OLS Discussion Points
Wednesday, April 15th
Time of event: 2:00 p.m.
Senate Committee Room 4

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1. The Governor's budget incorporates an estimated $5.183 billion over two fiscal years in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. According to a table on page 42 of the Governor's abbreviated budget, the State will use $3.074 billion ($854 million in FY09 and $2.220 billion in FY10) from ARRA for budget relief. In addition to these funds which will offset revenue shortfalls, $2.109 billion will be used for new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards. Most executive departments anticipate stimulus funding in either FY 2009, FY 2010 or both.

Question: **Please itemize the federal stimulus funding, if any, other than portions of the $3.074 billion allocated for budget relief, included in the department's budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the department determines recipients and funding awards. Are there ARRA funds that flow through your department for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?**

In addition to funding incorporated in the FY 2010 budget, what specific competitive grant opportunities has the department identified that it is eligible to pursue, has applied for, and has been awarded, respectively?

DIVISION OF HOUSING & COMMUNITY RESOURCES

Neighborhood Stabilization Program (NSP) (HUD):

Considered Phase 1 of the federal economic stimulus initiative under the Housing and Economic Recovery Act of 2008.

The Neighborhood Stabilization Program (NSP) provides funding to reduce neighborhood blight and create more affordable housing. The funds can be used to purchase, rehabilitate, resell or rent foreclosed and abandoned properties. Funds can also be used to establish financing mechanisms, establish land banks, demolish blighted structures and redevelop demolished or vacant properties.

Allocation: $51,470,620; Administrative funds: $3,860,296
(For more detailed information on NSP, please refer to question 13)

Community Service Block Grant (CSBG) (DHHS):

The funds provide a range of services and activities to assist the needs of low-income individuals including the homeless, migrants and the elderly. Grantees must provide services and activities addressing employment, education, better use of available income, housing, nutrition, emergency services and/or health

Allocation: $27.4 million; Administrative funds = None.

Weatherization Assistance Program (WAP) (DOE):

Provides income-qualified residents with services that reduce household energy use and costs by improving the energy efficiency of their homes while ensuring their health and safety.

Allocation: $118.8 million;

Community Development Block Grant (CDBG) (HUD):

The Small Cities CDBG Program provides grants and loans for community development activities for persons of low and moderate income, prevent or eliminate slums and blight, and meet urgent community development needs for which no other resources are available. All projects and each activity must meet one of the above objectives. Funds may be used for public facilities, community revitalization, housing rehabilitation and innovative development leveraging private investments.

Allocation: $1.945 million; Administrative funds to be determined

Homelessness Prevention & Rapid Rehousing (HUD):

The funds will provide short-term or medium term rental assistance, housing relocation and stabilization services for homelessness prevention and rapid re-housing including housing search, mediation or outreach to property owners, credit repair, security or utility deposits and moving cost assistance. Homelessness Prevention & Rapid Rehousing must go through an amendment process of the Consolidated Plan; and, be open to public comment for 12 days but no public hearing is required.

Allocation: $10,221,710; Administrative $511,086

The Tax Credit Assistance Program (TCAP) (HUD):

The Federal Tax Credit Assistance Program (TCAP) provides grant and/or soft funding for capital investment in Low Income Housing Tax Credit (LIHTC) projects for multi-family rental developments all across the state. The housing credit agencies in each state shall distribute these funds competitively and according to their qualified allocation plan. Projects awarded low income housing tax credits in fiscal years 2007, 2008, or 2009 are eligible for funding, but housing credit agencies must give priority to projects that are expected to be completed by February 2012. Seventy-five percent of TCAP funds must be committed by February 2010, 75 percent must be expended by February 2011, and 100 percent of the funds must be expended by February 2012.

The New Jersey Housing and Mortgage Finance Agency (HMFA), as the Housing Credit allocating agency, intends to allocate TCAP funds in conjunction with its 2009 LIHTC awards. The TCAP funding will replace the subsidy funding traditionally provided through the DCA Neighborhood Balanced Housing Program. The Balanced Housing Program is not sufficient to fund these projects and the use of federal TCAP will fill the gap and provide the capital needed to construct these housing units. All TCAP funds will be awarded by September 2009, with projects starting construction a short time thereafter. HMFA estimates that the use of these funds together with the LIHTC will create approximately 2,000 units of affordable and workforce housing statewide.

Allocation: $61,243,670.

Amount for allocation to local public and private recipients, respectively.

The actual amounts to be allocated to local public and private recipients have yet to be determined. Other than NSP, the stimulus programs must go through the public hearing process prior to the awarding of funds.

Please identify intended and actual recipients and the process by which the department determines recipients and funding awards.

Stimulus fund that will be awarded for the CSBG are considered non-discretionary and will likely be awarded to the organizations listed below. Weatherization Programs funds will be awarded to organizations presently receiving funding for weatherization, as well as any newly qualified groups. Note, that this Phase is not part of ARRA. Neighborhood Stabilization Program applications, however, remain under review and no final determinations have been made.

NSP Applicants in Process	
Applicants	**Muni/County**
Housing and Neighborhood Development Services	Asbury Park/Monmouth
Interfaith Neighbors, Inc.	Asbury Park/Monmouth
Atlantic City	Atlantic City/ Atlantic
Mercy Housing Inc	Atlantic City/Atlantic
Buena Vista Township	Buena Vista Twp/Atlantic
Burlington City	Burlington City/Burlington
Gloucester County	Camden City/Camden
Parkside Business & Community In Partnership, Inc.	Camden City/Camden
RPM Development LLC	Camden City/Camden
Saint Joseph's Carpenter Society	Camden City/Camden
Carteret Borough	Carteret Borough/Middlesex

Beacon.Org Inc.	Clementon/Camden
Don Pedro Development Corporation	East Orange/Essex
Heart of Camden	East Orange/Essex
SEED, Corp.	East Orange/Essex
East Orange City	Egg Harbor City/Atlantic
Egg Harbor City	Elizabeth/Union
Elizabeth City	Elizabeth/Union
Elizabeth City	Elizabeth/Union
Elizabeth City	Elizabeth/Union
Elizabeth City	Elizabeth/Union
Elizabeth City	Elizabeth/Union
Elizabeth City	Elizabeth/Union
Elizabeth City	Elizabeth/Union
Elizabeth City	Elizabeth/Union
Faith, Bricks & Mortar, Inc.	Gloucester County
Allies, Inc.	Hamilton Twp/Mercer
Brand New Day, Inc.	Irvington/Essex
Elizabeth City	Irvington/Essex
Interfaith Neighbors, Inc.	Jersey City/Hudson
Jersey City	Jersey City/Hudson
Lindenwold Borough	Lindenwold/Camden
Episcopal Community Development, Inc.	Newark/Essex
Jersey City	Newark/Essex
Newark City	Newark/Essex
Newark City	Newark/Essex
Newark City	Newark/Essex
Newark City	Newark/Essex
Newark City	Newark/Essex
Newark City	Newark/Essex
Orange City Township	Orange/Essex
Passaic City	Passaic City/Passaic
Passaic City	Passaic City/Passaic
St. Paul's Community Development Corporation	Paterson/ Passaic
Paterson Habitat for Humanity	Paterson/Passaic
Phillipsburg Town	Phillipsburg/Warren
Triple C Housing, Inc.	Piscataway/Middlesex
Episcopal Community Development, Inc.	Plainfield/Union
Pleasantville Housing Authority	Pleasantville City/Atlantic
Domus Corporation	Rahway/Union
Roselle Borough	Roselle/Union
Ocean County	South Toms River/Ocean
Trenton City	Trenton/Mercer
Willingboro Township	Willingboro Twp/Burlington
Willingboro Township	Willingboro Twp/Burlington
Woodbine Borough	Woodbine Boro/Atlantic

CSBG Non-Discretionary Grantees (CAP Agencies)

Agency

Atlantic Human Resources, Inc.
Bayonne Economic Opportunity Foundation
Bergen County Community Action Partnership, Inc.
Burlington County Community Action Program

Camden County Council on Economic Opportunity
CATA - Farmworkers Support Committee
Check-Mate, Inc.
Essex County
HOPES, Inc.
Jersey City
Mercer County
New Jersey Association on Correction
New Jersey Community Action Association, Inc.
North Hudson Community Action Corporation
NORWESCAP
Ocean Community Economic Action Now, Inc.
Passaic County
Paterson Task Force for Community Action, Inc.
Plainfield City
Somerset Community Action Program Inc
Tri-County Community Action Agency, Inc.
Union County
United Community Corporation
United Passaic Organization, Inc.
United Progress, Inc.

DOE Weatherization Grantees
Agency
Bayonne Economic Opportunity Foundation
Bergen County Community Action Partnership, Inc.
Burlington County Community Action Program
Camden County Council on Economic Opportunity
Cape Human Resources, Inc.
Check-Mate, Inc.
First Hopewell Multi-Purpose Community Center
La Casa de Don Pedro, Inc.
Mercer County
Morris County Organization For Hispanic Affairs
NORWESCAP
Ocean Community Economic Action Now, Inc.
Passaic County
Paterson Task Force for Community Action, Inc.
PROCEED, Inc.
Puerto Rican Action Board, Inc.
Puertorriquenos Asociados for Comm. Organization, Inc.
Somerset Community Action Program Inc
Tri-County Community Action Agency, Inc.
United Passaic Organization, Inc.
Urban League of Morris County

Timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients.

For Homelessness Prevention and Rapid Rehousing, we will file an action plan with HUD by May 15th. We expect to issue an RFP upon HUD approval of the plan and

anticipate announcing awards in September 2009. Recipients will have two years to expend.
Guidelines are not available for the new NSP*, CSBG and CDBG but are expected in April. The initial WAP application was submitted to the Department of Energy (DOE) on March 23, 2009; and the Comprehensive Application is due by May 12, 2009.

*ARRA provides for $2 billion in NSP funding. This is separate from the NSP funding described in questions one and 13. The new NSP funding will be awarded competitively and we are awaiting guidelines.

Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount?

None of the ARRA funds will allow any offsetting of State appropriations within the Division.

What additional positions, if any, have been and will be hired with these funds?

The Department is in the process of requesting four additional full time employees (FTEs) to work on Phase 1 of the Neighborhood Stabilization Program. These positions are required by GAO in order to meet accountability standards. These positions have yet to be created and filled. Five additional monitoring positions will be needed to support WAP.

If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?

ARRA activities will continue into FY 2011. Other than NSP, the stimulus programs augment existing programs administered under the Department. Note, however, that future NSP ARRA funds are competitive, thus DCA cannot be positive that we will obtain these funds.

2. Over the past several years, the overall staffing level in the executive branch has been reduced through restrictions on hiring and an early retirement program. The FY 2010 budget proposal envisions continuation of the hiring restrictions coupled with possible furloughs or further reductions in positions.

Question: **How has the reduction in staffing affected your department? What strategies has the department employed to deal with staff reductions? What projects, work products or functions has the department discontinued or deferred because of staffing levels? Will the department be able to accommodate furloughs in FY 2010 without increasing spending for overtime?**

The following chart is a breakdown of staff reductions from FY08 to the present

Division/Program	FY2008 Authorized FTE	Checks Cut* as of Mar 13 2009	Difference	% change
Codes and Standards	555	474	(81)	-14.59%
Fire Safety	127	100	(27)	-21.26%
Housing & Community Resources	385	312	(73)	-18.96%
COAH	32	22	(10)	-31.25%
Local Government Services	53	43	(10)	-18.87%
UEZ**	n/a	19	19	100.00%
Smart Growth	29	16	(13)	-44.83%
Historic Trust	9	6	(3)	-33.33%
Women	17	11	(6)	-35.29%
Management & Administration	73	60	(13)	-17.81%
Government Records Council	10	8	(2)	-20.00%
GRAND TOTAL	1,290	1,071	(219)	-16.98%

* does not include employees on leave
** transferred to DCA effective 10/1/08

OFFICE OF AUDITING

The Office of Auditing has gone from a total staff of three full time employee (FTE) positions down to two within the last year. Upon our reduction in staff, Auditing examined the functions and priorities of the office and duties were reallocated between the Director and the remaining staff person (Auditor 3). Various items identified as less critical or administrative in nature were also reallocated to other DCA offices.

The office’s methodology for the annual Internal Control Review project was changed this year to only meet the “minimum” requirements spelled out in Treasury Circular Letter 03-08-OMB versus more in-depth reviews that were completed in past years. The internal auditing function has also been curtailed due to current staffing and a significant increase in departmental external audit duties, compliance issues, and oversight reporting requirements. Furloughs will not be an issue for the Office.

CENTER FOR HISPANIC POLICY, RESEARCH AND DEVELOPMENT (CHPRD)

CHPRD staff was reduced from five to four, with the position of Deputy Director going unfilled. This has resulted in the senior staff person, a Program Development Specialist 1, undertaking additional responsibilities. To make up for staffing deficiencies, the CHPRD has employed college interns periodically and established Advisory Committees when necessary to assist in the review of funding applications, selection of scholarship winners for the Hispanic Interns in Community Service Program and honorees for the annual Excellence in Hispanic Leadership Award. Technical assistance and training activities have been reduced to every other month or sporadically. The CHPRD will be able to accommodate furloughs in FY 2010 without increasing spending for overtime.

CODES & STANDARDS

Backlogs or delinquencies have occurred in some programs due to staff shortages. In some instances, (e.g., the Continuing Care Retirement Communities unit) the Division simply suspended service altogether.

Program areas experiencing backlogs or delinquent in providing service are as follows:

Activity	Current Backlog	Backlog–FY08 Yr-end
Construction Project Review		
Initial Reviews	24	47
Resubmissions	25	24
Local Code Enforcement		
Inspection Requests/Results Data Entry	*activity suspended*	*activity suspended*
Filing at Municipal Offices	*activity suspended*	*activity suspended*
PRED/CCRC		
Annual Disclosure Statements	*none*	30
Amendments	*none*	32
Rooming/Boarding House Stds		
Evaluations (Inspections)		
Class A Rooming	436	224
Boarding Homes	117	142
Homeless Shelters	70	80
Residential Health Care Facilities	66	40
Total	689	486
License Denial/Revocation cases	*none*	*none*
Bureau of Housing Inspection		
Inspections/Reinspections	341	161
Elevator Safety		
Device inspections	782	752
Plan review	*none*	4
Regulatory Affairs		
Investigations	297	279
Routine Technical Monitoring	*activity suspended*	*activity suspended*
Code Official Licensing		
Applications pending (> 30 days)	254	180

Oddly, in programs whose activity is closely tied to economic health, the sluggish economy has provided some opportunity to catch up and become current in meeting statutory mandates.

The Division is impacted by local budget crises as well, in that municipalities have been disbanding, by part or in whole, their Construction Code Enforcement Offices, and are requesting the DCA provide code enforcement services instead, which it must do by statutory mandate.

During the period in which the Division has been operating under a hiring freeze, three more municipalities have discontinued providing for Construction Code Enforcement service. Those three municipalities must be serviced now by the Division. Together, they represent an increase in the number of permits issued through the Department's regional offices by approximately 600 annually, or 13%.

In addition, 23 municipalities have terminated their own Elevator Subcode Official or terminated their contracts with on-site inspection agencies providing for elevator periodic inspection services, and have asked the Division to provide that service instead, thereby increasing the number of devices for which the department has inspection responsibility by 1,750, or approximately 13%.

In general, staff or functions or both have been reassigned and realigned where possible. In Construction Code Enforcement, the Division has temporarily suspended data entry of inspection requests and inspection results, and has temporarily suspended the filing of permit paperwork at the municipal office locations in those towns for which the division's regional offices provide Construction Code Enforcement services.

The Division had temporarily suspended its review and certification of Continuing Care Retirement Communities' (CCRC) annual disclosure statements, however, declining activity under the Planned Real Estate Development (PRED) Act requirements has provided the opportunity to resume CCRC review and certification activities. The Division has also temporarily suspended routine technical monitoring of municipal Construction Code Enforcement offices.

The closing of boarding homes and residential health care facilities as a result of the operators' failure to comply with basic health and safety requirements is a crucial, but labor-intensive activity. As a result of closings, the Division is behind in routine inspections in the Bureau of Rooming and Boarding House Standards as reflected above. A backlog in license renewals has been addressed by the reassignment of staff from other parts of the division. In the Bureau of Housing Inspection, field inspectors have been brought into the office on a rotating basis because of a critical reduction in administrative support staff. Obviously, pulling inspectors from the field decreases the number of inspections performed and impacts fee revenue. But the clerical functions are an essential part of the process.

Regarding furloughs, in some areas we will continue to defer projects, products or functions, or fail to meet our statutory obligation by greater numbers and timeframes. In other areas, however, such as carnival/amusement ride safety, overtime may be unavoidable.

DIVISION OF FIRE SAFETY

The Division of Fire Safety (DFS) has seen its authorized strength reduced from 127 to 100 positions. The DFS has implemented a number of changes that have allowed us to continue our statutorily mandated functions while reducing staffing needs. For example, we are in the process of designing a new computer system that will dramatically alter our business process. The design will automate many functions that are currently done manually thus increasing staff efficiencies. In addition, we will be requiring our constitutes (members of the fire service) to submit/communicate with us electronically instead of the traditional mail/telephone method thus allowing us to further enhance efficiencies.

We have deferred the implementation of performing site inspections to ensure compliance with the new Reduced Cigarette Ignition Propensity and Firefighter Protection Act and will be relying on the Department of Treasury's tax stamp inspection process to spot check compliance during their tax inspections. With the exception of emergency responses and fire investigations, neither of which can be planned for, there will be no impact on DFS' overtime due to possible furloughs.

GOVERNMENT RECORDS COUNCIL (GRC)

The GRC, due to reductions in staff and an inability to fill those positions, has seen an increased amount of time to adjudicate denial of access complaints filed under the Open Public Records Act because there are less case managers to investigate and analyze the increasing number of complaints received. Additionally, staff has not been able to devote as much time as needed to staying current with developments in the law which in turn extends the time required to investigate and analyze the increasing number of complaints received. There has been an increase in the amount of time taken to respond to inquiries received on the toll free information help line due to the concentration of time spent on complaint investigation and analysis. Less time has been devoted to updating forms, brochures, and other resources provided to requestors and custodians of government records on the GRC website. There has been a substantial reduction in the number of training seminars the GRC provides to records custodians throughout the State. Lastly, the GRC has seen a substantial reduction in the practice of informally intervening when a records custodian denies access to a requestor before a complaint is filed and at the request of a requestor of government records. The furloughs will not affect the GRC as it relates to overtime, as the GRC does not incur overtime costs.

HISTORIC TRUST

The funding for the Historic Trust is directly tied to the Garden State Preservation Trust fund, thus we have continued to offer planning and capital grant rounds. We have deferred some site inspections and easement monitoring is less vigilant. We can accommodate furloughs without increasing spending for overtime.

DIVISION OF HOUSING AND COMMUNITY RESOURCES
The merging of the Divisions of Housing and Community Resources allowed staffing to be reallocated to effectively administer existing programs. Administrative functions were strengthened through merging, while program delivery systems were minimized and all but discontinued. In some program areas, outsourcing to administer programs and/or perform monitoring activities was implemented. The Division will be able to accommodate furloughs in FY2010 without the need for overtime.

HUMAN RESOURCES
Staff has had to absorb numerous duties as vacancies have gone unfilled. When one unit is busy, staff from other units provide assistance to the extent that knowledge and experience is transferable. Various functions and work products have been deferred as a result of fiscal constraints, however, it is important to note that the vast majority of the work in this unit is mandated by Title 4A and the Collective Bargaining Agreements; therefore, it is not an option to discontinue the overwhelming majority of work associated with this office. All mandated work functions continue as a direct result of staff taking on more duties and responsibilities and performing to the best of their abilities. We believe the Division can accommodate furloughs without increase overtime spending, however, there is an increased burden on a select group of individuals.

INFORMATION TECHNOLOGY
IT has been operating for several years with approximately five to six vacant positions (21% under staffed). Responsiveness has lessened and, as a result, IT's reputation as a contributing support organization has been diminished. There have been several projects that have been deferred (data warehousing, adoption of eCATS, completion of IT inventory valuation and others) that may have resulted in cost reductions and richer more inclusive business information. For a time, the IT Unit did not manage the COAH project work at OIT and, therefore, it suffered from scope creep and unmanaged costs. The IT Unit still does not act as project management for the OIT development of PermitsNJ. The project is at least six years old and has cost $7.2 million so far. We can continue to keep systems online without any more overtime than we already spend (two partial man days per month for weekend system maintenance).

LOCAL GOVERNMENT SERVICES
The Division of Local Government Services (LGS) saw the elimination of eight positions through the Early Retirement Incentive Program (ERI) and two other positions due to separation from State employment, which is a 20% reduction in staff since July 1, 2008.

The elimination of these positions forced the elimination of some statutorily mandated programs and necessitated legislative changes. Few, if any, Divisions in state government were hit harder by the Early Retirement Incentive than LGS. The Division in the mid-1990's had 140 employees. Due to hiring freezes, ERIs and the failure to backfill, the Division currently attempts to maintain the same statutory requirements of the 1990s as well as new programs and responsibilities that have since been added. Since July, 2008, LGS has seen a 20% reduction in staff to the current 43 employees. As the staff has shrunk, however, the amount of work required of the Division has increased.

Part of this workload increase stems from oversight of the Special Municipal Aid Program, as required by the Legislature. This program is designed for municipalities facing the most severe fiscal conditions and is funded in order to provide essential services to its residents. In order to determine that cities are in compliance with the executed MOU and to guarantee that resources are being utilized in an efficient and effective manner, monitoring must be undertaken by LGS to ensure office procedures, planning, equipment, administration, personnel are in place and grants are being obligated and expended according to state law and to meet the essential services required by the residents. Monitoring of Special Municipal Aid cities encompasses seven main areas (i.e. Tax Collection, Finance and Treasury, Procurement, Grants, Personnel/Payroll and Administrative). Additionally, staff conducts reviews of each SMA municipalities' police and fire departments, the largest expenditures of a municipality's budget, to assure that there are efficiencies and economies pertaining to the health, safety and welfare of its residents.

The core function of LGS is fiscal review and oversight. This includes reviewing municipal, authority, county and fire district budgets, a difficult task made increasingly more difficult by staff reductions that have already occurred. In total, the Division has fiscal oversight of over 100 local units. Review and approval of budgets and relevant fiscal documents (audits, financial statements, debt statements) in a timely manner is critical to the local units as they are trying to implement their budgets.

Additionally, recently signed into law, "CORE" legislation assigns multiple tasks to the Division. These include, but are not limited to: development of user friendly budgets; development of a performance measure "scorecard"; support of the LUARC Commission; development of guidance of the Defined Contribution Retirement Program; and continued implementation and oversight in the SHARE and COUNT programs. Further, recent legislation under the "Pension Contribution Deferral" program allows municipalities a one year only pension deferral, subject to the approval of the Local Finance Board. The Board falls under LGS, and as we anticipate numerous applications being submitted, LGS will require as much qualified staff as possible to review these applications and discuss these issues with towns in a thorough and timely manner. It is anticipated that the Budget staff must review approximately 358 CY2009 budgets and 36 FY2009 budgets within a two month time frame as well as complete reviews for extraordinary aid and CAP waivers. It is unclear if it is feasible for staff to complete such a monumental task given the reduction of qualified personnel.

URBAN ENTERPRISE ZONE

The Urban Enterprise Zone (UEZ) Office is currently understaffed, however, the number and multi-faceted nature of projects and functions have increased. The number of Zone Assistance Projects approved on an annual basis has increased from about 150 (FY04) to over 200 (FY08), necessitating an even greater increase in project documentation review, project monitoring and reimbursement processing, compounded with compliance issues being addressed from the most recent OLS audit. Likewise, the application process has become more complex, providing verified documentation for tax reviews by the Division of Taxation, following clearances for delinquencies, maintaining additional databases in now multi-phase certification and multi-phase inactivation processes. Here staffing has also not been increased but transactional workloads have multiplied geometrically for incumbent staff, with other staff diverted from other program priorities.

Furloughs, while not resulting in any additional overtime costs, could result in processing delays throughout the program.

DIVISION ON WOMEN

The Displaced Homemaker Program, Urban and Hispanic Women's Centers are down from four FTEs to one. This has 21 programs throughout the state. The Rape Care and Prevention Program manages over 100 grants with just two staff members where in the past, three staff were assigned to the program. The Domestic Violence Fatality and Near Fatality Review Board no longer has a research associate to work with the program manager. The Address Confidentiality Program continues to grow in terms of number of participants and participants' safety needs are becoming more complex yet the number of staff has remained the same since the inception of the program in 1998. The Sexual Assault program, which had three FTE's, currently operates with two FTE's and supervisory time. This has 23 programs throughout the state.

Current responsibilities are accomplished through use of SAGE, reallocation of funding source, and reassignment of duties to existing staff. By necessity, the Division has reduced its time and staffing commitment to several boards, committees and councils. Grant monitoring and technical assistance through site visits has been negatively impacted due to staff reductions and reassignment of duties.

The DOW will be able to accommodate furloughs in FY2010 without increasing spending for overtime.

3. The FY 2009 appropriations act anticipated that $25 million in procurement savings would be achieved by executive departments. A chart on page 75 of the Budget in Brief categorizes those savings and indicates they will continue into FY 2010. The FY 2010 budget includes another $25 million from procurement savings (Budget in Brief, Appendix I, page 8).

Question: **Please indicate the FY 2009 amount of procurement savings achieved by your department, by the categories set forth in the referenced table, and the sources of those savings by department program. What is the annual amount of these savings as continued into FY 2010? How have these reductions affected the department? What projects, work products or functions has the department discontinued or deferred in order to achieve these savings?**

OMB is providing a statewide response.

4. The FY 2010 budget recommends reductions in municipal formula aid allocated through Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts Aid of $32.1 million, by categorizing every municipality according to wealth and property tax burden and reducing FY 2009 aid between zero and 5%, the reduction percentage rising as wealth increases and tax burden decreases. If approved, this recommendation would effect the second consecutive year of incremental municipal aid reductions in advance of the Local Finance Board's promulgation of performance measures and training modules for key municipal staff that, pursuant to Chapter 54, Laws of 2007, are intended to inform, if not compel, aid redistributions beginning in FY 2011.

In response to an OLS FY 2009 discussion point, the department stated "we believe that we need to re-examine how we distribute aid," and added that it would work to develop qualitative and quantitative measures to develop a new funding formula for the distribution of aid within the next fiscal year, and work with the Legislature to come up with a fair and equitable distribution.

Question: **Does the FY 2010 recommendation for municipal aid represent the culmination of efforts to develop a new funding formula, or the continuation of an incremental approach to reducing municipal aid with the primary goal of attaining State budget savings?**

The OLS question mischaracterizes the purpose of the performance measures required in P.L. 2007, c.54. The law specifically links the measurement and reporting program to the Municipal Efficiency Promotion Aid Program, (N.J.S. 52:27D-181.1), whose funding was discontinued in FY 2009 (see Appendix A for further details). The legislation did not tie the performance measurement program to "aid redistributions beginning in FY 2011". It is limited to the single program.

The proposal is an effort to allocate aid reductions using existing standards (found in school aid allocation) – that of income and wealth, to provide an equitable change in aid. It was developed as a response to the FY 2010 challenge of allocating aid reductions with no other specific intention, though it is recognized it could be used to allocate aid increases, or as the basis for a new aid program. Total formula aid was reduced by $32 million. The $32 million reduction was driven by the principle that municipalities with higher wealth and lower taxes can absorb more of an aid reduction than municipalities with low wealth and high taxes. Under this approach, "wealth" is calculated by measuring per capita income and equalized property value per capita. This "wealth calculation" is similar to the methodology used in school aid formulas. Taxes were measured by using the equalized property rate. Using that as a guide, calculations were made assigning municipalities into nine groups based on low, medium, and high equalized tax rates and wealth. Each municipality's FY 2010 allocation was reduced by a different percent, based on their designated wealth/tax burden group (i.e., the highest tax/lowest wealth group received a 0% reduction, while the highest wealth/lowest burden group received a five percent reduction (limited by capping the loss to the average residential property tax payer at $100).

Additionally, while municipal aid has decreased, it must be noted that property tax relief for New Jersey residents has increased enormously under the current administration (please see the following chart). The additional relief provided by the administration has gone a long way towards alleviating the decrease in municipal aid.

Household	(FY99-02) Whitman DeFrancesco		(FY03-06) McGreevey Codey		(FY07-10) Corzine [3]
Non-Senior					
@$30k	$ 854	[1]	$ 1,709	[2]	$ 2,986
@$50k	$ 851	[1]	$ 1,841	[2]	$ 3,118
@$75k	$ 871	[1]	$ 1,835	[2]	$ 3,077
@$100k	$ 880	[1]	$ 1,830	[2]	$ 1,969
Senior					
@$30k	$ 2,062		$ 5,240		$ 8,894
@$50k	$ 1,593		$ 3,965		$ 8,970
@$75k	$ 400		$ 1,664		$ 4,665
@$100k	$ 400		$ 1,628		$ 3,476

* Inclues Homestead Rebate and Senior Property Tax Freeze programs.
Based on data from the Division of Taxation.

1 Non-Senior average checks during FY00-FY04 reflect NJ SAVER rebates. Homeowners were entitled to a rebate from whichever program (either NJ SAVER or Homestead Rebate) that gave them the greater benefit. Non-Seniors generally received a larger benefit under the NJ SAVER program. Data stratifying NJ SAVER by income for FY00-01 fiscal years not available, so statewide average used.

2 Reflects NJ SAVER checks for FY03-04 and Homestead Rebate checks thereafter.

3 Reflects current averages for FY**09** average checks and Budget estimates for FY10 average checks .

What progress did the department make toward developing qualitative and quantitative measures to develop a new funding formula for the distribution of aid? What progress has the Local Finance Board made toward adopting performance measures, as it is required to do by law? If those measures are not yet adopted, what is the timetable for doing so?

The answers to the preceding three questions are found in the report filed with the Senate Budget and Appropriations Committee, and the Assembly Appropriations Committee pursuant to FY 2009 budget language. The report is attached at the end of this document (Appendix A)

Did the Local Finance Board play any role in developing the recommended FY 2010 reductions to municipal aid?

No.

5. The FY 2010 budget recommends $8 million for the Consolidation Fund. The FY 2009 Appropriations Act appropriated $3 million for the Consolidation Fund, in addition to the $15 million appropriation from Fiscal Year 2008 that went unspent and carried forward into FY 2009. This $18 million, less $5 million designated by FY 2009 budget language to defray municipal costs of State Police rural patrol services, was intended to augment fund balances from the existing Sharing Available Resources Efficiently (SHARE) program to encourage the consolidation of local units of government and allow the State to develop new incentives for municipalities, counties, and other local units of government to conduct their work more efficiently. FY 2009 budget language required the joint development of a spending plan by the Departments of Community Affairs, Education, and Treasury to govern the use of the Consolidation Fund and requires the plan to give primary consideration to municipalities with populations below 10,000. The department indicated in a response to a FY 2009 OLS discussion point that it expected municipalities to take advantage of both the flexibility provided by the Local Option Consolidation Act (P.L.2007, c.63) to develop locally-based approaches to consolidation and the act's provisions that protect residential owners from consolidation-induced property tax increases (section 28 of P.L.2007, c.63).

As of March 23, 2009, no Consolidation Fund monies have been spent or encumbered, except for $500,000 to support costs of the Local Unit Alignment, Reorganization and Consolidation Commission (LUARC). Furthermore, of the $9.87 million in SHARE funds carried forward into FY 2009, $5.2 million is intended to lapse to surplus, and only about $1.8 million is expended or designated for expenditure. All other unspent SHARE and Consolidation Fund balances are recommended to carry forward into FY 2010.

***Question:* If the required FY 2009 spending plan for the Consolidation Fund has been adopted, please set forth its key goals and objectives, and explain what parts of it will be implemented by the close of FY 2009, and at what cost. Please also attach a full copy of the plan.**

A copy of the Interagency Memorandum of Agreement concerning Use of Consolidation Fund Resources is attached at the end of this document (Appendix B). The plan responds to the specific questions.

What is the basis or justification for an additional $8 million in funding in FY 2010? Please list all municipal consolidation plans and applications to create a consolidation study commission filed with the Local Finance Board pursuant to section 25 of P.L.2007, c.63, the board's actions on each filing, and any expenditures or commitments of SHARE or Consolidation Fund resources to support any filings approved by the board.

The additional appropriation has several purposes and in part, reflects the uncertainty of the need for funding for such purposes. First, the funding will be able to supplement, when and if necessary the carry-forward balances for the SHARE program, which has not received an FY 2010 appropriation. Secondly, the Consolidation Fund Plan re-establishes the authorized, but inactive ability of the Department of Education to directly award and administer funds for school sharing projects and SHARE funds will be needed for this purpose. Combined with the pending expiration of COUNT regional shared services grants to counties in FY 2010, and the uncertain amount of SHARE grant applications, an uncertain amount of additional funding for SHARE is anticipated during FY 2010.

This year the SHARE Grant Program has awarded 26 grants totaling nearly $1 million. Since its inception in 2005, SHARE has awarded 165 grants totaling $9.9 million. This total includes COUNT Grants to 16 counties to establish county level shared service coordinator positions.

Finally, the current effort of abolishing non-operating schools districts and the potential combination of non-K-12 districts may also require additional resources. Certainty on these matters will not be known until later this calendar year.

Please also list any expenditures or commitments of SHARE or Consolidation Fund resources, by recipient and amount, to defray the cost of terminal leave payments authorized under C. 40A:65A-11, C. 40A:65A-17 and C. 40A:65A-19 in order to implement shared services or joint meetings.

No funds have been authorized in FY 2009 for these purposes

6 a. The FY 2010 budget recommendation for Special Municipal Aid is $142.4 million. This is a decrease of $2.95 million below the FY 2009 adjusted appropriation, but an increase of $9.85 million above the effective FY 2009 funding level, given that $12.8 million of the FY 2009 appropriation will not be allocated due to the Governor's mid-FY 2009 budget reductions. Both the final allocation of FY 2009 funding and the proposed allocation of FY 2010 funding are unknown. As of March 23, 2009, about $63.4 million has been disbursed, and about $67.6 million was unspent. Asbury Park, Bridgeton, Camden, Harrison Town, Jersey City, Newark, Paterson, and Union City were recipients of this aid in FY 2008. The Special Municipal Aid program is intended to assist municipalities with severe budgetary and fiscal problems that cannot be resolved without State assistance, and involves some degree of enhanced State oversight of municipal budgeting, hiring and fiscal policies as a condition of receiving aid. The Department advised the Legislature in response to an OLS FY 2009 discussion point that it developed an application procedure "to better assess the needs of municipalities" seeking aid.

Question: **Please list the municipalities that received and returned applications for State FY 2009/ State FY 2010 aid; the amount of aid each applied for, and the status of each application, specifying the State and local fiscal year from and for which aid has been sought and approved.**

Applications for FY2009 funding were received from: Bridgeton (2.5M), Camden(62.7M), Jersey City(7.2M), Paterson(30M), Union City(12.8M), Irvington(9M), Perth Amboy(9.5M), Hoboken(1M) and Weehawken (6M). We anticipate receiving applications from Newark, Harrison, Asbury Park and Penns Grove, which are calendar year municipalities that would be funded from the SFY2010 SMA budget allocation.

Bridgeton, Paterson, and Camden appeared before the Local Finance Board on April 8, 2009 and received approval (Bridgeton $1.8M, Paterson $27M, Camden $56.350M). Jersey City and Union City will appear before the Board on Tuesday, April 14th. Hoboken was denied SMA; Irvington, Perth Amboy and Weehawken also applied for and received Extraordinary Aid, therefore, their SMA applications are being re-evaluated in light of the EA award.

From the FY09 state SMA allocation, Harrison was paid $5 million of their CY08 $7.6 million award; and Newark was paid $32.385 million of their $45 million CY08 award.

Please list, by municipality for State Fiscal Year 2009, the amount of Special Municipal Aid expended to date, including to which local fiscal year the disbursement was credited.

Funds are drawn down by municipalities as needed throughout the year.

What assumptions or projections, e.g., more or fewer participants, changing municipal revenues or costs, are the basis for the recommended FY 2010 appropriation?

As CMPTRA is reduced, the economy continues to be stagnant, ratables seem to be frozen, contractual obligations continue to increase, and surplus continues to decrease;

we anticipate more municipalities facing economic challenges. Still, we are encouraging municipalities to continue efforts to examine all costs and efficiencies and consider how services are provided; discuss opportunities for sharing services with their neighbors; and take advantage of all opportunities for reducing costs before applying for Aid.

Is this funding level adequate in light of non-recurring pension deferrals of $54.5 million for the eight municipalities that received FY 2008 Special Municipal Aid?

Until we receive applications from all interested parties, it is difficult to determine if funding is adequate.

6 b. The FY 2009 Appropriations Act also conditions the receipt of Special Municipal Aid by any municipality on an audit by the State Comptroller to be initiated within six months of the receipt of aid. This language is not continued in the FY 2010 budget, but is replaced instead by language authorizing the department to require audits "as necessary." The department recently allocated $410,000 to support consultants that will conduct audits in two municipalities.

Question: **Is the department coordinating with the State Comptroller auditing activities in municipalities receiving Special Municipal Aid? Are the audit activities of the consultants in addition to those to be undertaken by the State Comptroller, or on behalf of and with the approval of the State Comptroller? If the former, why are the consultants' auditing activities not duplicative and unnecessary?**

The Division of Local Government Services and State Comptroller discussed the best approach to the mandate, and agreed that the wisest allocation of resources would be the hiring of outside CPA/RMA firms by the Division to conduct them. Audits have been completed for Asbury Park, Bridgeton, Harrison, Jersey City, and Paterson. The remaining audits will be completed by July. Copies of the completed reports will be made available to the public.

The audits being conducted are not financial audits. The Division and State Comptroller concluded that the budget language did not contemplate a duplication of the financial audit conducted annually by each municipality's auditor. Instead, the auditors would examine areas that are not routinely part of the fiscal audit – an in-depth statutory compliance and internal control audit. Modeled after audits conducted several years ago of Abbott school districts, the audit goes beyond the review of financial statements and examines the internal control system and compliance with statutes, as well as a review of various fiscal and accounting practices.

Why should the State Comptroller not be required to continue auditing activities in municipalities receiving Special Municipal Aid?

The intention of the budget language was to eliminate duplication of effort and improve efficiency of resources. There is, however, nothing to prevent the Comptroller from going in when he/she deems it necessary.

7. The FY 2009 Appropriations Act allows for an amount not to exceed 3%, or $4.36 million, of the appropriation for Special Municipal Aid to be allocated for administrative costs for the purpose of monitoring and auditing the municipalities participating in the Special Municipal Aid program. From FY 2000 to FY 2006, over $10.5 million was appropriated for a similar purpose, i.e., "Special Municipal Aid Act – Administration." During that period, no appropriation for any single fiscal year was greater than $2 million. Funds were not appropriated for this purpose in FY 2007 and FY 2008.

Question: **Has the Department expended any of the FY 2009 appropriation of Special Municipal Aid for monitoring and auditing purposes? If so, please provide information on the use of these funds, including specifically any funds used to hire new employees, the number hired and their duties and assignments. Please specify the goals and results of any monitoring and auditing activities completed or in progress.**

Approximately $1.38M has been committed to the audits required by budget language. Some funds have been allocated to hire staff to oversee the audit in Camden.

Other funds were expended for the existing employees, their expenses, and oversight of the program. Existing staff continued its efforts of providing public safety and fiscal operational reviews of municipalities in the program. The goals of these efforts are to assist the participating municipalities improve their operational efficiencies. During FY 2009 staff continued its efforts in monitoring the fiscal condition and operations of the City of Camden, and assisted in performance improvements in Bridgeton, Paterson, Harrison, Newark, Jersey City, Asbury Park, and Union City.

8. *The FY 2010 budget recommends continuing the appropriation for the State Rental Assistance Program (SRAP) at $32.5 million and again allocates an additional $20 million by language from dedicated realty transfer taxes credited to the New Jersey Affordable Housing Trust Fund. P.L.2004, c.140 established SRAP to be patterned after the federal section 8 rental choice voucher program for low income individuals or households. Pursuant to N.J.A.C.5:42-1.1 et seq., tenant-based rental assistance grants are awarded through a lottery-type process only to applicants currently on the Department's existing Section 8 Housing Choice Voucher Program waiting list. Project-based rental assistance is also a component of the program, whereby payments are allocated to new or rehabilitated housing units for 15 years, and paid when qualified tenants occupy those units. The program's regulations also reserve 35% of the rental assistance grants for households currently on the SRAP waiting list.*

In response to an OLS FY 2009 discussion point, the department projected that there would be no uncommitted or unspent funds at the close of FY 2008, and that from FY 2009 funds it would require $19 million for tenant-based rental assistance vouchers already in use and $15.7 million to fund 1,500 vouchers to be newly issued. The Department offered no projection of the number of project-based rental units to be funded with FY 2009 resources, but asserted that without all $52.5 million in FY 2009 funding it would have to "stop leasing." A review of fiscal records shows that $42.6 million in unexpended SRAP funding carried into FY 2009; that $24.3 million has been spent to date; and that $47 million is to lapse as part of the Governor's mid-year budget revisions.

***Question:* Please explain the apparent discrepancy between the Department's previous projections of FY 2008 and FY 2009 program costs and the presence of $47 million in unexpended SRAP funds that will be lapsed. What is the annualized FY 2010 cost of Tenant Based-Rental Assistance for vouchers in use or to be issued in FY 2009? How many households have received this assistance in each month of FY 2009 thus far and what were the total and average-per-household assistance payments per month respectively? What growth in the number and cost of vouchers is projected that justifies the recommended level of funding in FY 2010? Please provide a FY 2010 spending plan for this program, specifying administrative costs, tenant-based vouchers (number and amount, by fiscal quarter) and project-based assistance (including number of projects, units per project, and amount by fiscal quarter).**

The Department is currently expending over $3.012 million per month in housing assistance payments (HAPs) for 3,756 SRAP clients, as of April 2009, (3,203 tenant-based clients and 553 project-based clients). The program is currently growing at rate of approximately 81 new clients leased per month. At this rate, the SRAP will be assisting 3,918 clients by June 2009 and will have expended HAPs totaling $33.169 million for FY 2009.

The average housing assistance payment is $831 per month. The following summarizes client leasing for FY 2009.

Project-Based: The Department currently has 863 Project-Based units under contract (these contracts are for 10 years); 553 of these units are currently leased. The Department anticipates that the remaining 336 units will be leased up within the next 12 months.

In May 2009, the Department will award an additional 90 Project-Based vouchers; $7.2 million of our current allocation will be encumbered to cover the leasing of these vouchers over the next 10 years.

The Department anticipates increasing leasing by 336 clients per quarter – which will result in additional expenditures of $837,648 per quarter.

9. *The FY 2010 budget recommends language that allows $7,000,000 in funds appropriated for Neighborhood Preservation - Fair Housing to be used to provide technical assistance grants to non-profit housing organizations and authorities for creating and supporting affordable housing and community development opportunities. This budget language provision has existed since at least FY 1993 and the spending allowance has tripled in size since FY 2000.*

Question: **Please provide a list of non-profit organizations and authorities that received grant funding in FY 2009; the number of years each was funded, and the amount of funding, under this language for the period from FY 2004 to FY 2009; and the number of housing units each has produced over that same time period. Please explain why the department believes that targeting $7 million in funds in this fashion produces better outcomes and better fulfills the Governor's housing goals than allocating the money directly to municipalities for the production of housing units.**

Please see attached spreadsheet (Appendix C) for the list of non-profit organizations and agencies that received grant funding from FY04 through FY09. The spreadsheet includes funding amounts and units produced.

The OHA Operating Grant Program provides direct operating support to non-profits engaged in housing production. Over the past six years, Grantees have received a base of $70,000 annually and the ability to earn bonus funding based on units produced (as verified by the submission of Certificates of Occupancy). During this period, the program has expanded from 31 grantees to 57.

In FY09, OHA provides direct operating support to a total of 57 nonprofit agencies with a base funding of $70,000 and the ability to earn up to an additional $115,500 in Production Bonus funds based on housing units produced. The Production Bonus funding is based on $2,000 per unit for the first 6 units produced and $1,500 per unit for the next 69 units produced in the fiscal year.

The primary purpose of OHA grants is to produce housing via nonprofit developers of affordable housing. This is accomplished by building and expanding the capacity of the organizations. The program provides operating support and technical assistance and bonuses based upon the number of units the organization produces. It is imperative that the nonprofit demonstrate their capacity to create and maintain a production pipeline of affordable housing; if not, they will be eliminated from the program. The program is production-oriented; grantees are expected to expand their housing production capacity and achieve and maintain a level of production that will make an impact on their target neighborhood or target population. OHA grantees are evaluated each year on organizational capacity, proposed production (pipeline) and production that is achieved. New grantees will be given two years to meet the criteria established for continued funding.

The program is challenged because of a significant drop in available housing production loans and grants, specifically through Low Income Housing Tax Credits, construction lending, and the New Jersey Affordable Housing Trust Fund which provide the resources for the grantees. The program was originally created to further some of the state's key policy goals relating to the types of housing needed in cities and suburbs across the state, with a focus on housing for low and very low income residents, supportive housing, and housing near jobs for the state's working families. OHA Grantees have traditionally produced and continue now, even in these difficult economic circumstances, to produce the types of housing others are not producing in places where other developers do not traditionally work.

10a. FY 2010 budget language recommends a contingent appropriation of up to $8 million for transfer to the Lead Hazard Control Assistance Fund. A FY 2009 Grants-in-Aid appropriation of $6 million to the Lead Hazard Control Assistance Fund will be allowed to lapse as part of the Governor's mid-year budget revisions and will not be continued in FY 2010. In response to an OLS discussion point on the FY 2009 recommended budget, the department projected that it would require funding for Lead Hazard Control Assistance Fund programs and activities as follows:

Education and Outreach	*$3.7 million*
LHCA Loans	*$5.0 million*
Emergency Relocation Assistance	*$2.0 million*
Lead Free Unit Registry	*$0.5 million*
Administration	*$1.1 million*
TOTAL	*$12.3 million*

As of March 31 2009, the Lead Hazard Control Assistance Fund had an uncommitted balance of $8.2 million out of available resources of $15.6 million. FY 2009 budget language permitted the department to use up to $1 million from the fund for the purchase of updated lead analysis and information technology equipment for distribution to local health departments and other health agencies.

***Question:* Please provide a FY 2009 spending plan, including expenditures for this fund. Does the department project that it will spend or commit all available funds by the end of FY 2009? If not, what amount is projected to be available in FY 2010 to continue programs? What is the spending plan for that amount?**

Indoor Environmental Hazards Unit – Lead Hazard Control Assistance Programs
Fiscal Year 2009 Spending Plan

Proposed Budget	Program Name	Actual Expended to date	Projected Expenditures to end of FY09	Total Projected Fiscal 2009 Expenditures
$5,000,000	Lead Hazard Control Assistance (LHCA) Program	$2,613,245	$1,000,000	$3,613,245
$2,000,000	Emergency Relocation	$484,362	$100,000	$584,363
$500,000	Lead Registry	$73,857	$215,269	$289,126
$3,700,000	Lead Education and Outreach	$623,382	$2,696,721	$3,320,103
$1,012,000	Administration	$843,300	$168,700	$1,012,000
$12,212,000		$4,638,147	$4,180,690	$8,818,837

Indoor Environmental Hazards Unit – Lead Hazard Control Assistance Programs
Fiscal Year 2010 Spending Plan

Amount	Program Name
$3,500,000	Lead Hazard Control Assistance Program
$928,000	Emergency Relocation
$160,000	Lead Registry
$1,400,000	Lead Education and Outreach
$1,012,000	Administration
$7,000,000	**TOTAL**

10b. On April 29, 2008, the Department of the Public Advocate issued a report entitled, "Getting the Lead Out: The Lead Poisoning Crisis in New Jersey" that was critical of lead abatement efforts in New Jersey. The report noted that almost 25% of the 2,276 abatements that were ordered in Camden, East Orange, Irvington, Newark, and Trenton between 1996 and 2007 did not happen. In response to this report, Governor Corzine issued Executive Order #100, which ordered and directed several executive departments to take actions to correct the deficiencies noted by the Public Advocate.

Executive Order #100 required the department to review its monitoring of all certified evaluation and abatement contractors, review its standards for the treatment of lead-based paint hazards, and if appropriate and feasible, propose rules that would allow for additional DCA-funded treatment options, and review its list of Certified Lead Abatement Contractors and update this list twice per year. The department was also ordered to take steps to offer greater technical support to complete the application for Lead Hazard Control Assistance Control Programs; explore, with the Department of the Public Advocate, the feasibility of simplifying the application; and collaborate with the Department of Health and Senior Services to develop a Memorandum of Understanding that will allow the agencies to cross-match the addresses of lead poisoned children with the results of cyclical inspections of multiple dwelling units.

Questions:

Has the department issued new rules allowing for DCA-funded treatment options? What and in effect when?

Rule proposals are being drafted and a copy of the draft rule proposal will be made available to the Public Advocate's Office in the near future. The rule proposals add two additional treatment methods to the Lead Hazard Control Assistance Fund. The rule revisions as currently drafted are substantial in scope and seek to address recent housing market conditions, the needs of nonprofit organizations, offer flexibility in treatment methods, provide a regulatory authority for the HEAL, HALLO, GOLD, LIFT and Lead Dust Hazard Removal Programs, as well as provide clarification of eligible costs under the two relocation programs.

Updated lists of certified contractors?

At the Division of Codes and Standards' webpage, the Department maintains an updated list of certified lead abatement contractors. The list was last updated on February 11, 2009, and will most likely be updated again before the end of the fiscal year.

Does funding hinder ability to meet EO#100 requirements?

Hiring restrictions have impeded the Division's ability to adequately inspect residential and nonresidential abatement projects; at present the Division is inspecting only about 52% of jobs each month. If in its question, the OLS is also referring to EO#100's directive, "DCA shall…review its monitoring of all certified evaluation and abatement contractors and, if appropriate and feasible, propose amendments to the work practice regulations," and inspection of abatement projects is the way to monitor contractors, then yes, the current and proposed funding levels do hinder the Department's ability to meet the EO#100 requirements. Be advised, that FY-T-D, 31 Notices of Violation have resulted from the inspections done; these, however, do not reflect a need to amend work practice regulations but instead enforcement them.

Any collaborative efforts among departments to comply?

The DCA and the Department of Health and Senior Services (DHSS) share information to cross-match the addresses where children have been identified with an elevated blood lead level with the results of the DCA's Bureau of Housing Inspection's cyclical inspections of multiple dwellings. A memorandum of understanding between the DCA and the DHSS is being developed. In addition, the DCA serves on the Lead Task Force, a group of impacted agencies and interested parties.

11. P.L.2005, c. 163 created the Special Needs Housing Trust Fund, a nonlapsing revolving fund under the auspices of the New Jersey Housing and Mortgage Finance Agency (NJHMFA) to be funded through the issuance of bonds by the New Jersey Economic Development Authority (NJEDA) under the "Motor Vehicle Surcharges Securitization Act of 2004." The purpose of the fund is to finance permanent supportive housing and community residences for individuals with special needs, through loans, grants, or other investments to finance or otherwise pay the costs of special needs housing projects.

Questions:

Will the NJHMFA meet its stated goal of financing approximately 285 units of special needs housing by the end of FY 2009?

Yes. HMFA has committed 201 special needs housing units under the Trust Fund through March 2008. Another 87 units are scheduled for financing commitments at the April, May and June meetings of the HMFA Board.

Please provide an update on the progress on the 387 units of special needs housing that were unoccupied as of the end of March 2008.

Of the 387 unoccupied units as of March 2008, 309 units are occupied. The remaining 78 units are under construction.

How many units of housing does HMFA intend to finance in FY 2010?

It is anticipated that approximately 2,000 new single family mortgages will be issued. 1,600 of the 2,000 home owners will receive down payment and closing costs assistance. 2,000 multifamily rental units will be produced. 500 units of housing will be preserved keeping the units affordable for an additional 22 years on average. 250 single family homes will be created under the CHOICE Program. 350 units of special needs housing will be created utilizing funding from the Special Needs Housing Trust Fund.

Where will those units be located?

The units will be located statewide.

Please discuss the department's cooperative efforts with the Department of Human Services to maximize DHS funding for operational and support services for special needs housing.

DCA and HMFA work together on special needs supportive housing projects to leverage DCA, HMFA and DHS resources as well as federal homeless funding through the McKinney Vento Act. All projects serving DHS populations are referred through the DHS, and projects must have letters of commitment for services and/or operational support that is going to be provided by the Department of Human Services. In addition, all projects must submit a Social Service Plan, which is reviewed by staff from DHS.

12. On December 1, 2008 the Governor signed into law Assembly Bill No. 3459 (P.L.2008, c.104). This bill appropriated a total of $12 million to the New Jersey Housing and Mortgage Finance Agency (NJHMFA) from the Long Term Obligation and Capital Expenditure Fund for two components of the "New Jersey Economic Assistance and Recovery Plan" announced by the Governor in a special joint session of the Legislature on October 18, 2008. $9.5 million was appropriated for foreclosure mediation and $2.5 million was appropriated for mortgage counseling.

Questions:

How many households have received either foreclosure mediation or mortgage counseling with these funds?

As of March 31st over 2000 NJ Residents have contacted the Foreclosure Mediation Hotline and approximately 700 homeowners have sought counseling services under the mediation program. The goal of the program is to try and resolve these foreclosure issues without resorting to mediation. The counselor meets with the homeowner to gather the necessary documentation and to create a workout plan that best meets the needs of the home owner and the lender. Of the 700 home owners working with counselors under the program 60 cases have been resolved without mediation and approximately 75 cases are scheduled for mediation. In addition, some homeowners are participating in the Mediation Program directly with the Judiciary – and not working through housing counselors.

NOTE: Although homeowners may request mediation on their own without working with a housing counselor, the Administrative Office of the Courts has specifically stated that having a housing counselor present greatly increases successful outcomes.

It is important to note that this program has only been available to home owners since January 5th and these cases take time to resolve. The number of home owners requesting counseling has doubled during the month from the prior two months, up from 360 to over 700 cases.

How many foreclosures have been prevented by foreclosure mediation programs subsidized with this funding?

Please note that this funding subsidizes the NJ Judiciary Foreclosure Mediation Program only. As of March 31, 2009 over 300 mediation sessions have been scheduled and 102 cases have been mediated. This includes both homeowners working with housing counselors, and homeowners working through the Court system on their own.

Has the HMFA been able to leverage these funds in order to obtain foreclosure and mortgage assistance funding from other public, private, and not-for-profit sources?

HMFA applied for and was awarded funding from other sources as follows:

- The NJ HMFA applied for and was awarded two grants totaling approximately $1.3 million from NeighborWorks America (Congressionally appropriated funds) to support the state's foreclosure prevention counseling efforts. The grant is used to reimburse counselors for individual foreclosure counseling sessions and build capacity for handling the foreclosure issues facing New Jersey homeowners. HMFA has provided funding for and trained 22 Counseling Agencies statewide and over 80 housing counselors in foreclosure prevention.

- NJ HMFA applied for and received $10,000 to cover foreclosure prevention trainings. The grant was through the national non-profit group, NeighborWorks America. Through this grant HMFA was able to host a five day extensive training for 44 housing counselors participating in the mediation program. HMFA anticipates hosting a second training in early fall with the funds remaining from this grant.

Additional funding dedicated for foreclosure prevention and asset preservation:

- NJ HMFA partnered with NeighborWorks America, to train counselors from 12 HUD certified counseling agencies, selected through an RFQ process in foreclosure prevention and asset preservation counseling. The five-day extensive training was conducted at HMFA. Through this initiative, each qualified counseling agency received $80,000 in capacity building funds. These funds are used for hiring additional housing counseling staff, conducting outreach and other purposes related to providing foreclosure prevention services to New Jersey residents. This funding came from the HMFA General Fund.

- In addition to the capacity building funds, the agencies are also eligible to receive up to $1,500 in counseling fees per client for what is termed a "successful outcome". This means that the counselor was successful in saving the homeowner's home or in selling the home and assisting with other housing such as rental housing. The $1,500 is funded from the national HOPE Performance Pool, to which HMFA contributed $200,000, from HMFA's General Fund, and NeighborWorks provided $100,000. In total, this $300,000 contribution to the national HOPE Performance Pool is utilized solely for reimbursement to the NJ counseling agencies.

- An additional source of support for residents is available through HMFA, for homeowners who require some "catch-up" money to bring their mortgages current or pay other expenses (such as prepayment penalties) that must be paid to successfully refinance or renegotiate the terms of a mortgage. This program, called the Mortgage Assistance Program (MAP) was rolled out in May 2008 and is being funded with a portion of the funds appropriated annually by the Legislature for the Homelessness Prevention Program administered by the DCA. Homeowners must work with an HMFA approved counseling agency to be eligible for this program. The Program was modified in November 2008 to increase the assistance to the homeowner from $10,000 to $20,000.

Please describe any mortgage counseling programs that have been established or further supported with this grant funding.

HMFA has contracted, through an RFP process, with 20 counseling agencies to provide foreclosure prevention counseling as part of the Judiciary Foreclosure Mediation Program to New Jersey homeowners. The 20 agencies have dedicated 44 counselors to this NJ Mediation program. HMFA anticipates issuing a second RFP to retain additional counselors. To date $1.4 million has been awarded to the counseling agencies participating in the mediation program for capacity building.

Has the HMFA hired additional staff (permanent or temporary) to provide mediation and counseling services?

HMFA has created a Foreclosure Prevention Unit within the Agency. Staff from other divisions are now working in this unit with counselors, residents, lenders and outreach efforts to support the Mediation Program and counseling services.

In addition to the 44 counselors dedicated to the mediation program, HMFA has contracted through an RFP process with four legal firms to provide needed legal assistance to home owners participating in the Mediation Program. The state has been divided into four regions with each firm providing services to a dedicated region. Through the Judiciary over 700 mediators have also been trained and are available for mediation cases.

The HMFA has contracted with a total of 22 counseling agencies and has trained an additional 40 counselors (who are employed by the various not-for-profits) to provide foreclosure prevention and asset preservation counseling outside of the mediation program. (Of the 22 counseling agencies, 20 are also participating in the mediation program.)

If so, how many additional staff have been hired?

HMFA is using experienced in-house staff to administer the Mediation Program as well as other foreclosure prevention related programs.

Has the HMFA engaged any outside consultants or agencies to provide these services?

As noted above, HMFA has contracted with counselors and attorneys. In addition the HMFA and the Office of the Attorney General has contracted with, and will continue to contract with various vendors to provide outreach services and materials. For example HMFA recently issued an RFP (due April 22) for entities to provide door to door outreach services related to the mediation program. Additionally contracts have been awarded to produce printed materials related to the Program.

If so, how many?

See budget below

Please provide a summary of any costs incurred by the agency in the provision of these services.

Mediation Program Budget		Expended to Date	
State Appropriation (To HMFA)	$12,000,000		
State Appropriation for mediators*	$ 500,000*		
HMFA General Fund Appropriation	$1,000,000		
Total Appropriation	$13,500,000		
Counseling Fees (16,600 clients x $400)	$6,640,000	-0-	(1)
Capacity Building (paid to counseling agencies)	$3,500,000	$1,400,000	(2)
Counselor Training	$40,000	-0-	
Legal Services	$2,000,000	$539,500	(3)
Outreach	$650,000	$312,641	(4)
Total Program Costs	$12,830,000		
Total Expended		$2,252,141	

*These funds were allocated to the NJ Office of the Courts for Mediators

(1) The first invoices will be generated after April 14, 2009 and paid on or after April 20, 2009.

(2) Represents capacity monies paid to 20 housing counseling agencies.

(3) Represents the first of four installments paid to the four participating law firms. The firms cannot receive the second installment until they have provided legal services to one-fourth of the clients as represented in the RFP.The firms are: Love & Long, LLP; Arseneault, Whipple, Farmer; Ragland & Martin; and Mark Cherry, PC

(4) Outreach includes newspaper ads, bus displays, brochures, posters and other printed materials. Vendors are NJNN; Uline, Quadra Graphics and White Eagle Printing

13. The "Housing and Economic Recovery Act of 2008," directly appropriated $3.9 billion in emergency assistance formula grants for the new Neighborhood Stabilization Program (NSP) to state and local governments for the redevelopment of abandoned and foreclosed homes. A total of $63.9 million in grants was allocated to New Jersey by federal formulas. $51.4 million was awarded to the State while $12.5 million was awarded to five local governments directly. These grants fall under the federal Community Development Block Grant (CDBG) Program These grant funds can be used for a variety of purposes including:

- *establishing financing mechanisms and emergency loan programs for low-and moderate-income home buyers for the purchase and redevelopment of foreclosed homes;*
- *purchasing foreclosed homes at a discount rate and rehabilitating them in order to sell, rent, or develop the home;*
- *establishing land banks to manage and redevelop vacant lands;*
- *demolishing blighted structures; and*
- *redeveloping demolished or vacant properties.*

State and local governments have 18 months to obligate NSP grant funds once they are received from the federal government. According to the draft of the NSP Substantial Amendment to the State's CDBG action plan, the department projected that it would utilize funding for neighborhood stabilization programs and activities as follows:

Administration	$5.1 million
Acquisition (including the development of a land bank)	$23.2 million
Demolition	$4.7 million
Rehabilitation	$13.9 million
New Construction	$4.1 million
Redevelopment for Non-Residential Uses	$0.4 million
TOTAL	$51.4 million

The United States Department of Housing and Urban Development announced that it approved New Jersey's plan on January 15, 2009.

***Question:* Please provide a status report on the implementation of the Neighborhood Stabilization Program, including results to date for each spending category above, the municipal location of those results, and the number of housing units constructed. Has the department taken steps to establish a land bank? How much of the grant funding has been used to house individuals or families at or below 50% of Area Median Income?**

DCA's Division of Housing and Community Resources (DHCR) received the $51 million grant agreement for the Neighborhood Stabilization Program from USHUD on March 16. Upon complete execution of this grant agreement by HUD, DCA will be permitted to make awards to sub-recipients.

DHCR analyzed and processed 79 applications requesting over $137 million within the prescribed time frames set by HUD. We received notice from New Jersey's HUD officials that our award announcements should be delayed until HUD publishes the new NSP Notice that clarifies the new provisions of the American Recovery & Reinvestment Act (ARRA).

USHUD has advised DCA that additional guidelines will be forthcoming, and it may affect potential awards since aspect of the guideline revisions may be retroactive.

What is presently before the Commissioner for review, consideration and potential award are 40 NSP projects in 21 municipalities and two counties. The NSP programmatic budget is $47,610,034. Since awards have not been made, specific municipal locations have not been provided.

These projects represent the following activities:

-Rehabs: Unit count ranges from 410 to 455

-Demos: Unit count ranges from 720 to 732 New Const: Unit count ranges from 96 to 120

-Land Banking: No awards.

The Department shall allocate a minimum of 25% or $12.9 million of the NSP award to benefit individuals or families whose incomes are at or below 50% of AMI.

APPENDIX A

Municipal Efficiency Promotion Aid Program
Local Finance Board Status Report
January, 2009

This report of the Local Finance Board is submitted to the Senate Budget and Appropriations Committee, the Assembly Appropriations Committee, and the Assembly Budget Committee pursuant to the FY 2009 Appropriations Act. The report was prepared by staff to the Board and released to the Legislature by the Board at its January 2009 meeting.

Background

This report provides the status of the work of the Board, and by extension, the Division of Local Government Services (as the Division staffs the Board, the two terms are used interchangeably in this report) on the development of performance measures and training modules required pursuant to N.J.S.A. 52:27D-18.2 (verbatim text in Appendix A).

Generally, the statute provides that by mid-2008, the Board was to promulgate rules establishing performance measures for New Jersey municipalities. The rules were to provide how to measure and collect the performance data. The Board was then directed to create training modules for the performance measures in order to institutionalize the reporting process in each municipality. Once in place, each municipality is to submit an annual performance report to the Board and post the results on municipality's web site, as would the Board on the Local Government Services web site.

Within two years after the initial rules were established, the Board would publish a municipal report card showing performance of each municipality, and ultimately changes over time. Finally, after the second year, regulations would be adopted on how to apply the results of the program to the distribution of state aid funds (the Municipal Efficiency Promotion Aid, formerly Legislative Initiative Municipal Block Grant).

The legislation further provided that the Board shall take into account differing size, demographic, and geographic characteristics of municipalities that may have an impact on the demand for, and delivery of, specific services. It also required that the system shall include consideration of the measurement process, identification of performance indicators, and design of data collection forms in order to assure consistency of information.

The timetable established by the legislation was based on conjecture and optimism; in retrospect it was overly ambitious in light of various circumstances.

The original legislation, adopted in June of 2007, did not provide funding for the program. The FY 2009 budget authorized not more than five percent of the appropriation for the Division's SHARE program to be used for the Performance Management program. Initially, this was approximately $450,000. It must also be noted, that a key (though not the sole) element of the Legislature's initial plan for performance reporting has been undermined by the elimination in the FY 2009 budget of the Municipal Efficiency Promotion Aid Program appropriation – the "stick" for which performance measurement was the carrot.

The enactment of this progressive legislation (it has since been determined that no State has attempted this type of effort) was accompanied by an extensive list of other legislative mandates assigned to the Division and Board. The CORE legislation and other bills resulting from the Special Session on Property Tax Relief included the development and administration of the property tax levy cap program, development of a "user-friendly" budget system, employment compensation disclosure, Defined Contribution Retirement Program standards, Special Municipal Aid audits, and other matters. These new requirements were assigned to the Division and Board without consideration to staffing and budget, leaving Division and Department of Community Affairs' management to conduct "triage" using existing staff to manage the new responsibilities and setting priorities. This triage also needed to balance the new requirements with routine activities, budget reductions and staff losses due to regular and the early retirement program. The result has been a significant delay in moving forward to meet many of the statutory mandates.

This delay resulted in the requirement for this Status Report, and unfortunately, the reasons for the delay have not abated and continue. Nonetheless, some progress has been made, partially in partnership with the work of the Local Unit Alignment, Reorganization, and Consolidation Commission, to which the Division has been providing professional support, and occasional staff research as time and opportunity presented itself.

As part of its research efforts, the LUARCC commissioned the Rutgers School of Public Affairs and Administration (SPAA) to conduct research on the performance management issues, with particular emphasis on how performance management is conducted, the status of benchmarks, and the benefits of performance management. SPAA's initial research enhanced the Division's knowledge of the subject and has contributed to the preparation of this report.

To summarize, since the enactment of the Legislation, DLGS staff conducted its own limited research and literature review on performance management, consulted with staff from SPAA, reviewed their LUARCC research, and used its own internal expertise and agency history in funding and working with local governments on performance management.

Research Results to Date

The initial research from SPAA, a literature review, presented valuable information about the state of the art in performance measurement. SPAA possesses internationally known expertise in this field, and has received financial support from the Division for performance measure efforts in the past.

While SPAA and Division research has noted that no state has done what the Legislature has directed, SPAA's research has led to observations that province-wide reporting has been accomplished in several Canadian provinces. These programs have developed over several years and an investigation of their experience will very likely provide very insightful guidance.

Because performance measures of one organization will be used to compare that organization with other organizations, is it equally important to develop and address "background factors" –socio-economic, demographic, and related elements that play a role in comparing services between organizations. The Legislation also notes this as an issue, but we observe there are significant challenges in developing mechanisms to address it.

LUARCC discussions have highlighted the diversity of services that are provided by municipal governments and the difficulty in comparing them between municipalities (the same would apply to counties). This is a corollary to the "background" data issue and needs additional research.

Other elements that are important considerations at this stage of the research include:

- Up until this time, we have not had any input on the process from New Jersey local officials on their view of the initiative.

- Our research on performance management has also highlighted that data can involve significant local effort and oversight to ensure data is collected accurately and reliably.

- There are a wealth of performance measures; some easier to collect and administer than others. Additional research will be needed to identify the best models for this element.

- As we move forward, the program must take care to ensure that the burden placed on municipalities that are currently experiencing high levels of fiscal stress is offset by the added value of a maintaining a performance management program.

Central to assessment performance are fiscal indicators. While New Jersey has some experience in reporting of accounting and budget data, we have never looked at publishing assessment data, and have never developed standards for such assessment. While there are national (and international) standards and criteria, many of them do not correspond to New Jersey's "Other Comprehensive Basis of Accounting," as our financial reporting model for municipalities and counties does not conform to national Generally Accepted Accounting Principles. It has long been the goal of the Division to engage appropriate experts to develop comparable fiscal indicators for our system. Once developed, they should be easy to implement.

Finally, LUARCC efforts have identified existing performance and "background" data already collected by state agencies. These may have the potential to be used as core performance elements. Identifying and consolidating these elements is a project that may not require a great deal of additional effort.

Implementing a statewide effort will involve an uncertain, but significant ongoing effort in training and educating local officials in tracking and reporting. The challenges of developing the model suggested by the law is daunting given the diversity of municipalities, service levels, and local ability to manage the process, and now, further complicated by the economic challenges municipalities are facing. It will also require resources to create and manage the infrastructure for reporting and managing the data.

Implementation Issues

The FY 2009 budget authorized a maximum of approximately $400,000 for development of a program. With the recently announced mid-year budget cuts, this amount is reduced to a maximum of $200,000, and now a larger portion of available SHARE funds. Its full use will reduce the availability of program funds for shared service programs.

Notwithstanding the funding authorization, the statewide hiring freeze prevented the Division from hiring staff for this purpose, leaving the development burden (including that of developing an RFP for a consultant) to existing Division staff. While development of a program could be contracted to SPAA or another organization, the Division does not presently have the management capacity to properly develop and oversee immediate full implementation of the prescribed program. The Board believes, however, that progress can be made on researching some of the questions the research to date has raised through the use of targeted contracts to the State's academic institutions. This will permit additional investigation that will lead to implementation strategies that will, over additional time, will fulfill the Legislature's intention.

Thus, DLGS staff, the judicious use of academic experts and consultants, and the use of scarce money and staffing resources can make additional progress. At this time, we are proceeding to accomplish the following by September 2009.

- Continue the LUARCC effort to identify existing State collected performance and background data resources, determine their value for performance measurement, and develop the structure and costs of turning that data into an online reporting system.

- Identify municipal and county fiscal performance measures and determine how they can be integrated into existing financial reporting models (including the upcoming User-Friendly budget model).

- Establish focus groups of qualified municipal and county officials to:
  - Explore the practical issues in implementing performance reporting
  - Identify the ranges of core services and service levels that are provided by governments; this will assist the public when making the inevitable comparisons between organizations once data available.

- Examine the existing performance reporting models in Ontario and Nova Scotia to understand how they were developed, how they work today, the costs of developing and administering them, and determine what aspects may be replicable to New Jersey.

We believe this approach is manageable with existing resources and will provide us direction for the next steps to take in this complex endeavor.

The Board would be remiss in not making observations about the overall project, notwithstanding the worthy intentions of the enabling legislation and progress made to date. The project has been clearly encumbered by unintentional consequences and unforeseen circumstances of today's government environment and the subject matter, specifically:

- the elimination of funding of the Municipal Efficiency Promotion Aid, the program for which the effort was intended;
- the inability of the board to hire staff to implement the program;
- the challenges of managing the project in context of other responsibilities;
- the unforeseen complexity of the issue; and,
- the current fiscal stresses imposed on all governments.

This leads the Board to conclude that an effort to re-examine the initiative by the Legislature in light of these challenges may be worthwhile. The Board and its staff would be pleased to consult with the Committees and staff on this matter as deemed necessary.

Respectfully,

Susan Jacobucci, Chair
Local Finance Board

Appendix A

Statutory Language

C.52:27D-18.2 Rules, regulations promulgated by Local Finance Board; efficiency benchmarks.

9. a. Within 12 months of the effective date of this act, the Local Finance Board shall promulgate rules and regulations establishing performance measures to promote cost savings in the delivery of services by municipal governments. In developing these measurements, the board shall take into account differing size, demographic, and geographic characteristics of municipalities that may have an impact on the demand for, and delivery of, specific services. In addition, these rules and regulations shall include consideration of the measurement process, identification of performance indicators, and design of data collection forms in order to assure consistency of information. In promulgating efficiency benchmarks, the Local Finance Board shall also include a training module for key municipal staff in order to facilitate the institutionalization of performance measurement.

APPENDIX B

Department of Treasury
Department of Community Affairs
Department of Education

Interagency Memorandum of Agreement
concerning
Use of Consolidation Fund Resources
Effective January 1, 2009 until amended

Based on the discussions between the Treasurer and the Commissioners of Community Affairs and Education, this Interagency Memorandum of Agreement itemizes the approved use of Consolidation Fund resources. The agreement will continue through FY 2009 into FY 2010 and can be amended at any time.

This agreement is based upon existing uncertainty regarding the outcomes of the Rural Policing Initiative. It assumes for the time being the fund will have at least $7.5 million available for FY 09. It is expected that additional funds will be needed in FY 2010, given the timing and uncertainty of municipal consolidation efforts.

Funding of Local Unit Alignment, Reorganization, and Consolidation Commission (LUARC): There are currently two elements of this:

1. Initial Commission funding for operations and consultant studies: $500,000
2. Anticipated but unresolved contract with Thomas Edison State College: $150,000. **This needs the attention of the Treasurer to resolve.**

Municipal Consolidation Support: At this time we foresee support to the potential Upper Township/Corbin City annexation/consolidation effort. This is anticipated to be in the range of $1 million. If Wantage and Sussex decide to consolidate, additional funding will be needed. In this case, funds may have to be committed in the spring of 2009, but will not be obligated unless the anticipated fall 2009 (FY 2010) public referendum. Chester Township and Chester Borough have recently initiated a consolidation study however an allocation of funds would not be anticipated until the spring of 2010. In addition, the Division of Local Government Services is allowed to use up to $500,000 to cover consolidation study costs that would otherwise be funded from the SHARE program.

Executive County School Superintendent Regionalization/Consolidation Initiatives: In order to meet the unfunded statutory requirements of this function, the following uses have been approved.

1. <u>K-12 consolidation studies to establish or enlarge K-12 regional districts:</u> At this time, we estimate each study to cost on average $20,000 for an anticipated 100 to 200 studies statewide for a total cost of $2 to $4 million. DOE will review several options on how studies will be conducted. This may include issuing an RFC to identify several qualified groups/organizations to be available to conduct the

studies or entering into MOUES) with state colleges, if qualified and available college groups can be identified. This funding will not only fulfill an unfunded statutory mandate but the process will ensure a consistent analytical approach and analysis to form the basis of the final consolidation plans that must be presented to the Commissioner and eventually, local voters.

2. Transportation efficiency studies/reports for 21 counties – estimated total cost of $200k¬$300k ($10,000 to $15,000 per study).

And, for the record:

The original proposal to fund school district shared services grants through the Consolidation Fund has been replaced by an agreement for DOE to reestablish its own version of SHARE ("Sharing Available Resources Efficiently") pursuant to N.J.S.A. 40A:65¬30. DCA will work with DOE to establish a "Schools SHARE" (or other name, to be decided) program that will use the DCA SAGE grant application and administration computer application. Together, the two programs will facilitate shared services between schools and other local units, with either local unit being the lead agency.

Program administrative details:

1 DCA staff will support the DOE program as if they are another DCA agency using SAGE. Division of Local Government Services SHARE staff will provide technical assistance to DOE grant staff.

2 DOE will design a grant program to meet school needs and will ensure as great a degree of consistency between the DCA and DOE programs as is practicable.

3 DOE staff will be responsible for marketing and outreach of the program to school districts, as well as application approval and grant administration. DCA, however, will provide training and technical assistance on the use of SAGE to DOE and school districts as needed. DLGS staff shall not be involved in the approval of DOE initiated grants.

4 The DCA Commissioner shall be the final approval for all grants, as the funds are part of DCAs budget.

Approved: January 2009:

R. David Rousseau, State Treasurer

Lucille E. Davy, Commissioner
Department of Education

Joseph V. Doria, Jr., Commissioner
Department of Community Affairs

APPENDIX C

Grantee	Units Produced and Total Yearly Between 2004-2009						Total Units Built	Total Funding FY 04-09	Total Years Funded
	FY04	FY05	FY06	FY07	FY08	FY09			
Affordable Homes of Millville Ecumenical Inc.	0	6	0	2	6	12	26	411,500	6
AIDS Resource Foundation for Children				0	0	39	39	264,500	3
Allies Inc.				29	11	15	55	314,500	3
Brand New Day	0	2	12	0	1	8	23	416,500	6
Burlington County Community Action	0	2	2	2	0	4	10	374,500	6
Camden County Council on Economic Opportunity	0	30	8	7	0	11	56	475,000	6
Camden Lutheran Housing Corp.	0	0	16	0	10	8	34	458,000	6
Catholic Charities, Diocese of Metuchen	0	4	7	7	0	2	20	381,500	6
Center for Family Services				0	13	6	19	234,500	3
Collaborative Supportive Programs of New Jersey, Inc.	7	13	13	6	5	29	73	462,000	6
Community Access Unlimited Inc.				15	12	60	87	359,500	3
Community Hope				0	0	4	4	208,000	3
Cooperative Housing Corporation						15	15	95,500	1
Covenant House New Jersey				0	20	40	60	296,000	3
Diocesan Housing Services Corp., Diocese of Camden		5	75	75	75	0	230	607,500	5
Domus Corp.	60	50	0	0	0	0	110	500,000	6
Episcopal Community Development Corp.	22	12	6	4	0	112	156	607,500	6
Family Services of Burlington				0	31	43	74	267,000	3
Greater Trenton Behavioral Health Care, Inc.				0	25	46	71	212,000	3
Heart of Camden	1	12	10	4	14	14	55	456,000	6
Holly City Development Corp.						4	4	78,000	1
Home Front		14	12	16	0	15	57	369,500	5

Homeless Solutions		22	4	0	0	18	44	350,000	5
Homes for All	0	7	0	0	0	32	39	450,500	6
Housing and Neighborhood Development Services	9	16	4	4	4	6	43	451,500	6
Interfaith Neighbors		2	3	0	2	7	14	299,500	5
Isles, Inc.	31	35	32	4	22	10	134	544,000	6
Jersey City Episcopal Community Development Corp.		0	8	0	8	16	32	350,000	5
La Casa de Don Pedro		0	8	0	17	19	44	485,000	5
Lutheran Social Ministries of New Jersey		0	0	0	50	43	93	417,500	5
Madeline Corp.		0	0	5	8	5	18	307,000	5
MEND Inc.	0	0	8	8	0	104	120	547,000	6
Mental Health of Essex				3	3	10	16	169,000	3
Monarch Housing Assoc. Inc.	46	46	84	40	46	67	329	858,500	6
Monmouth Housing Alliance	23	17	16	10	16	26	108	533,000	6
New Jersey Community Development Corp.		0	0	0	22	23	45	313,500	5
New Jersey HAND, Inc.	0	0	0	0	18	72	90	499,000	6
NewBridge Services				11	3	30	44	291,500	3
NorthWest NJ Community Action Program, Inc.					0	66	66	282,500	2
OASIS					0	0	0	145,000	2
Ocean Community Economic Action Now, Inc.	2	7	11	17	5	32	74	491,500	6
Parkside Business & Community in Partnership, Inc.	8	4	64	2	0	26	104	569,000	6
Paterson Habitat for Humanity						13	13	92,500	1
Project Freedom	54	0	0	0	0	52	106	581,000	6
Project Live	7	0	0	0	5	20	32	451,500	6
Saint Joseph's Carpentry Society	135	46	39	42	75	40	377	777,000	6
SERV Properties and Management Inc.				16	26	46	88	424,500	3

Spectrum for Living Group Homes	12	16	0	0	0	6	34	398,167	6
St. Paul's Community Development Corp.	0	9	8	0	0	5	22	446,000	6
Start Easy Eagle Development					30	30	60	150,000	2
Tri County Community Action Agency, Inc.	5	5	7	1	7	13	38	444,500	6
Triple C Housing, Inc.				8	13	5	26	247,500	3
Unified Vailsburg Services	23	16	7	0	2	20	68	471,000	6
United Cerebral Palsy of Northern, Central and Southern New Jersey				2	25	0	27	240,500	3
Vantage Health System						17	17	98,500	1
Volunteers of America Delaware Valley, Inc.		18	14	12	0	37	81	351,500	5
Volunteers of America Greater New York				0	0	30	30	248,000	3