

DEPARTMENT OF COMMUNITY AFFAIRS

Budget Pages..... C-3 to C-4, C-9 to C-10, C-16, C-23,
C-25, C-27, D-43 to D-61, F-7, F-9

Fiscal Summary (\$000)

	Expended FY 2018	Adjusted Appropriation FY 2019	Recommended FY 2020	Percent Change 2019-20
State Budgeted	\$510,549	\$873,860	\$870,560	(0.4%)
Federal Funds	\$852,004	\$464,967	\$474,517	2.1%
<u>Other</u>	<u>\$100,218</u>	<u>\$122,850</u>	<u>\$182,621</u>	<u>48.7%</u>
Grand Total	\$1,462,771	\$1,461,677	\$1,527,698	4.5%

Personnel Summary - Positions By Funding Source

	Actual FY 2018	Revised FY 2019	Funded FY 2020	Percent Change 2019-20
State	83	84	86	2.4%
Federal	270	240	270	12.5%
<u>Other</u>	<u>519</u>	<u>512</u>	<u>541</u>	<u>5.7%</u>
Total Positions	872	836	897	7.3%

FY 2018 (as of December) and revised FY 2019 (as of January) personnel data reflect actual payroll counts. FY 2020 data reflect the number of positions funded.

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

Highlights

- The Fiscal Year 2020 Budget recommends increasing funding for the New Jersey Affordable Housing Trust Fund (“Affordable Housing Trust Fund”) by ending the practice of appropriating statutorily dedicated realty transfer fee receipts for other budgeted purposes. The Affordable Housing Trust Fund is expected to receive \$95.003 million in Fiscal Year 2020, an increase of \$59.303 million from Fiscal Year 2019. However, budget language would continue to appropriate not less than \$20 million from the Affordable Housing Trust Fund for the State Rental Assistance Program.
- The Executive recommends \$104.563 million for Transitional Aid to Localities (“Transitional Aid”) in Fiscal Year 2020, an increase of \$4.223 million from the Fiscal Year 2019 adjusted appropriation. The budget also indicates the need for \$5.777 million in additional Transitional Aid funding in Fiscal Year 2019. Recommended budget language governing the distribution of Transitional Aid would remain unchanged from Fiscal Year 2019.
- The Fiscal Year 2020 Budget provides funding for two new entities within the department: the Office of Homelessness Prevention (\$3 million), and the Local Assistance Bureau (\$0.2 million). According to the Fiscal Year 2020 Budget in Brief, the Office of Homelessness Prevention would implement comprehensive policies to reduce homelessness and expand access to the continuum of housing options. The Local Assistance Bureau is expected to provide support to municipalities and counties by facilitating shared service agreements, developing best practice reports, and overseeing the Transitional Aid program.
- The Executive recommends budget language authorizing the appropriation of up to \$15 million from the Property Tax Relief Fund to design and implement a voluntary county-based demonstration project to achieve efficiencies and future cost savings in the provision of local government services. The OLS assumes that this demonstration project would implement the recommendations of the Division of Local Government Services, as indicated in the Fiscal Year 2020 Budget in Brief, concerning the transfer of certain municipal services to the county level.
- The Fiscal Year 2020 Budget recommends \$646.669 million for Consolidated Municipal Property Tax Relief Aid (“CMPTRA”), unchanged from the Fiscal Year 2019 adjusted appropriation. Recommended budget language would continue to transfer certain CMPTRA funding (i.e., \$422.523 million) to Energy Tax Receipts Property Tax Relief Aid (“ETR”) to support the annual inflationary increase in ETR. In Fiscal Year 2020, municipalities will receive the same amounts of formula aid (i.e., CMPTRA and ETR) as in Fiscal Year 2019.
- The Executive recommends continued levels of funding for the State Rental Assistance Program (“SRAP”) in Fiscal Year 2020. SRAP would be funded as follows: (1) \$18.5 million payable from monies received in the General Fund from the New Jersey Housing and Mortgage Finance Agency, and (2) not less than \$20 million appropriated from the Affordable Housing Trust Fund.
- The Executive does not recommend continued funding for the following appropriations, each of which was added to the Fiscal Year 2019 Appropriations Act at the Legislature’s initiative: CAMcare Health Corporation–Facility Improvements (\$0.1 million); Essex

Highlights (Cont'd)

- County Park System–Watsessing Park ADA Improvements (\$4 million); Joseph’s House, Camden–Facility Expansion (\$0.2 million); Proprietary House Association, Perth Amboy (\$3 million); South Amboy Ferry Project Development (\$0.75 million); Sayreville Borough–Water Treatment Facility Security Costs (\$0.75 million); and Woodbridge Township–Recreational Facilities Special Needs Improvements (\$1.5 million).
- New Jersey’s Superstorm Sandy recovery efforts are still ongoing. New Jersey was allocated \$4.171 billion in federal Community Development Block Grant–Disaster Recovery (“CDBG-DR”) funds, of which approximately \$2.999 billion was disbursed as of December 31, 2018. The department uses a portion of these funds to operate various homeowner assistance and rental housing assistance programs for persons affected by the storm. In April 2019, the Governor announced several changes to the disbursement of CDBG-DR funds, including (1) removing the \$150,000 cap on homeowner assistance grants through the Reconstruction, Rehabilitation, Elevation, and Mitigation (“RREM”) and Low-to-Moderate Income Homeowner Rebuilding (“LMI”) programs; and (2) reallocating \$50 million to the RREM and LMI programs.
 - The budget provides that all sales tax revenue collected in Urban Enterprise Zones (“UEZs”) be received as State revenue, thereby transferring \$32.675 million from the Enterprise Zone Assistance Fund to the General Fund. Certain portions of the total sales tax collections in UEZs are statutorily dedicated to the Enterprise Zone Assistance Fund for support of economic development and other projects in municipalities that host UEZs. The anticipated transfer of \$32.675 million is \$7.296 million, or 18.3 percent, less than the estimated Fiscal Year 2019 transfer. This reduction is expected to occur because a smaller portion of UEZ sales tax collections from certain zones is required to be deposited into the Enterprise Zone Assistance Fund in Fiscal Year 2020.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2018	Adj. Approp. FY 2019	Recom. FY 2020	Percent Change	
				2018-20	2019-20
General Fund					
Direct State Services	\$59,726	\$43,516	\$46,057	(22.9%)	5.8%
Grants-In-Aid	\$56,270	\$72,590	\$62,095	10.4%	(14.5%)
State Aid	\$1,513	\$4,261	\$4,692	210.1%	10.1%
Capital Construction	\$411	\$0	\$0	(100.0%)	0.0%
Debt Service	\$0	\$0	\$0	0.0%	0.0%
Sub-Total	\$117,920	\$120,367	\$112,844	(4.3%)	(6.3%)
Property Tax Relief Fund					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	\$0	\$0	\$0	0.0%	0.0%
State Aid	\$392,629	\$753,493	\$757,716	93.0%	0.6%
Sub-Total	\$392,629	\$753,493	\$757,716	93.0%	0.6%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$510,549	\$873,860	\$870,560	70.5%	(0.4%)
Federal Funds	\$852,004	\$464,967	\$474,517	(44.3%)	2.1%
Other Funds	\$100,218	\$122,850	\$182,621	82.2%	48.7%
Grand Total	\$1,462,771	\$1,461,677	\$1,527,698	4.4%	4.5%

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2018	Revised FY 2019	Funded FY 2020	Percent Change	
				2018-20	2019-20
State	83	84	86	3.6%	2.4%
Federal	270	240	270	0.0%	12.5%
All Other	519	512	541	4.2%	5.7%
Total Positions	872	836	897	2.9%	7.3%

FY 2018 (as of December) and revised FY 2019 (as of January) personnel data reflect actual payroll counts. FY 2020 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	37.8%	38.2%	N/A	---	---
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Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2019</u>	<u>Recomm.</u> <u>FY 2020</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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COMMUNITY DEVELOPMENT MANAGEMENT

Direct State Services

Office of Homelessness Prevention	\$0	\$3,000	\$3,000	—	D-48
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The Fiscal Year 2020 Budget provides funding to support the creation of the Office of Homelessness Prevention (“office”). According to the Fiscal Year 2020 Budget in Brief, the office would implement comprehensive policies to reduce homelessness and expand access to the continuum of housing options. On March 25, 2019, the General Assembly and Senate passed Senate Bill No. 3585 (1R) to establish the office and appropriate \$3 million to fund its operations. Under the bill, the office would coordinate initiatives undertaken by State and local agencies to support persons who are homeless or at risk of homelessness and implement a Statewide strategy to address homelessness.

Federal Funds

Housing Services	\$298,437	\$308,437	\$10,000	3.4%	D-49
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The department conducts various federally-funded housing assistance activities, including, but not limited to, the administration of the Section 8 Housing Choice Voucher (“HCV”) program, National Housing Trust Fund, Small Cities Block Grant program, and HOME Investment Partnerships program. The Fiscal Year 2020 Budget includes \$308.437 million for federally-funded housing service activities, an increase of \$10 million from Fiscal Year 2019. This increase is attributable to an anticipated \$10 million increase in funding for the HCV program.

Under the HCV program, the department receives funding from the United States Department of Housing and Urban Development to provide rental assistance for low- and moderate-income households through (1) tenant-based vouchers, which provide rental subsidies to eligible households who secure housing from the private market; and (2) project-based vouchers, which provide rental subsidies to private property owners who dedicate certain rental units for eligible households. As permitted under federal law, the program also provides homeownership assistance to eligible first-time homebuyers. Total funding of \$265 million for the HCV program is expected in Fiscal Year 2020.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2019</u>	<u>Recomm.</u> <u>FY 2020</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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All Other Funds

Housing Code Enforcement	\$3,580	\$3,316	(\$264)	(7.4%)	D-49
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As required under the "Hotel and Multiple Dwelling Law," P.L.1967, c.76 (C.55:13A-1 et seq.), the Bureau of Housing Inspection ("bureau") within the Division of Codes and Standards regularly inspects and registers hotels, motels, and multiple dwellings. The bureau collects inspection and registration fees to defray the costs associated with these housing code enforcement activities. Pursuant to a language provision in the Fiscal Year 2020 Budget, these fee receipts would be used to support \$9.98 million in recommended funding for housing code enforcement.

Additionally, the Fiscal Year 2020 Budget recommends \$3.58 million in dedicated funding for housing code enforcement, a decrease of \$264,000 from Fiscal Year 2019. This dedicated funding would be payable from the excess collection of housing code enforcement fees (i.e., collections in excess of the \$11.16 million anticipated as Schedule 1 "Housing Inspection Fees" revenue). The reduction in Fiscal Year 2020 funding is attributable to an anticipated decrease in housing code enforcement fee collections compared to Fiscal Year 2019. According to budget evaluation data, this is not expected to have a negative impact on staffing levels or inspection output.

Housing Services	\$54,200	\$113,503	\$59,303	109.4%	D-49
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The department receives dedicated State revenues to conduct various housing service activities, including, but not limited to, dedicated realty transfer fees for the New Jersey Affordable Housing Trust Fund ("trust fund") and approved financial assistance for the Neighborhood Revitalization Tax Credit Program. The Fiscal Year 2020 Budget includes \$113.503 million in dedicated funding for housing service activities, an increase of \$59.303 million from Fiscal Year 2019. This increase is attributable to the allocation of all dedicated realty transfer fee revenue to the trust fund.

Established pursuant to the "Fair Housing Act," P.L.1985, c.222 (C.52:27D-301 et seq.), the Affordable Housing Trust Fund was created to subsidize the construction and rehabilitation of affordable housing throughout the State. Under current law, a portion of the realty transfer fee is statutorily dedicated to the trust fund. These fee receipts are the trust fund's primary source of revenue. However, in recent fiscal years, a significant portion of this revenue has been deposited in the General Fund and, through budget language, appropriated to support other housing-related State purposes, thereby reducing trust fund resources.

In Fiscal Year 2019, the following appropriations were funded in whole or in part by roughly \$59.3 million from the dedicated portion of the realty transfer fee: (1) Local Planning Services, \$1.36 million; (2) Affordable Housing administration, \$1.789 million; (3) Shelter Assistance, \$2.3 million; (4) Prevention of Homelessness, \$4.36 million; (5) Main Street New Jersey, \$0.5 million; (6) Neighborhood Preservation, \$2.5 million; and (7) Client Housing, General

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2019</u>	<u>Recomm. FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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Assistance Emergency Assistance, and Social Services for the Homeless in the Department of Human Services, \$66.4 million. This left an estimated \$35.7 million in realty transfer fee revenue for allocation to the trust fund.

The Fiscal Year 2020 Budget recommends increasing funding for the Affordable Housing Trust Fund by ending the practice of appropriating dedicated realty transfer fee receipts for other State purposes. As a result, the Executive anticipates \$95.003 million in funding for the trust fund in Fiscal Year 2020, an increase of \$59.303 million from Fiscal Year 2019.

Uniform Construction Code	\$12,033	\$12,416	\$383	3.2%	D-49
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Under the "State Uniform Construction Code Act," P.L.1975, c.217 (C.52:27D-119 et seq.), the department is responsible for establishing and enforcing the Uniform Construction Code, which requires all buildings in the State to be constructed according to uniform standards. The department issues licenses for local construction code officials, administers the construction code in certain municipalities, and establishes fees and penalties to defray the costs of code enforcement. Pursuant to budget language, these receipts would be used to support \$14.199 million in recommended funding for construction code enforcement activities.

Additionally, the budget anticipates \$12.416 million in dedicated funding for construction code enforcement activities, an increase of \$383,000 from Fiscal Year 2019. This dedicated funding would be payable from the collections of construction code fees and penalties that exceed the \$21.369 million anticipated as Schedule 1 "Construction Fees" revenue and \$750,000 anticipated as Schedule 1 "Planned Real Estate Development Fees" revenue. The projected funding increase results from anticipated growth in the collection of fees and penalties under the Uniform Construction Code.

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2019</u>	<u>Recomm. FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<u>SOCIAL SERVICES PROGRAMS</u>					
Grants-in-Aid					
Essex County Park System – Watsessing Park ADA Improvements	\$4,000	\$0	(\$4,000)	(100.0%)	D-53
Propriety House Association, Perth Amboy	\$3,000	\$0	(\$3,000)	(100.0%)	D-53
Woodbridge Township – Recreational Facilities Special Needs Improvements	\$1,500	\$0	(\$1,500)	(100.0%)	D-53
South Amboy Ferry Project Development	\$750	\$0	(\$750)	(100.0%)	D-53
Sayreville Borough – Water Treatment Facility Security Costs	\$750	\$0	(\$750)	(100.0%)	D-53
Joseph’s House, Camden – Facility Expansion	\$200	\$0	(\$200)	(100.0%)	D-53
CAMcare Health Corporation – Facility Improvements	\$100	\$0	(\$100)	(100.0%)	D-53
TOTAL LEGISLATIVE INITIATIVES:	<u>\$10,300</u>	<u>\$0</u>	<u>(\$10,300)</u>	<u>(100.0%)</u>	—

The Fiscal Year 2020 Budget recommends \$10.3 million in spending reductions by eliminating funding for the above Fiscal Year 2019 appropriations. Each appropriation was included in the Fiscal Year 2019 Appropriations Act at the initiative of the Legislature. The OLS notes that many of these legislative initiatives provide funding for municipal, county, or non-profit facility improvements, for which continued funding may not be necessary.

The Fiscal Year 2019 initiatives include \$5.5 million for recreational facility improvements that benefit children with disabilities. The \$4 million provided to the Essex County Park System will be used to construct an all-access playground for special needs children at the Watsessing Park located in Bloomfield and East Orange. Similarly, the \$1.5 million appropriation for Woodbridge Township will be used to construct new playing fields and fully-accessible

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

<u>Budget Item</u>	<u>Adj. Approp. FY 2019</u>	<u>Recomm. FY 2020</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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facilities and playground equipment for special needs children at the Cypress Recreational Center located in Port Reading.

Additionally, the Legislature provided \$3.3 million for select non-profit organizations in Fiscal Year 2019, including the Propriety House Association, Joseph’s House of Camden, and the CAMcare Health Corporation. The Propriety House Association, which received a \$3 million grant, operates a museum at the Propriety House in Perth Amboy, the only remaining governor’s mansion of the original Thirteen Colonies. Funding for the Joseph’s House of Camden and CAMcare Health Corporation supported facility improvements. Joseph’s House of Camden provides overnight shelter and accommodations to persons experiencing homelessness. The CAMcare Health Corporation is a federally qualified healthcare center that provides health care services throughout Camden and Gloucester counties.

**New Jersey Re-entry
Corporation – One-Stop
Offender Re-entry
Services**

\$4,000	\$5,000	\$1,000	25.0%	D-53
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The New Jersey Reentry Corporation (“NJRC”) provides services to individuals released from correctional facilities. These services include individualized assessments and treatment plans that address essential needs such as housing, mental health care, medical care, and access to health insurance and other benefits. The NJRC also provides job training, employment counseling, and employment placement programs as a means of reintegrating formerly incarcerated persons into the general population.

The Fiscal Year 2019 Appropriations Act provided \$4 million for the NJRC. This funding was used to support continued one-stop re-entry services in Newark, Jersey City, Paterson, and Toms River, as well as new services in Bergen, Union, Middlesex, Somerset, and Monmouth counties. The Executive recommends increased funding of \$5 million for the NJRC in Fiscal Year 2020. Pursuant to budget language, these funds would support the same designated areas as in Fiscal Year 2019.

**Garden to Nurture Human
Understanding, Teaneck**

\$100	\$85	(\$15)	(15.0%)	D-53
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In October 2015, the Teaneck Town Council adopted a resolution to approve the design of two memorials, collectively referred to as a “Garden to Nurture Human Understanding,” on the Teaneck Municipal Green. The memorials will commemorate the victims of the Holocaust and the enslavement of Africans, respectively. According to a news report published in February 2018, the memorials are scheduled to be built in Calendar Year 2019.

As initiated by the Legislature, the State appropriated \$85,000 in Fiscal Year 2018 and \$100,000 in Fiscal Year 2019 to support the design and construction of the Garden to Nurture Human Understanding memorials. The Fiscal Year 2020 Budget recommends \$85,000 for the project, a decrease of \$15,000 from Fiscal Year 2019.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2019</u>	<u>Recomm.</u> <u>FY 2020</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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STATE SUBSIDIES AND FINANCIAL AID

Direct State Services

Local Assistance Bureau	\$0	\$200	\$200	—	D-56
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The Fiscal Year 2020 Budget provides funding to support the Local Assistance Bureau (“bureau”) within the Division of Local Government Services. According to the Fiscal Year 2020 Budget in Brief, the bureau will assist municipalities and counties by facilitating shared service agreements and municipal consolidations, developing best practice reports, and overseeing the Transitional Aid program. Additionally, the bureau is expected to build on the work of the Governor’s Shared Services Czars, who were appointed in May 2018 to promote multi-municipality agreements. The appropriation will fund three new positions.

State Aid

County Prosecutors and Officials Salary Increase (P.L.2007, c.350)	\$1,761	\$2,192	\$431	24.5%	D-56
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The Fiscal Year 2020 Budget recommends an appropriation of \$2.192 million for County Prosecutors and Officials Salary Increase (P.L.2007, c.350), an increase of \$431,000 from Fiscal Year 2019. The funding increase results from the provisions of N.J.S.2A:158-10, as amended by P.L.2007, c.350 and P.L.2018, c.14, which require the State to annually appropriate monies to offset certain increases in county prosecutor salaries.

P.L.2007, c.350, enacted in January 2008, increased the salaries of Supreme Court Justices, Superior Court Judges, and county prosecutors. The law fixed the salary of each county prosecutor at \$165,000 beginning in Calendar Year 2009. The law also indirectly increased the minimum salary of certain other county officials, including sheriffs, clerks, surrogates, and registers of deeds and mortgages, whose salaries are statutorily pegged to those of Superior Court Judges.

P.L.2018, c.14, enacted in May 2018, further increased the salaries of certain State and local officials, including Supreme Court Justices, Superior Court Judges, and county prosecutors. Specifically, the law increases the salaries of county prosecutors by \$8,000 in Calendar Years 2018, 2019, and 2020, respectively. During Calendar Years 2021 through 2025, these salaries will be annually increased according to the percent change in the Consumer Price Index, not to exceed two percent. Thereafter, no further adjustments are required to be made to county prosecutor salaries.

Pursuant to N.J.S.2A:158-10, as amended by P.L.2007, c.350 and P.L.2018, c.14, the State is required to annually appropriate monies to reimburse counties for the portion of the county prosecutor salaries that exceed \$100,000.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2019</u>	<u>Recomm.</u> <u>FY 2020</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
Transitional Aid to Localities (PTRF)	\$94,563 S \$5,777	\$104,563	\$4,223	4.2%	D-56

Transitional Aid to Localities (“Transitional Aid”) is the State’s only discretionary municipal financial assistance program. Transitional Aid is awarded to help municipalities in serious fiscal distress meet immediate budgetary needs and regain financial stability. Municipalities that receive Transitional Aid are required to enter into a memorandum of understanding with the State, under which the State may impose certain conditions on the distribution of aid.

The Fiscal Year 2020 Budget recommends \$104.563 million for Transitional Aid, an increase of \$4.223 million from the Fiscal Year 2019 adjusted appropriation of \$100.34 million. The OLS notes that the Fiscal Year 2019 Appropriations Act provided \$101.994 million for Transitional Aid; however, this funding was reduced by \$7.431 million due to budget language which transferred this amount to fund a corresponding increase in Consolidated Municipal Property Tax Relief Aid for the City of Newark.

The Fiscal Year 2020 Budget also assumes the additional appropriation of \$5.777 million for Transitional Aid in Fiscal Year 2019. This additional funding is contingent upon the enactment of a supplemental appropriation prior to the end of the current fiscal year. According to information provided to the OLS by the Department of the Treasury, the additional appropriation is needed to support a shortfall in Transitional Aid funding.

According to the “Individual Certifications of Municipal State Aid,” which are available on the department’s internet website, the following municipalities will receive Transitional Aid in Calendar Year 2018/Fiscal Year 2019: Atlantic City, \$3.9 million; Camden, \$22.3 million; Nutley, \$4.1 million; Paterson, \$33 million; Penns Grove, \$0.45 million; Salem, \$1.4 million; Seaside Heights, \$1.19 million; Trenton, \$6 million; and Union City, \$20 million. These awards total \$92.34 million. Accordingly, the OLS assumes that the purported shortfall in Fiscal Year 2019 Transitional Aid funding results from additional awards of Transitional Aid, which have yet to be announced.

MANAGEMENT AND ADMINISTRATION

Direct State Services

Historic Trust/Open Space					
Administrative Costs	\$659	\$0	(\$659)	(100.0%)	D-60

The Fiscal Year 2020 Budget does not recommend continued funding for Historic Trust/Open Space Administrative Costs, to which \$659,000 was provided in Fiscal Year 2019. Annual funding has been provided for this purpose since the New Jersey Historic Trust was transferred to the department as an in-but-not-of agency in Fiscal Year 2004. The New Jersey Historic Trust provides grants and administrative support for historic preservation projects throughout the State.

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

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2019</u>	<u>Recomm.</u> <u>FY 2020</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
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The Historic Trust/Open Space Administrative Costs appropriation supported the New Jersey Historic Trust’s administrative duties under various laws that provided bond proceeds and other resources for historic preservation projects. The appropriation was funded from revenues made available by those laws (e.g., bond proceeds).

According to information provided by the Department of the Treasury, the Fiscal Year 2020 Budget assumes that funding for Historic Trust/Open Space Administrative Costs will be provided through the allocation of constitutionally dedicated Corporation Business Tax revenue to the Preserve New Jersey Historic Preservation Fund. As described below, this funding is to be provided through the enactment of a mid-year supplemental appropriation.

Grants-in-Aid

**Preserve NJ Historic
Fund Projects –
Constitutional
Dedication**

S \$1,180	\$0	(\$1,180)	(100.0%)	D-60
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As amended by the voters of the State on November 4, 2014, the State Constitution dedicates four percent of Corporation Business Tax (“CBT”) revenues for various environmental, farmland, and historic preservation purposes during Fiscal Years 2016 through 2019. During those years, the State Constitution requires 71 percent of the four percent CBT dedication to be allocated to the Preserve New Jersey Fund and annually dedicated for certain environmental, farmland, and historic preservation purposes.

The “Preserve New Jersey Act,” P.L.2016, c.12 established the following framework for distributing the dedicated CBT monies from the Preserve New Jersey Fund during Fiscal Years 2016 through 2019: Preserve New Jersey Green Acres Fund, 60 percent; the Preserve New Jersey Farmland Preservation Fund, 31 percent; the Preserve New Jersey Historic Preservation Fund, 5 percent; and the Preserve New Jersey Blue Acres Fund, 4 percent. The State appropriated \$1.18 million for the Preserve New Jersey Historic Preservation Fund in Fiscal Year 2019 pursuant to this framework.

Beginning in Fiscal Year 2020, the constitutional dedication for environmental, farmland, and historic preservation purposes will increase from four percent to six percent of CBT revenues. Additionally, the annual allocation to the Preserve New Jersey Fund will increase from 71 percent to 78 percent of the dedicated CBT revenues. The State has yet to establish a statutory framework for the distribution of these funds. The Fiscal Year 2020 Budget does not include appropriations to the Preserve New Jersey Historic Preservation Fund, because this funding is to be provided through mid-year supplemental appropriations.

Significant Language Changes

Discontinued Use of Affordable Housing Trust Fund Revenue for Local Planning Services and Affordable Housing Administration

Deletion

2019 Handbook: p. B-23
2020 Budget: p. --

~~The amount hereinabove appropriated for Local Planning Services and Affordable Housing accounts shall be payable from the receipts of the portion of the realty transfer fee directed to be credited to the "New Jersey Affordable Housing Trust Fund" pursuant to section 4 of P.L.1968, c.49 (C.46:15-8) and from the receipts of the realty transfer fee directed to be credited to the "New Jersey Affordable Housing Trust Fund" pursuant to section 4 of P.L.1975, c.176 (C.46:15-10.1). Any receipts in excess of the amount anticipated, and any unexpended balance at the end of the preceding fiscal year are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

This language provision is recommended for deletion as a part of the Governor's proposal to increase funding for the Affordable Housing Trust Fund in Fiscal Year 2020. Pursuant to this language provision, the State supported appropriations of \$1.36 million for the Office of Local Planning Services and \$1.789 million for affordable housing administration in Fiscal Year 2019 using the receipts of the realty transfer fee that are statutorily dedicated to the Affordable Housing Trust Fund.

Removing the above language provision corresponds with the allocation of all dedicated realty transfer fee receipts into the Affordable Housing Trust Fund in Fiscal Year 2020. Consequently, the recommended appropriations of \$1.378 million for the Office of Local Planning Services and \$1.805 million for affordable housing administration in Fiscal Year 2020 would be supported by monies deposited in the General Fund.

Discontinued Use of Affordable Housing Trust Fund Revenue for Certain State Programs

Deletion

2019 Handbook: p. B-24
2020 Budget: p. --

~~The amount hereinabove appropriated for the Shelter Assistance program and the Prevention of Homelessness program, the Neighborhood Preservation Program (P.L.1975, c.248 and c.249), and the Main Street New Jersey program shall be payable from the receipts of the portion of the realty transfer fee directed to be credited to the "New Jersey Affordable Housing Trust Fund" pursuant to section 4 of P.L.1968, c.49 (C.46:15-8) and from the receipts of the portion of the realty transfer fee directed to be credited to the "New Jersey Affordable Housing Trust Fund" pursuant to section 4 of P.L.1975, c.176 (C.46:15-10.1). If the receipts are less than anticipated, the appropriation shall be reduced proportionately.~~

EXPLANATION: FY 2019 language not recommended for FY 2020 denoted by strikethrough.
Recommended FY 2020 language that did not appear in FY 2019 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

This language provision is recommended for deletion as a part of the Governor's proposal to increase funding for the Affordable Housing Trust Fund in Fiscal Year 2020. Pursuant to this language provision, the State supported the following Fiscal Year 2019 appropriations using the receipts of the realty transfer fee that are statutorily dedicated to the Affordable Housing Trust Fund: Shelter Assistance, \$2.3 million; Prevention of Homelessness, \$4.36 million; Neighborhood Preservation, \$2.5 million; and Main Street New Jersey, \$0.5 million.

Removing the above language provision corresponds with the allocation of all dedicated realty transfer fee receipts into the Affordable Housing Trust Fund in Fiscal Year 2020. Consequently, the recommended Fiscal Year 2020 appropriations of \$2.3 million for Shelter Assistance, \$4.36 million for Prevention of Homelessness, \$2.5 million for Neighborhood Preservation, and \$0.5 million for Main Street New Jersey would be supported by monies deposited in the General Fund.

Permitted Funding of Regional Efficiency Aid Program Benefits

Revision

2019 Handbook: p. B-28
2020 Budget: p. D-58

The Director of the Division of Local Government Services may permit any municipality that received Regional Efficiency Aid Program funds pursuant to the annual appropriations act for fiscal year 2010, P.L.2009, c.68, to use a portion of its Consolidated Municipal Property Tax Relief Aid or Energy Tax Receipts Property Tax Relief Aid, or both Consolidated Municipal Property Tax Relief Aid and Energy Tax Receipts Property Tax Relief Aid, to provide "Regional Efficiency Aid Program" benefits pursuant to P.L.1999, c.61 (C.54:4-8.76 et seq.).

Explanation

The Fiscal Year 2020 Budget recommends allowing the Director of the Division of Local Government Services to permit certain municipalities to use Energy Tax Receipts Property Tax Relief Aid ("ETR"), or both ETR and Consolidated Municipal Property Tax Relief Aid ("CMPTRA") to provide benefits through the Regional Efficiency Aid Program ("REAP"). Only municipalities that received REAP funding pursuant to the Fiscal Year 2010 Appropriations Act would be affected by this revision. Since Fiscal Year 2012, budget language only permitted those municipalities to use CMPTRA to provide continued REAP benefits.

Pursuant to the "Regional Efficiency Aid Program Act," P.L.1999, c.61 (C.54:4-8.76 et seq.), REAP provides State-funded property tax credits to the residents of certain municipalities which implemented regionalization, consolidation, or shared services initiatives. According to the department's State Aid Certification, the

EXPLANATION: FY 2019 language not recommended for FY 2020 denoted by strikethrough.
Recommended FY 2020 language that did not appear in FY 2019 denoted by underlining.

Significant Language Changes (Cont'd)

following 14 municipalities received REAP funding in Fiscal Year 2010: Hi-nella, Wrightstown, New Hanover, Mannington, South Hackensack, North Hanover, Elk Township, Guttenberg, Elmwood Park, Weehawken, Englewood, West New York, North Bergen, and Union City.

Establishment of Voluntary County-Based Demonstration Project

Revision

2019 Handbook: p. B-28
2020 Budget: p. D-58

Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Consolidation Implementation shall be allocated to provide reimbursement to local government units that consolidate pursuant to any law, including but not limited to P.L.2007, c.63 (C.40A:65-1 et seq.) and P.L.2009, c.118 (C.54:1-86 et seq.), or to a municipality that is wholly annexed by another municipality pursuant to N.J.S.40A:7-1 et seq., for non-recurring costs that the Director of the Division of Local Government Services, or in the case of a school district consolidation the Commissioner of Education, determines to be necessary to implement such consolidation or annexation, subject to the approval of the Director of the Division of Budget and Accounting; provided, however, that in addition to the amounts hereinabove appropriated, there are appropriated such additional amounts as are determined necessary for reimbursement of non-recurring costs associated with local government unit consolidations, subject to the approval of the Director of the Division of Budget and Accounting; ~~;~~ provided further that there are appropriated such additional amounts, not to exceed \$15,000,000, as the Director of the Division of Budget and Accounting, in consultation with the Commissioner of Community Affairs and the Director of the Division of Local Government Services, shall determine to be necessary to design and implement a voluntary county-based demonstration project to achieve efficiencies and future cost savings in the provision of services at the local level.

Explanation

As revised, this language provision authorizes the appropriation of not more than \$15 million from the Property Tax Relief Fund to support a voluntary county-based demonstration program to achieve efficiencies and cost-savings in the provision of local government services. According to the Fiscal Year 2020 Budget in Brief, the Division of Local Government Services recommends that certain local government services, such as 9-1-1 dispatch, public health, and road maintenance/snow removal, should be provided by counties instead of municipalities. The OLS assumes that the voluntary county-based demonstration project would implement these recommendations, but notes that the language does not require the project to involve a transfer of functions from the municipal to the county level.

EXPLANATION: FY 2019 language not recommended for FY 2020 denoted by strikethrough. Recommended FY 2020 language that did not appear in FY 2019 denoted by underlining.

Significant Language Changes (Cont'd)

Historic Trust/Open Space Administrative Costs	
Deletion	2019 Handbook: p. B-30 2020 Budget: p. --

~~The amount hereinabove appropriated for the Historic Trust/Open Space Administrative Costs program is appropriated for all administrative costs and expenses pursuant to the "New Jersey Cultural Trust Act," P.L.2000, c.76 (C.52:16A-72 et seq.); the "Garden State Preservation Trust Act," sections 1 through 42 of P.L.1999, c.152 (C.13:8C-1 et seq.); the "Historic Preservation Revolving Loan Fund," P.L.1991, c.41 (C.13B:1B-15.115a et seq.); the "Green Acre, Clean Water, Farmland and Historic Preservation Bond Act of 1992," P.L.1992, c.88; the "Green Acres, Farmland and Historic Preservation, and Blue Acres Bond Act of 1995," P.L.1995, c.204; the "Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bond Act of 2009," P.L.2009, c.117; and the "Preserve New Jersey Historic Preservation Fund," P.L.2016, c.12, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

The Fiscal Year 2019 Appropriations Act provided \$659,000 for Historic Trust/Open Space Administrative Costs. Pursuant to this language provision, the appropriation supported all administrative costs and expenses incurred pursuant to certain laws, as set forth above, governing the distribution of monies dedicated for open space, farmland, and historic preservation purposes. Given that the Executive does not recommend an appropriation for Historic Trust/Open Space Administrative Costs in Fiscal Year 2020, this language provision is recommended for deletion. Administrative costs are expected to be provided exclusively from a supplemental appropriation to the Preserve New Jersey Historic Preservation Fund in Fiscal Year 2020.

Historic Trust/Open Space Administrative Costs	
Deletion	2019 Handbook: p. B-30 2020 Budget: p. --

~~Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for the Historic Trust/Open Space Administrative Costs account is transferred from the Garden State Historic Preservation Trust Fund, the 2007 Historic Preservation Fund, the 2009 Historic Preservation Fund, and the Preserve New Jersey Historic Preservation Fund to the General Fund is appropriated to the Department of Community Affairs for Historic Trust/Open Space Administrative Costs, subject to the approval of the Director of the Division of Budget and Accounting.~~

EXPLANATION: FY 2019 language not recommended for FY 2020 denoted by strikethrough. Recommended FY 2020 language that did not appear in FY 2019 denoted by underlining.

Significant Language Changes (Cont'd)**Explanation**

As noted above, the Fiscal Year 2019 Appropriations Act provided \$659,000 for Historic Trust/Open Space Administrative Costs. Pursuant to this language provision, the appropriation was funded through the transfer of monies from the Garden State Historic Preservation Trust Fund, the 2007 Historic Preservation Fund, the 2009 Historic Preservation Fund, and the Preserve New Jersey Historic Preservation Fund to the General Fund. Given that the Executive does not recommend an appropriation for Historic Trust/Open Space Administrative Costs in Fiscal Year 2020, this language provision is recommended for deletion. Administrative costs are expected to be provided exclusively from a supplemental appropriation to the Preserve New Jersey Historic Preservation Fund in Fiscal Year 2020.

EXPLANATION: FY 2019 language not recommended for FY 2020 denoted by strikethrough.
Recommended FY 2020 language that did not appear in FY 2019 denoted by underlining.