

[As Prepared for Delivery]

**Testimony of New Jersey Department of Personnel
Commissioner Rolando Torres, Jr.
before the Assembly Budget Committee
March 22, 2006**

Mr. Chairman – members of the Committee – it’s a pleasure to appear before you once again, and to present the Department of Personnel’s budget request for Fiscal Year 2008. I appreciate this opportunity to share with you a number of our achievements from this past year, as well as some of our goals for the future.

Almost a year ago, I sat before you and spoke about our role in furthering Governor Corzine’s vision for the state workforce – a leaner, more efficient, and more flexible state workforce. I’m proud to say that I think we’ve taken some important steps in that direction.

- We have administered a stringent hiring and promotional freeze that’s resulted in a reduction of over 400 unclassified positions, and an overall reduction of approximately 1,300 of Executive Branch employees – even as three new cabinet-level agencies have been created and over 500 front-line employees were brought on in critical positions like child welfare and homeland security;
- We have worked closely with OIT to plan the implementation of a fundamental restructuring of our state’s Information Technology operations;
- We have delivered over 153,000 hours of training to nearly 16,000 public employees in the development of critical skills like management, leadership, communications, and technology;
- We have worked with the Government Efficiency and Reform Commission to explore bold new possibilities for how we approach the critical question of how state government should manage its Human Resources;
- We have radically restructured some of our internal operations in order to improve the delivery of services to our customers, and to build a flexible and scalable framework that can evolve alongside the changing needs of the people and agencies we serve;
- We have leveraged technology across the board to ensure maximum accessibility for all our constituents – from providing voice-recognition software to our call center; to the creation of online announcements for promotional opportunities; to laying the foundation for an electronic application process;
- We have developed a career day program called *Building the Workforce of the Future* that helps teach at-risk youth about exciting public service careers in the science and technology fields. In the weeks ahead, we’ll be going to middle schools in Atlantic City, East Camden, and Trenton; and
- We have recommitted ourselves to the value of diversity in the workplace – in part by convening a task force to develop a plan for expanding efforts to recruit and retain New Jerseyans with disabilities.

In the past year, every part of this organization has raised 'doing more with less' to an art form.

But before I go into specifics, I'd like to use this opportunity to speak to you today about what exactly we do at the Department of Personnel – and about why our work is a critical part of any meaningful effort to improve the ways that we as public servants perform the work of government.

Sometimes, I feel like a big part of my job is explaining why there is a 'Department of Personnel' in the first place. And it's a reasonable question. Anyone looking at our state's human resource operations would be understandably overwhelmed by the Byzantine distribution of labor. Functions like payroll, pensions, and risk management are handled by Treasury. The Governor's Office of Employee Relations negotiates with organized labor. And then there are the hundreds of individuals serving in the HR units of the separate Departments and Agencies. All of which begs the question: what exactly does the state Department of Personnel do?

To begin with, any large employer needs a central Human Resource operation to coordinate procedures, process transactions, and maintain records in areas ranging from compensation to classification to time and leave management – and few organizations employ anywhere near the 190,000-plus individuals who are part of New Jersey's Merit System at the state, county, and municipal levels.

A little history goes a long way here. Prior to 1986, this organization was known as the Department of Civil Service – a label that simply and aptly described the heart of our work. Fundamentally, our purview was – and still is – the maintenance and administration of New Jersey's Merit System.

But this is about much more than processing transactions and keeping records. Government works because there's a critical balance – a balance between the stability of the institutional knowledge that lives in the career service on the one hand, and on the other hand, the flexibility to implement new ideas with each new Administration.

And the Department of Personnel is the exact point at which those two elements come together. Our governor has a clear vision for our state. The dedicated women and men in the career service carry out that vision on the ground. And we are the bridge that links these two distinct aspects of the enterprise that is public service.

But what about the personnel offices in our state agencies? Why would you need both a central agency and the individual HR operations? It certainly sounds counterintuitive – not to mention redundant. But the fact is, there are good reasons to have both. And like most good reasons, these are pretty simple.

The Agency-level personnel offices are staffed by many fine and dedicated individuals – who are immediately accessible, and intimately familiar with the day-to-day operations

of those agencies. They are the people who get things done – from submitting payrolls to coordinating benefits enrollment.

They also play an important role when it comes to advising their Cabinet officers, and helping them to navigate a complex and often cumbersome system. These are ground-level operations – tactical in both their focus and in their functions.

But you don't go to an agency's HR office to develop strategy. And that kind of high-level technical assistance is a huge part of where the DOP comes in – to help design and establish appropriate organizational structures, from planning policy and workforce development... down to job titles and salary concerns.

...When it came time to create the Department of Children and Families and to revive the Office of the Public Advocate, we helped establish a personnel framework for them – and even now, we continue to work closely with the leadership teams to make sure they have the tools they need to develop and maintain themselves as effective organizations.

...When the Office of Homeland Security and Preparedness needed to compete with the FBI and the CIA to recruit the best and brightest, they came to us – and we created a new 'intelligence investigator' position.

...And when Governor Corzine wanted to cut 1,000 positions, we conducted a system-wide assessment throughout the Executive branch – to identify the most effective ways to make those cuts.

It's not just about the decision-makers, though – it's about how those decisions impact operations. We ensure that the protections afforded employees – both contractual protections and statutory protections – are upheld. And when any of those employees are displaced, individuals – and the unions that represent them – depend on programs like Intergovernmental Transfer and Outplacement Services to match those workers with opportunities to serve the public in other capacities.

Ultimately, our work is about both Civil Service... and Human Resource Management. But when we became the Department of Personnel, the name change brought with it an impression that this agency had suddenly become the sole and exclusive Human Resource planning and policymaking entity in state government. And that may have been the vision. But the fact is, that's never been the reality. This agency has never had the capacity to be an authentic central HR body for the state. And the last 20 years have seen both a steady decline in resources and scaling-down of operational purview. In 2000, for example, the authority of my office to set compensation was shifted to the collective bargaining process. And since 2001, our budget and staffing levels have been cut by roughly 20%.

This year's budget request is 22 million, 437 thousand dollars – which represents more than a 327 thousand dollar reduction from last year's initial appropriation, and a 250

thousand dollar reduction from our adjusted appropriation for Fiscal 2007. In a department with 350 Full-Time Employees, these are real and substantial reductions – and there will be an impact on our capacity to provide core services.

Additionally, cuts in the current year haven't helped with backlogs that exist in nearly every division, and have mitigated the efficiencies that have been achieved through the implementation of new technology. In addition, the impact is visible in our inability to effectively market and deliver training, EAS, and programs like Outplacement Services.

And we looked for places to make further cuts – but even the best-case-scenario is a non-starter. We explored the option of curtailing the practice of conducting exams for all non-public-safety-related titles at the county- and municipal-levels. The reduction in workload would translate to as much as 1.27 million dollars in additional savings. Unfortunately, the downside here would have been significant.

- Serious potential issues could arise with respect to consistency and fairness of tests created and administered separately by each of the nearly 500 local appointing authorities, which might make those jurisdictions vulnerable to litigation.
- There is also the possibility that New Jersey's veterans, who currently receive an array of constitutionally mandated employment preferences, could experience an erosion of the benefits they've earned.
- But the biggest issue is cost. Since the DOP currently provides this service to counties and municipalities for free, the significant expenses associated with testing – made even costlier without the economy of scale afforded by centralization – would likely force local jurisdictions to raise additional revenues through property tax increases.

These are challenging fiscal times for all New Jerseyans, however – and my staff and I are absolutely committed to doing everything possible to mitigate that impact.

I think we've done a good job under the circumstances. The point, ladies and gentlemen, is that it's imperative that we start with a clear understanding of where we stand, and where we're trying to go – and that's precisely what I hope to give you today.

[Accomplishments from This Year]

[State & Local Government Operations (SLGO)]

One of the largest single undertakings has been the reorganization of two of our internal divisions. The resources that had previously comprised our Division of Human Resource Management and Division of Human Resource Information Services have been restructured into two new divisions. Functioning under the aegis of 'State and Local Government Operations', our new Divisions of State Human Resource Management and Local Human Resource Management constitute our flagship effort to meet the evolving needs of the people we serve.

This reorganization is enabling us to build teams focused squarely on addressing those unique needs – integrated teams that can seamlessly serve Appointing Authorities through every step of the process, from classification and compensation planning through the generation of lists of eligible candidates and the recording of appointments. And while these changes aren't visible to the agencies that depend on us – and they shouldn't be visible – the net result will be sharper focus, greater depth of expertise, and, ultimately, greater efficiency and accuracy on the back end. It's a cost neutral solution that holds the potential for cost savings in the out years.

[Selection Services]

Last year, the Division of Selection Services administered 1,350 tests to 63,000 applicants, and processed more than 100,000 job applications – including entry-level exams for over 12,000 firefighter candidates and more than 30,000 applicants for positions in law enforcement. We also expanded outreach and recruitment efforts, participating in nearly 80 events statewide – and we brought a nationally-recognized expert on diversity recruitment from the New York Fire Department together with local jurisdictions for a Fire Recruiting Summit.

[Merit System Board]

In many ways, the Merit System Board is the heart of the Civil Service System – it ensures the fundamental integrity and transparency of the employment process. Last year, the Merit System Board resolved nearly 5,000 written record and hearing matter appeals regarding employment issues. Additionally, our efforts to employ Early Dispute Resolution initiatives have resulted in the resolution of over 350 cases before they entered the lengthy administrative law process.

[Employee Services]

The Division of Employee Services is best known for providing access to employee assistance programs. Last year, EAS provided such services to 56 state and local agencies. More than 4,400 counseling sessions were held – including a focus on addressing traumatic incidents at the worksite.

[Issues from Last Year's Appearance & What's on Our Horizon for the Future]

As we plan for the future, we're looking at an array of issues surrounding our state's Human Resource operations. And we're working to frame those 'big picture' questions. But I'd also like to share with you a number of steps we've been able to take in the short run.

To this end, we are currently working with OIT to roll out a new pilot program focusing on IT hiring, designed to allow appointing authorities to zero in on those candidates whose skills are best suited for the position. This pilot is expected to diminish the need for duplicative testing and drastically reduce test turnaround time. Prospective employees will be able to complete and update their applications online, and managers can create accurate and up-to-date eligibility lists in a matter of moments.

And this is only one of the ways in which we have been and will continue to exploit new technologies to enhance service delivery. Our threshold battery testing enables the testing of hundreds of titles with a single instrument – and all with a drastic reduction in test administration appeals, simplifying the hiring process for both candidates and appointing authorities.

In the realm of training and workforce development, DOP intends build on the work of the Learning Management Steering Committee to move forward with and implement an e-learning management system. In partnership with OIT, we will transform how the State of New Jersey develops its workforce.

These initiatives will translate to dramatic improvements in delivering efficient and effective training. For example, e-learning could be used to support training that will be necessary for all state employees on new EEO policies and other compliance-related mandates. Antiquated systems will be replaced, and classroom instruction will be reduced in favor of e-learning and blended solutions with the potential to provide more employees with more training opportunities at a lower cost.

[Conclusion]

In conclusion, the Merit System exists to ensure a fair and open process in government employment. Candidates are evaluated on an individual basis; they are appointed and promoted based on fitness and qualification; and they have an equal opportunity to articulate their concerns. Are there inefficiencies in that process? Absolutely.

Some of those are what have been called 'necessary inefficiencies'. Government is about providing the services that make our lives better, and at the end of the day, that's a hands-on, face-to-face endeavor. Government is a service industry, and it is labor-intensive.

And while we have learned a great deal from modern business practices imported from the private sector, not every solution that works in corporate America is going to translate perfectly. And despite its challenges, there is both value and purpose to the Civil Service system, and I'm proud of the work that my Department does – particularly with respect to serving the career public employees who are the backbone of any government.

That having been said... there is always room to improve – and my team and I are deeply committed to forging ahead. I think the accomplishments of this past year speak to that, and I believe the work we've identified for the year ahead will continue to move us closer to achieving the goals we share: building a more flexible workforce that is empowered to work smarter; providing the highest caliber of service to appointing authorities at every level of government; and ensuring that New Jersey's taxpayers have every reason to be confident in the leaders who serve them, and the public employees who support them.

Again, I thank you for this opportunity to speak with you today – and I look forward to taking any questions you may have.