



**ANALYSIS OF THE NEW JERSEY BUDGET**

**DEPARTMENT OF  
PERSONNEL**

**FISCAL YEAR**

**2006 - 2007**

# NEW JERSEY STATE LEGISLATURE

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This report was prepared by the State Government Section of the Office of Legislative Services under the direction of the Legislative Budget and Finance Officer. The primary author was James F. Vari.

Questions or comments may be directed to the OLS State Government Section (609-292-9106) or the Legislative Budget and Finance Office (609-292-8030).

## DEPARTMENT OF PERSONNEL

Budget Pages..... C-14, C-22, C-33, C-35;  
D-317 to D-322

### Fiscal Summary (\$000)

	Expended FY 2005	Adjusted. Appropriation FY 2006	Recommended FY 2007	Percent Change 2006-07
State Budgeted	\$30,535	\$25,463	\$23,990	( 5.8%)
Federal Funds	322	0	0	—
Other	<u>4</u>	<u>3,300</u>	<u>3,200</u>	<u>( 3.0%)</u>
Grand Total	\$30,861	\$28,763	\$27,190	( 5.5%)

### Personnel Summary - Positions By Funding Source

	Actual FY 2005	Revised FY 2006	Funded FY 2007	Percent Change 2006-07
State	379	374	368	( 1.6%)
Federal	0	0	0	—
Other	<u>55</u>	<u>0</u>	<u>0</u>	<u>—</u>
Total Positions	434	374	368	( 1.6%)

FY 2005 (as of December) and revised FY 2006 (as of September) personnel data reflect actual payroll counts. FY 2007 data reflect the number of positions funded

### Key Points

- FY 2007 salary funding is reduced by \$1.5 million through a reduction in the number of funded vacant positions and staff attrition. These reductions primarily affect State and Local Government Operations (\$595,000) and the Human Resource Development Institute (\$584,000). Both areas have recourse to fee revenue to supplement budgeted appropriations. In the case of the Human Resource Development Institute, FY 2007 funded positions are 11 percent lower than actual FY 2006 workforce levels. It is anticipated that FY 2007 staff reductions will be accomplished through attrition.

**Key Points (Cont'd)**

- The appropriation of Other Funds decreases by \$100,000 reflecting a projected decline in receipts collected by the Human Resource Development Institute (HRDI). HRDI presents formal training courses in both common tasks and agency-specific subjects to State employees. The principal source of HRDI revenues are payments from other State agencies for training courses offered and coordinated by HRDI and delivered by private vendors. In July 2005 the department completed a customer satisfaction survey of the HRDI and identified several areas for improvement. These include: instructor quality; cost; location and condition of the HRDI facility in Trenton; and specialized training in Information Technology courses. To date, the department has not implemented any changes to the way HRDI services are delivered.
- The FY 2007 budget recommends the elimination of the sick leave injury (SLI) program for an estimated savings of \$3 million. Although funded within Interdepartmental Accounts, the Department of Personnel administers the SLI program. New Jersey is one of only five states that provide a sick leave benefit at full wages in addition to workers compensation. As opposed to workers compensation, which pays injured employees a temporary benefit at 70 percent of the Statewide average weekly wage, the SLI program is a salary continuation program that provides full pay to employees. It is anticipated that separate legislation would be required to terminate the SLI program.

**Background Paper**

State Employment Trends

page 8

**Fiscal and Personnel Summary**

**AGENCY FUNDING BY SOURCE OF FUNDS (\$000)**

	Expended FY 2005	Adj. Approp. FY 2006	Recom. FY 2007	Percent Change	
				2005-07	2006-07
<b>General Fund</b>					
Direct State Services	\$30,535	\$25,463	\$23,990	( 21.4%)	( 5.8%)
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$30,535</b>	<b>\$25,463</b>	<b>\$23,990</b>	<b>( 21.4%)</b>	<b>( 5.8%)</b>
<b>Property Tax Relief Fund</b>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Control Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>State Total</b>	<b>\$30,535</b>	<b>\$25,463</b>	<b>\$23,990</b>	<b>( 21.4%)</b>	<b>( 5.8%)</b>
<b>Federal Funds</b>	<b>\$322</b>	<b>\$0</b>	<b>\$0</b>	<b>( 100.0%)</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>\$4</b>	<b>\$3,300</b>	<b>\$3,200</b>	<b>79900.0%</b>	<b>( 3.0%)</b>
<b>Grand Total</b>	<b>\$30,861</b>	<b>\$28,763</b>	<b>\$27,190</b>	<b>( 11.9%)</b>	<b>( 5.5%)</b>

**PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE**

	Actual FY 2005	Revised FY 2006	Funded FY 2007	Percent Change	
				2005-07	2006-07
State	379	374	368	( 2.9%)	( 1.6%)
Federal	0	0	0	0.0%	0.0%
All Other	55	0	0	( 100.0%)	0.0%
<b>Total Positions</b>	<b>434</b>	<b>374</b>	<b>368</b>	<b>( 15.2%)</b>	<b>( 1.6%)</b>

FY 2005 (as of December) and revised FY 2006 (as of September) personnel data reflect actual payroll counts. FY 2007 data reflect the number of positions funded.

**AFFIRMATIVE ACTION DATA**

Total Minority Percent	41.7%	38.1%	41.4%	—	—
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**Significant Changes/New Programs (\$000)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2006</u>	<u>Recomm. FY 2007</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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**Direct State Services**

<b>Salaries and Wages</b>	<b>\$20,215</b>	<b>\$18,742</b>	<b>(\$1,473)</b>	<b>( 7.3%)</b>	<b>D-321</b>
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This recommendation includes \$1.5 million in salary savings through a reduction in the number of funded vacant positions and staff attrition. These reductions primarily affect State and Local Government Operations (\$595,000) and the Human Resource Development Institute (\$584,000). Both areas have recourse to fee revenue to supplement budgeted appropriations. In the case of the Human Resource Development Institute, FY 2007 funded positions are 11 percent lower than actual FY 2006 workforce levels. Other areas affected by salary funding reductions are Merit Services (\$97,000) and Equal Employment/Affirmative Action (\$197,000). It is anticipated that any staff reductions will be accomplished through attrition.

**Other Funds**

<b>Human Resource Development Institute</b>	<b>\$2,000</b>	<b>\$1,900</b>	<b>(\$ 100)</b>	<b>( 5.0%)</b>	<b>D-322</b>
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The appropriation of Other Funds decreases by \$100,000 reflecting a projected decline in receipts collected by the Human Resource Development Institute (HRDI). HRDI presents formal training courses in both common tasks and agency-specific subjects to State employees. These courses are offered on a fee-for-service basis. The principal source of HRDI revenues are payments from other State agencies for training courses offered and coordinated by HRDI and delivered by private vendors. In July 2005 the department completed a customer satisfaction survey of the HRDI and identified several areas for improvement. These include: instructor quality; cost; location and condition of the HRDI facility; and training in Information Technology courses. To date, the department has not implemented any changes to the way HRDI services are delivered.

## Language Provisions

There are no recommended changes to Department of Personnel language provisions.

## Discussion Points

1. The Governor's FY 2007 budget includes a reduction of more than 1,000 staff positions, with estimated savings of \$54 million, through a hiring freeze, administrative efficiencies and reorganization of certain government functions. According to the Department of Personnel's "Workforce Profile," the State workforce totaled 84,400 employees as of January 2006. This number includes all State Government employees: full-time, part-time, hourly, and per diem and the Judiciary and Legislative workforces.

- **Question:** As of January 2006, what was the total number of Executive Branch employees? Is the Governor's proposed reduction of 1,000 staff a reduction from the actual number of Executive Branch employees as of January 2006 or is the proposal an elimination of 1,000 funded but vacant positions for FY 2007? What is the average annual rate of attrition for the State workforce? Will this reduction in force be accomplished solely by means of attrition? What is DOP's role, if any, in enforcing a hiring freeze among various State departments and agencies? What job titles, if any, are exempt from the proposed hiring freeze? Are any departments or agencies exempt from this proposed reduction and hiring freeze?

2. The FY 2007 recommended budget reflects a \$1.5 million reduction in salary funding for staff reductions and efficiency savings associated with various functions within the Department of Personnel. This follows a reduction in FY 2006 of \$1 million in anticipation of administrative efficiency savings.

- **Question:** Please describe and itemize the types of efficiencies the department has implemented or plans to implement to achieve these savings. Will these salary savings result in any reductions in the number of staff positions? If so, how many? What programs, functions or services have been or will be discontinued or curtailed?

3. One of the Department of Personnel's current information management initiatives is CAMPS — the County and Municipal Personnel System. CAMPS, when fully implemented, is expected to eliminate thousands of forms that local governments currently send to the department for input. Instead, local governments will directly enter and access personnel transactions online.

- **Question:** Please describe the current status of CAMPS. Upon full implementation, will the department require all local government entities to submit forms via CAMPS? If not, will the department charge a processing fee to local government entities that continue to submit the paper forms? What is the estimated cost to develop and to fully implement CAMPS? What are the expected annual savings to the department once CAMPS is fully implemented? Please itemize both the costs and savings, each with respect to both the department and to participating local governments.



## Discussion Points (Cont'd)

4a. Beginning in the fall of 2005, the department implemented a web-enabled Classification Support System to provide more accurate title options for assigning employees, while at the same time enabling State agencies to complete requests for job classification in real-time.

- **Question:** a. Please itemize the costs and benefits of the web-enabled Classification Support System. Do local government employers also have access to and a need for this web enabled system? If so, would the department charge such local employers a fee to utilize this system?

b. Also, the department was researching a possible "pilot program" with the International Federation of Professional and Technical Engineers (IFPTE) bargaining unit to test the benefits of broad banding. In general, broad banding is a strategy for salary structures that consolidates a large number of pay grades into a few broad bands. Broad banding attempts to overcome a rigid, hierarchical pay structure.

- b. Has the pilot program with the IFPTE commenced? If so, please describe the results to date. If the pilot program has not been initiated, please describe the Legislature as to the reasons for the delay.

5. In response to an Office of Legislative Services (OLS) Discussion Point question last year, the department said that the Commissioner of Personnel was conducting a review of the Human Resource Development Institute (HRDI) and all related business practices. The HRDI coordinates and provides training services for employees of State government agencies. As part of the review, an examination of alternate methods of training delivery, including e-learning (computer based programs), coordinated efforts with a consortium of colleges and other methods were to be explored.

- **Question:** Please describe the findings and recommendations of the Commissioner's review of the HRDI. Has the department made any changes to the way HRDI services are delivered? If so, how have these changes impacted the previous method of training State employees and how have costs shifted? What colleges are involved with the HRDI training program and what is the annual cost, per college, to retain their services? For each college involved, please describe the work performed on behalf of the HRDI. For each college, please provide the number of employees trained and the number of training hours provided to State employees. Overall, have HRDI costs risen or fallen due to these changes?

6. The FY 2006 Appropriation Act directed the Governor to undertake a study on the advisability of consolidating all human resources functions of departments of State government in the Department of Personnel or assigning such functions to the various departments. The results of this study were to have been submitted to the Legislature by January 1, 2006.

- To the Department of Personnel's knowledge, was this study completed? If so, what are its findings, conclusions and recommendations? What role did the department play in undertaking or contributing to this study? If no such study was completed, what is the department's view of the merits or drawbacks of consolidation of functions under its jurisdiction?

## Background Paper: State Employment Trends

Budget Pages.... D-317 to D-322

**Table 1**

**Employee Staffing Level - Positions By Funding Source**

<b>State Government Workforce</b>	<b>State Employees Jan 2002</b>	<b>State Employees Jan 2003</b>	<b>State Employees Jan 2004</b>	<b>State Employees Jan 2005</b>	<b>State Employees Jan 2006</b>	<b>Percent Change 2005 - 06</b>
State	59,216	57,943	57,806	60,076	61,278	2.0%
Federal	13,201	12,792	13,241	13,643	14,077	3.2%
Other	<u>5,864</u>	<u>5,556</u>	<u>8,251</u>	<u>8,819</u>	<u>9,046</u>	<u>2.6%</u>
<b>Total WorkForce</b>	<b>78,281</b>	<b>76,291</b>	<b>79,298</b>	<b>82,538</b>	<b>84,401</b>	<b>2.3%</b>
<b>% Change From Prior Year</b>		<b>-2.5%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>2.3%</b>	

Data provided by the Department of Personnel, *Workforce Profile*. *Workforce Profile* breakdowns include all State Government employees: full-time, part-time, hourly, and per diem and Judiciary and Legislative Staff.

Table 1 above displays the size of the State workforce by funding source for the past five years. This annual total includes all employees, whether full-time, part-time, or other employment status, and whether employees are active or on some form of temporary leave. In January 2002 the State workforce totaled 78,281 employees. The workforce declined to 76,291 in January 2003, reflecting the impact of the Early Retirement Incentive (ERI) program. Employment growth resumed following the ERI and total employment by January 2004 exceeded 2002 levels by 1,000, although this in part reflected the conversion of certain Motor Vehicle Commission employees from private to public employees. By January 2006 the total number of State employees had risen to 84,401, an increase of 7.8 percent, or more than 6,120 employees since January 2002, prior to the ERI. For the period January 2005 to January 2006, the total workforce rose by 2.3 percent, or 1,863 employees.

Table 2 on the following page displays total positions from all funding sources by branch and agency.

For Executive Departments, the workforce had declined from 68,237 to 66,491 in January 2003 immediately following the ERI. It has since risen to 74,190, an increase of approximately 5,950 since January 2002.

Table 2 shows that three executive departments — Human Services, Corrections and Parole, and Law and Public Safety — at nearly 44,790 employees, together comprise just over half of the State workforce annually. The growth in workforce levels of Human Services and Law and Public Safety, respectively, have accounted for most of the total growth in the State workforce. This outcome reflects increased emphasis on children's services in the former department and public safety and homeland security in the latter. The other executive agency showing significant growth since 2002 is Transportation, where reorganization of the Division of Motor

## Background Paper: State Employment Trends (Cont'd)

Vehicles into the Motor Vehicles Commission resulted in converting private motor vehicle agency staff to State employment and overall workforce growth.

Since January 2002, Judiciary staff rose from 9,543 to 9,703 — an increase of 1.7 percent or 160 employees.

The Legislature's staffing levels have fluctuated since 2002 and at 508 for 2006 are 1 percent above the 2002 level. Hence, all branches of government exhibit growth above pre-ERI levels.

The State workforce information reported above is not directly comparable to personnel and position data set forth in the Governor's recommended budget. While indicative of general workforce trends over the past five years, the data groups employees differently than, and includes employees other than, the data shown in the budget. The impact of FY 2007 budget on the State workforce is addressed in separate OLS analyses of the FY 2007 budget for each branch and agency of State government.

Table 2

Employee Staffing Level - Positions By Branch & Agency

STATE AGENCY	Jan 2002	Jan 2003	Jan 2004	Jan 2005	Jan 2006	Percent Change 2005 - 06
AGRICULTURE	265	249	259	263	271	3.0%
BANKING & INSURANCE	523	494	491	507	511	0.8%
COMMUNITY AFFAIRS	1,126	1,039	1,066	1,116	1,169	4.7%
CORRECTIONS & PAROLE	10,499	10,326	10,190	10,437	10,461	0.2%
EDUCATION	1,025	945	999	980	982	0.2%
ENVIRONMENTAL PROTECTION	3,484	3,321	3,345	3,479	3,473	-0.2%
GOVERNOR'S OFFICE	144	150	137	127	109	-14.2%
HEALTH & SENIOR SERVICES	2,197	2,014	2,199	2,186	2,216	1.4%
HUMAN SERVICES	20,242	20,563	21,388	22,871	23,897	4.5%
INFORMATION TECHNOLOGY	1,058	944	930	942	954	1.3%
LABOR & WORKFORCE DEVELOPMENT	3,962	3,782	4,003	4,094	4,040	-1.3%
LAW & PUBLIC SAFETY	9,501	9,241	9,657	10,065	10,430	3.6%
MILITARY & VETERANS' AFFAIRS	1,568	1,477	1,509	1,556	1,575	1.2%
PERSONNEL	446	387	407	450	379	-15.8%
STATE	612	573	582	588	586	-0.3%
TRANSPORTATION	5,578	5,261	6,266	6,737	6,970	3.5%
TREASURY	5,725	5,725	5,822	6,065	6,167	1.7%
<b>TOTAL EXECUTIVE DEPARTMENTS</b>	<b>68,237</b>	<b>66,491</b>	<b>69,250</b>	<b>72,463</b>	<b>74,190</b>	<b>2.4%</b>
JUDICIARY	9,543	9,291	9,524	9,560	9,703	1.5%
LEGISLATIVE STAFF	501	509	524	515	508	-1.4%
<b>TOTAL STATE WORKFORCE</b>	<b>78,281</b>	<b>76,291</b>	<b>79,298</b>	<b>82,538</b>	<b>84,401</b>	<b>2.3%</b>

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Individuals wishing information and committee schedules on the FY 2007 budget are encouraged to contact:

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