



State of New Jersey

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JON S. CORZINE

Governor

FOR IMMEDIATE RELEASE
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GOVERNOR CORZINE ANNOUNCES NEARLY \$1BILLION IN BUDGET CUTS AND SAVINGS FOR FY2010 BUDGET

TRENTON - Governor Jon S. Corzine today detailed actions to close a projected current-year budget gap of \$924 million and fulfill his commitment to ensure that the state's budget remains balanced as the new administration of Governor-Elect Chris Christie prepares to take office in January.

“Like nearly every state in the country, New Jersey’s budget faces dual pressures from the severe national economic crisis – a fall-off in revenue and greater demand for safety net services and related needs such as Medicaid, the state food purchasing program, and the senior property tax freeze,” Governor Corzine said. “We have worked hard over the last few weeks to meet this challenge and have identified \$839 million in spending cuts across state government.”

Governor’s Corzine’s FY2010 budget, signed in June, included more than \$15 billion in property tax relief. Today’s plan maintains the Governor’s commitment to provide real property tax relief.

“Throughout this process we have made property tax relief a top priority, and our plan will ensure that all municipal aid that was budgeted this year will be delivered, including the CMPTRA payment that was frozen earlier this month,” Governor Corzine said. “We also maintained critical funding for charity care and other health care needs, Human Services community providers, and aid to higher education. Further, we increased the surplus by 10%, to \$550 million, to give the incoming administration an additional cushion for the remainder of the fiscal year.”

The plan includes a proposal involving excess surplus balances that have been accumulated by school districts across the state. Under the proposal, which would require enactment of legislation, beginning in February 2010 districts would be required to use a portion of those excess surplus balances – totaling \$260 million -- in place of state aid payments. Since these surplus balances represent funds in excess of those needed in districts’ operating budgets, substituting the excess surplus balances for state aid payments should have no impact on school district programs, school operations, or local property tax bills.

(more)

In addition to the \$839 million in budget cuts, the plan recognizes additional federal Recovery Act payments to offset costs from the Earned Income Tax Credit program as well as revenues from the introduction of Powerball lottery in New Jersey and a tax compliance effort relating to the recent IRS program regarding income from previously undisclosed accounts held with the Swiss financial institution UBS. These items together total \$135 million.

As a result of this plan, spending for fiscal year 2010 will now be \$28.6 billion, which is \$220 million less than the amount spent the year before Governor Corzine took office.

The plan does not include an expected \$250-300 million in revenue that would be generated this fiscal year by an extension of the income tax surcharge for the wealthiest 1% of New Jerseyans – those making over \$400,000 per year – that was enacted on a temporary basis in June and will sunset December 31, 2009. That option would have mitigated a portion of the proposed reductions, including the school surplus action. Given the incoming administration's opposition, this extension is not included.

For additional information, please visit Treasury's website: www.state.nj.us/treasury/

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**FY10 Summary of December 22 2009 Reductions
(Amounts in Thousands)**

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Amount

CHIEF EXECUTIVE

Chief Executive

Equipment Balances	(\$20)
Department Subtotal	(\$20)
Chief Executive Subtotal	(\$20)

AGRICULTURE

Agriculture

Non-Salary Operating	(\$15)
Payments in Lieu of Taxes (PILOT) - SADC - Adjusted Spending Projection	(\$15)
Department Subtotal	(\$30)
Agriculture Subtotal	(\$30)

CHILDREN AND FAMILIES

Children and Families

Title IV-E and Title XIX - Increased Federal Claiming	(\$21,100)
Title IV-E - Increased Federal Claiming	(\$20,000)
Miscellaneous Awards - Adjusted Spending Projection	(\$9,000)
Renegotiated Contracted Systems Administrator	(\$1,100)
Department Subtotal	(\$51,200)
Children and Families Subtotal	(\$51,200)

COMMUNITY AFFAIRS

Community Affairs

HMFA-Portion of Unexpended Mortgage Stabilization and Relief Act Funding	(\$29,000)
State Rental Assistance Program - Shift to Pay-As-Go	(\$13,500)
Consolidation Fund	(\$13,250)
Sharing Available Resources Efficiently (SHARE) Grant Program	(\$1,570)
Department Subtotal	(\$57,320)
Community Affairs Subtotal	(\$57,320)

CORRECTIONS

Corrections

Medical - Adjusted Spending Projection	(\$9,300)
Department Subtotal	(\$9,300)
Parole Board	
Salary Savings	(\$1,100)
Retirement Savings	(\$378)
Prior Year Balances	(\$198)
Overtime Reduction	(\$75)
Parole Board Subtotal	(\$1,751)
Corrections Subtotal	(\$11,051)

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Amount

EDUCATION

Education

School District Surpluses	(\$260,000)
Payment Delay Savings - Adjusted Spending Projection	(\$20,500)
School Construction and Renovation Fund	(\$5,749)
Charter School Aid	(\$2,295)
Statewide Assessment - Adjusted Spending Projection	(\$1,700)
Professional Development & Licensure Balances	(\$600)
School Construction Debt Service Aid	(\$450)
Revolving Fund Balances	(\$430)
Bridge Loan Interest and Borrowing Cost Savings	(\$304)
Extraordinary Special Education Costs Aid - Adjusted Spending Projection	(\$222)
Rutgers Preschool Needs Assessment (PEARS) Prior Year Encumbrance	(\$200)
District and School Improvement Operation Reduction	(\$193)
District and School Improvement Services Other than Personal Reduction	(\$63)
Retirement Savings	(\$43)
Community Relations Committee of the United Jewish Federation of Metrowest	(\$30)
Department Subtotal	(\$292,779)
Teachers Pensions/Social Sec.	
Local School District Post Retirement Medical - Adjusted Spending Projection	(\$23,500)
Teachers Pensions/Social Sec. Subtotal	(\$23,500)
Education Subtotal	(\$316,279)

ENVIRONMENTAL PROTECTION

Environmental Protection

Delayed Implementation of Salem County Wastewater Management Plan	(\$3,600)
Parks - Unexpected Carryforward Balances	(\$1,700)
Well Permits - Unexpected Carryforward Balances	(\$229)
Payments In Lieu of Taxes (PILOT) - Adjusted Spending Projection	(\$175)
Water Supply - Unexpected Carryforward Balances	(\$110)
Payments In Lieu of Taxes (PILOT) - Adjusted Spending Projection	
Department Subtotal	(\$5,814)
Environmental Protection	
Capital Balances	(\$721)
Environmental Protection Subtotal	(\$721)
Highlands Water Protection and Planning Council	
Highlands Council - Reduce Regional Master Plan Spending	(\$88)
Highlands Water Protection and Planning Council Subtotal	(\$88)
Pinelands Commission	
Salary Savings	(\$46)
Non - Salary Operating	(\$29)

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	Amount
Legal (DAG) Costs - Adjusted Spending Projection	(\$24)
Pinelands Commission Subtotal	(\$99)
Environmental Protection Subtotal	(\$6,722)
HEALTH & SENIOR SERVICES	
Health & Senior Services	
Early Intervention Program - Adjusted Spending Projection	(\$15,000)
Cancer Research (Prevention & Treatment)	(\$5,000)
Nursing Homes - Adjusted Spending Projection	(\$4,688)
Prior Year Grant Close Out	(\$1,286)
Medical Emergency Preparedness for Bioterrorism (MEDPREP) Funding and Project Adjustments	(\$1,000)
AIDS Grants Prior Year Balances	(\$582)
Infant Mortality Reduction Program - Adjusted Spending Projection	(\$401)
Family Planning Services Prior Year Balances	(\$287)
Materials, Supplies and Equipment Surplus	(\$176)
Management and Administration Salary Balances	(\$150)
Anti Smoking Programs and School Based & Youth Anti Smoking Programs - Adjusted Spending Projection	(\$100)
Public Health Priority Funding - Adjusted Spending Projection	(\$100)
Worker and Community Right to Know - Adjusted Spending Projection	(\$100)
Commission on Cancer Research - Staff Attrition	(\$50)
Family Health Services Spending Freeze	(\$38)
Surplus State Matching Funds	(\$33)
Cost of Living Prior Year Balances - AIDS Services	(\$11)
Nursing Homes - Adjusted Spending Assumption	
Department Subtotal	(\$29,002)
Health & Senior Services Subtotal	(\$29,002)
HUMAN SERVICES	
Human Services	
Renegotiate Medicaid Transportation Broker Contract	(\$6,000)
Developmental Center Operating Efficiencies	(\$5,034)
Offset Mental Health Community Services Costs with Federal Mental Health Block Grant Balances	(\$3,000)
Reduced Overtime Needs at the State Psychiatric Hospitals	(\$3,000)
Use Line of Credit for Information Technology Disaster Recovery Equipment	(\$1,892)
Information Technology Reduction - Family Development	(\$1,600)
Maximize Federal Funds for Information Technology - Family Development	(\$1,520)
Offset Greystone Psychiatric Hospital Operating Cost with Excess Construction Bond Interest	(\$1,436)
Turning Point Contract Termination	(\$1,350)
Prior Year Contract Close-Outs - Family Development	(\$1,188)
Community-Based Substance Abuse Treatment Services Carryforward Balances	(\$1,079)
Continue Suspension of Community Care Operational Incentive Program	(\$1,000)
Revolving Fund Balances - Family Development	(\$1,000)
Needle Exchange Balances - Addiction Services	(\$649)

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	Amount
Mental Health Short Term Care Facility Beds - Change in Expected Availability	(\$635)
Carryforward Equipment Balances	(\$558)
Changed Timing For Expansion of Mental Health Intensive Outpatient Services	(\$513)
Mental Health Community Care Contract Underspending	(\$500)
Defer Filling of Vacant Mental Health Central Office Positions	(\$364)
Additions, Improvements and Equipment Balances - Central Office	(\$259)
Additions, Improvements and Equipment Balances - Family Development	(\$252)
Reduce Number of IT Consultants for Mental Health Olmstead and Delay Start Date	(\$250)
Reduce Procurement of Computer Hardware - Commission for the Blind	(\$94)
Defer Non-Salary Mental Health Administrative Purchases	(\$90)
Division of Developmental Disabilities Uncommitted Capital Balances	(\$54)
Materials and Supplies Balances - Family Development	(\$50)
Reduce Training - Commission for the Blind	(\$20)
Reduce Materials and Supplies Purchases - Commission for the Blind	(\$15)
Department Subtotal	(\$33,402)
Human Services Subtotal	(\$33,402)
LABOR AND WORKFORCE DEVELOPMENT	
Labor and Workforce Development	
Prior Year Balances Used to Fund Work First NJ Work Activities	(\$4,311)
Department Subtotal	(\$4,311)
Labor and Workforce Development Subtotal	(\$4,311)
LAW & PUBLIC SAFETY	
Law & Public Safety	
Bureau of Securities - Anticipated Settlements	(\$6,000)
Bureau of Securities Balances	(\$4,000)
Victims of Crime Compensation - Surplus Carryforward Balance	(\$2,942)
Division of Alcoholic Beverage Control - Excess Receipts	(\$2,500)
Division of Gaming Enforcement - Adjusted Spending Projection	(\$1,750)
Victims of Crime Compensation - Criminal Disposition and Revenue Collection Fund Balances	(\$1,500)
State Police Operations - Unexpected Carryforward Balances	(\$590)
Bureau of Securities Unspent Building Authority Funds	(\$539)
Emergency Operations Center - Contract Efficiencies	(\$500)
Legalized Games of Chance - Unexpected Carryforward Balances	(\$500)
Criminal Justice Surplus State Matching Funds	(\$250)
Highway Traffic Safety - Carryforward Balances	(\$185)
Noncriminal Records - Unexpected Carryforward Balances	(\$93)
Vehicle Recall Savings	(\$75)
Furniture Contingency - Carryforward Balances	(\$31)
Surplus State Matching Funds	(\$18)
Department Subtotal	(\$21,473)

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	Amount
Election Law Enforcement	
Excess Receipts	(\$162)
Equipment Balances	(\$13)
Election Law Enforcement Subtotal	(\$175)
Juvenile Justice Commission	
Equipment Balances	(\$144)
Juvenile Justice Commission Subtotal	(\$144)
Office of Homeland Security and Preparedness	
Operating Savings	(\$84)
Office of Homeland Security and Preparedness Subtotal	(\$84)
State Ethics Commission	
Salary Balances and Operational Efficiencies	(\$39)
Equipment Balances	(\$7)
State Ethics Commission Subtotal	(\$46)
Law & Public Safety Subtotal	(\$21,922)
PUBLIC ADVOCATE	
Office of Child Advocate	
Carryforward Balances	(\$51)
Office of Child Advocate Subtotal	(\$51)
Office of Public Advocate	
Dispute Settlement - Carryforward Balances	(\$345)
Office of Public Advocate Subtotal	(\$345)
Rate Counsel	
Carryforward Balances	(\$219)
Rate Counsel Subtotal	(\$219)
Public Advocate Subtotal	(\$615)
STATE	
Comm Higher Ed - Educational Opportunity	
Supplementary Education Program - Staffing and Program Reductions	(\$123)
Comm Higher Ed - Educational Opportunity Subtotal	(\$123)
Commission on Higher Education	
Special Needs - Diagnostic Assessments and Training Activities	(\$130)
College Bound Balance	(\$39)
Salary Balance	(\$20)
Special Needs Balance	(\$15)
Commission on Higher Ed - Equipment Balances	(\$1)
Commission on Higher Education Subtotal	(\$205)
State	
State Museum - Equipment Balances	(\$40)
Division of Archive and Records Management - Equipment Balances	(\$1)

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	Amount
Department Subtotal	(\$41)
Higher Ed Student Assistance Auth.	
Social Services Student Loan Redemption Program - Unexpected Carryforward Funds	(\$422)
NJ World Trade Center Scholarship Program	(\$377)
Coordinated Garden State Scholarship Programs - Unexpected Carryforward Funds	(\$286)
Salary Funding Shift	(\$35)
Higher Ed Student Assistance Auth. Subtotal	(\$1,120)
The State Library of New Jersey	
New Jersey Knowledge Initiative - Adjusted Spending Projection	(\$231)
The State Library of New Jersey Subtotal	(\$231)
William Paterson University of NJ	
The New Jersey Project - Adjusted Spending Projection	(\$100)
William Paterson University of NJ Subtotal	(\$100)
State Subtotal	(\$1,820)
TRANSPORTATION	
Transportation	
Electrical and Maintenance Crews - Salary Funding Shift	(\$1,955)
Department Subtotal	(\$1,955)
Motor Vehicle Commission	
Title Consolidation Plan	(\$798)
Document Imaging - Software Licensing Savings	(\$669)
Hiring Freeze Motor Vehicle Agencies	(\$607)
Contract Savings	(\$600)
Driver and Road Test System - Shift to Federal Funding	(\$400)
Materials and Supplies - Adjusted Spending Projection	(\$296)
Equipment Maintenance - Adjusted Spending Projection	(\$245)
Motor Vehicle Commission Subtotal	(\$3,615)
Transportation Subtotal	(\$5,570)
TREASURY	
Board of Public Utilities	
BPU - Carryforward Balances	(\$1,189)
Board of Public Utilities Subtotal	(\$1,189)
Commerce & Economic Development	
Business Employment Incentive Program - Adjusted Spending Projection	(\$24,283)
Division of Business Assistance Marketing International Trade Operational Efficiencies	(\$25)
Commerce & Economic Development Subtotal	(\$24,308)
Treasury	
Property Assessment Management System (PAMS)	(\$4,700)
Taxation Data Warehouse - Adjusted Spending Projection	(\$2,000)
Tax Amnesty Program Administration - Unexpected Carryforward Balance	(\$1,600)

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	Amount
Division of Revenue - Contract Closeout	(\$1,100)
Attrition Savings	(\$400)
Division of Investments - Unexpected Carryforward Balance	(\$335)
Drug Abuse Education Fund - Unexpected Carryforward Balance	(\$323)
Elimination of Training and Tuition Reimbursements	(\$301)
Equipment Balances	(\$281)
Elimination of Prior Year Grants	(\$275)
Contract Compliance - Surplus Fee Revenue	(\$155)
Property Rentals - Contract Closeout	(\$130)
Department Subtotal	(\$11,600)
Miscellaneous Higher Ed.	
Capital Improvement Fund - Savings from Interest Earnings	(\$1,270)
New Jersey Marine Sciences Consortium - Reduced Spending	(\$76)
Stem Cell Institute - Unexpected Carryforward Balance	(\$7)
Miscellaneous Higher Ed. Subtotal	(\$1,353)
Office of Administrative Law	
Adjusted Spending Projection	(\$20)
Office of Administrative Law Subtotal	(\$20)
Office of Information Technology	
Capital - Adjusted Spending Projection	(\$1,877)
Office of Information Technology Subtotal	(\$1,877)
Office of Inspector General	
Attrition Savings	(\$65)
Office of Inspector General Subtotal	(\$65)
Office of State Comptroller	
Consultants - Adjusted Spending Projection	(\$309)
Office of State Comptroller Subtotal	(\$309)
Office of the Medicaid Inspector General	
Office and Data Processing Supplies - Adjusted Spending Projection	(\$10)
Photocopier Savings	(\$5)
Staff Memberships	(\$5)
Staff Training	(\$2)
Office of the Medicaid Inspector General Subtotal	(\$22)
Public Defender	
Operating Costs - Adjusted Spending Projection	(\$655)
Expert Witnesses - Operational Efficiencies	(\$46)
Public Defender Subtotal	(\$701)
Science and Technology	
Commission on Science and Technology - University Intellectual Property Grants	(\$397)
Science and Technology Subtotal	(\$397)

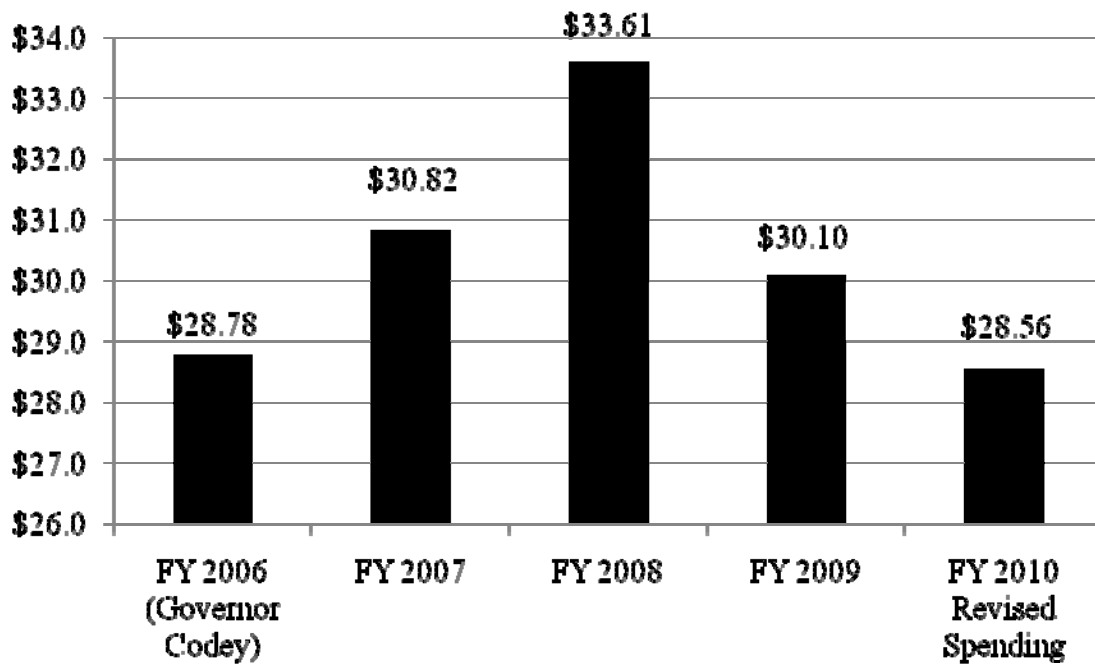
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	Amount
Treasury-Direct Property Relief	
Homestead Rebates - Adjusted Spending Projection	(\$23,000)
Senior and Veterans' Property Tax Deduction Reimbursement - Adjusted Spending Projection	(\$3,036)
Treasury-Direct Property Relief Subtotal	(\$26,036)
Treasury-Municipal & County Aid	
County Solid Waste Debt Service Aid - Adjusted Spending Projection	(\$2,100)
Treasury-Municipal & County Aid Subtotal	(\$2,100)
Treasury Subtotal	(\$69,977)
INTER-DEPARTMENTAL	
Employee Benefits	
Eliminate Defined Benefit Pension Contributions	(\$100,000)
Additional Pharmacy Benefit Manager Savings	(\$12,000)
Employee Benefits Subtotal	(\$112,000)
Inter-departmental	
Garden State Preservation Trust Fund Surplus	(\$6,762)
New Jersey Building Authority - Adjusted Spending Projection	(\$2,514)
Capital Balances	(\$1,467)
Inter-departmental Subtotal	(\$10,743)
Other Inter-departmental Accounts	
Prior Year Balances	(\$50,725)
Freeze 7.5% of Administrative Balances	(\$7,602)
Lower Interest Cost On Short Term Notes	(\$7,000)
Advertising	(\$5,013)
Governor's Contingency Fund	(\$500)
Other Inter-departmental Accounts Subtotal	(\$70,840)
Rentals and Utilities	
Fuel and Utilities	(\$3,000)
Central Rent Line of Credit - Unexpected Carryforward Balance	(\$629)
Rentals and Utilities Subtotal	(\$3,629)
Salary & Other Benefits (Adjustmts)	
Salary Program - Unexpected Carryforward Balances	(\$26,000)
Salary & Other Benefits (Adjustmts) Subtotal	(\$26,000)
Inter-departmental Subtotal	(\$223,212)
JUDICIARY	
Judiciary	
Adjusted Spending Projections	(\$7,000)
Department Subtotal	(\$7,000)
Judiciary Subtotal	(\$7,000)
TOTAL	(\$839,453)

FY 2010 Revised Spending Is Less Than FY 2006 Expenditure Level

(In Billions)



FY 2010 BUDGET UPDATE

SHORTFALL

Reduced FY 09 ending surplus	\$162 million	
Revenue shortfall through November 30th	\$412 million	
Updated base spending needs	\$350 million	
Safety net programs - Medicaid, senior freeze, TAG, etc		\$260 million
Other programs		\$90 million
TOTAL SHORTFALL	\$924 million	

SOLUTIONS

Spending reductions	\$839 million	
School aid excess surplus		\$260 million
Pensions		\$100 million
Other		\$479 million
Revenue Actions	\$135 million	
ARRA funding for TANF to offset Earned Income Tax Credit		\$80 million
Tax compliance effort for undisclosed "offshore" income		\$35 million
Implementation of Powerball		\$20 million
TOTAL SOLUTIONS	\$974 million	
REVISED PROJECTED FY 10 SURPLUS	\$550 million	
ORIGINAL PROJECTED FY 10 SURPLUS	\$500 million	
INCREASED SURPLUS	\$50 million	