

# BUDGET UPDATE



## Christie's Final Budget Cuts Millions in State Spending

On June 30, Governor Christie signed a \$29.7 billion state budget. The governor used his line-item veto power to strip the spending plan of millions in additional spending that Democrats had sought to add in their own budget proposal. Christie also cut even deeper into his original budget numbers, taking millions of dollars from critical services for children and families.

Democratic legislators have said they will attempt to override some of the cuts, but it is widely acknowledged that they lack the super majority needed to override the governor's veto. The following is a summary of the final budget in critical areas for children and families.

### **Low-income families**

Christie vetoed Democrats' efforts to restore a tax credit for the working poor that would have resulted in an additional \$45 million to help struggling families.

### **Child Welfare**

The Department of Children and Families sustained a \$35.7 million cut when combining both state and federal funding. Christie cut \$9.5 million in state funds – a significant increase from his original proposal, which only shaved \$500,000 in state funding from the department's budget. In addition to the state funding cut, DCF is losing about \$26 million in federal funds, assuming there was no change in federal funding since March 2011, when budget details were first unveiled.

These cuts include:

- A \$537,000 reduction to the Wynona M. Lipman Child Advocacy Center in Newark.
- An almost \$8 million cut to treatment homes and emergency behavioral health services from FY 2011.
- Savings from closing Vineland and Ewing Treatment Centers
- Reduction of funded vacancies
- Changes in projected program utilization

### **Early Childhood**

Preschool was spared the budget ax, holding steady at \$613.3 million, the same **funding** level as last fiscal year. The FY 2012 budget also keeps operating supports for the Division of Early Childhood Education steady at \$1.8 million.

Funding for before- and after-preschool care for children attending preschool in New Jersey's poorest towns, however, continues to be cut. This year, the "wrap-around" program will receive about \$13.2 million less in state funds, resulting in an estimated 2,500 fewer children having access to this care, according to budget data.

The Early Intervention Program, which serves children ages 0 to 3 with special needs was increased by almost \$6 million over FY 2011, but \$7.9 million less than the governor's original budget recommendation.

### **Education**

The Democrat's budget had proposed \$1.1 billion in additional state aid to schools. Of that amount, Christie cut \$460 million, leaving \$473 million that the Supreme Court ordered him to send to urban schools and \$167 million for suburban and rural school districts that Democrats had added.

Christie eliminated \$3 million all state funding for NJ After 3, which provides after-school care to low-income, school-aged children.

## **Healthcare**

The final budget anticipates the approval of a Medicaid waiver that is expected to save \$300 million on Medicaid programs, including NJ FamilyCare, which provides health coverage to children, low-income parents and others.

If the federal government approves the waiver, the Christie Administration would close NJ FamilyCare to parents who earn more than about 25 percent of the federal poverty level, which amounts to about \$443 a month for a family of four. State officials have estimated this will save \$9 million.

Until the federal government approves the waiver, however, parents with household work income up to 133 percent of the federal poverty level - for instance, a family of four making up to \$2,444 per month – are still eligible for NJ FamilyCare. Parents and guardians in a family making less than this amount may not be eligible because income such as unemployment, child support and government benefits is counted differently for parents/guardians than wages.

## **Legal Aid**

Legal Services of New Jersey, which provides free legal help to low-income residents, was cut to \$15 million, a net loss of \$5 million from last year's budget.

ACNJ will provide additional updates as more details become available.