a proposed "wireless communications / cell tower assessment," which would generate a total of \$33 million for public safety purposes.

Language Provisions (Cont'd)

2004 Appropriations Handbook

No comparable language.

2005 Budget Recommendations

D-304

The unexpended balances as of June 30, 2004 in the Menlo Park Veterans' Memorial Home accounts are appropriated for the same purpose.

Explanation

In FY 2004, approximately \$1.8 million in anticipated supplemental funding would be appropriated to cover costs associated with the late FY 2004 opening of the Old Glory Wing at the Menlo Park Veterans' Memorial Home. This recommended language would allow any unexpended balances in Menlo Park accounts at the close of FY 2004 to carry forward and be available in FY 2005, should there be unforeseen delays or expenses in opening the new wing.



Discussion Points

1. Federal Funding

Federal enactments and federal budget proposals often impact significantly on State programs and fiscal resources. The President's FY 2005 budget for Department of Veterans Affairs medical care is over 40 percent larger than when he took office and provides more than \$1 billion for veterans in New Jersey, a 7 percent increase over FY 2004.

- **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 2005? Be specific with regard to the expected federal action and the corresponding State or local impact.

MILITARY SERVICES

2. Nursing Initiative

The FY 2005 Budget recommends the continued appropriation of \$250,000 for the Nursing Initiative (page D-297). Beginning in FY 2003, this funding was used to help recruit and retain registered nurses, licensed practical nurses and certified nurses' aides. Through the use of this appropriation, the department was able to hire a health professional recruiter to recruit nurses for each of the three veterans' nursing homes. The FY 2005 Budget recommendation would increase the non-administration Salaries and Wages line items for both the Menlo Park and Vineland nursing homes by 7 percent, a level of funding that infers an increase in nursing staff, and perhaps alleviating the need to continue the funding for the nursing initiative.

- **Question:** Please identify the expenses that the \$250,000 Nursing Initiative will fund in FY 2005. At the time the Legislature appropriated these funds in FY 2003, it was anticipated that this would be a temporary program to help the department alleviate a critical need for nurses at the Menlo Park home. Does the department view the Nursing Initiative as a temporary program and if so, when will the need for this program expire?

3. World War II Memorial

The Governor's FY 2005 Budget recommends a new \$1.5 million appropriation for the construction of a World War II Memorial.

- **Question:** Please define the scope of the project and the location of this proposed memorial. What percentage of funding does the recommended appropriation represent? What other sources of funding have been identified or secured?

4. Army National Guard Strength

Budget evaluation data (page D-296) indicate that only 84 percent of the 7,600 authorized strength of the New Jersey Army National Guard will be filled in FY 2004 and FY 2005. In the FY 2004 Budget, the department had estimated that 90 percent of the authorized strength would be filled.

- **Question:** Given that only 84 percent of the authorized strength of the Army National Guard will be filled in FY 2005, what actions has the Department of Military and Veterans' Affairs taken to recruit and retain qualified soldiers? Are there personnel vacancies in critical areas? If so, what actions does the Adjutant General recommend that the New Jersey Legislature take to help the department in its recruitment and retention efforts? Does the federal Department of Defense penalize states that do not meet their authorized strength targets?

Discussion Points (Cont'd)

5. Consolidated Logistics and Training Facility

Federal funds for Administration and Support Services (page D-298) would cease in FY 2005, as the FY 2004 federal appropriation represented the third and final year of funding for the design and construction of 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.

- **Question:** What is the status of the Consolidated Logistics and Training Facility project? Please summarize the scope of the project and the anticipated completion date.

6. Fire Safety Compliance

The FY 2005 Budget does not recommend funding for fire safety compliance at the National Guard Armories. Many of these armories are available for general public use and generate rental income. Budget language (page D-299) appropriates receipts derived from the rental and use of armories for the operation and maintenance of these facilities. In FY 2003, the rental receipts totaled approximately \$1.2 million. However, the department requested \$480,000 for fire safety compliance before the Commission on Capital Budgeting and Planning.

- **Question:** Are armory rental receipts used by the department to fund expenses incurred for fire safety compliance? If so, please list the fire safety compliance projects completed at the armories during the past year. If armory rental receipts are not used to fund fire safety compliance projects, why not? Does the department have a master plan for fire safety code compliance? If so, please submit the plan. Are federal funds available for these fire safety compliance projects? Has the department been cited for fire code violations in any of the facilities where fire suppression systems are to be installed or in any of the armories with fire suppression systems already installed?

SERVICES TO VETERANS

7. Nursing Home Funding Levels

The FY 2005 Budget projects a total of \$5.3 million in FY 2004 supplemental appropriations for the three veterans' nursing homes, allocated as follows: Menlo Park, \$1.92 million; Paramus, \$1.6 million; and Vineland, \$1.74 million. Discounting \$307,000 from resident contributions (about \$102,000 per home), FY 2004 funding for the homes is 10 percent greater as a result of these projected supplemental appropriations. Only in the case of Menlo Park, with the unanticipated opening of the Old Glory Wing, does supplemental funding appear to coincide with a change in the scope of the facility or in the expected resident census, inferring that significant under-budgeting resulted from the FY 2004 budget and appropriations process.

- **Question:** With respect to each facility, please identify in what specific areas and by what amounts costs are projected to exceed funding originally appropriated. Please explain why the need for this supplemental funding could not have been foreseen when preparing the FY 2004 budget. Can the department assure the Legislature that the FY 2005 recommended appropriations are adequate to fully fund the three veterans' homes for the entire fiscal year?

8. Report Card for Nursing Homes

Discussion Points (Cont'd)

The most recent New Jersey Department of Health and Senior Services' Report Card for Nursing Homes, which covers the time period November 1, 2001 - October 31, 2003, measures standards in the following areas: nursing care, resident rights, food service, environment and administration. These criteria represent key indicators of quality of life and quality of care within nursing homes. The maximum score is 100, with points deducted for each substantiated deficiency.

For the criteria listed above the total score earned by nursing homes based in both Middlesex County and Bergen County averaged 90.17. The Menlo Park veterans' nursing home score totaled 81.50 points, while the Paramus veterans' nursing home score totaled 89 points. At the time of the survey, the Vineland veterans' nursing home was not eligible to collect Medicare reimbursements and was not included in the survey. The replacement facility at Vineland will be Medicare/Medicaid certified.

The Menlo Park nursing home was particularly deficient in the nursing care and resident rights criteria, scoring only 16.5 of 26 points (63.5%) in the nursing care category and 16 of 22 (72.7%) in the resident rights category. The Paramus nursing home scored 18 of 26 points (69%) in the nursing care category and 21 of 22 points (95.5%) in the resident rights category. Criteria in the nursing care category concern resident assessments and plans of care, as well as the quality of nursing care provided by a nursing facility. Criteria in the resident rights category concern quality of life and resident rights in a nursing facility.

- **Question:** Please explain the reason(s) for the poor grades in both the nursing care and resident rights categories earned by both the Menlo Park and Paramus veterans' nursing homes in the most recent Department of Health and Senior Services report card. For both Menlo Park and Paramus, please identify the nursing care criteria and resident rights where these two facilities were most deficient, and describe any actions the department implemented to address these deficiencies. Does the Governor's FY 2005 budget recommendation address this nursing care deficiency? Please explain.

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