



ANALYSIS OF THE NEW JERSEY BUDGET

**DEPARTMENT OF
PERSONNEL**

FISCAL YEAR

2007 - 2008

NEW JERSEY STATE LEGISLATURE

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

Bernard F. Kenny, Jr. (D), 33rd District (Part of Hudson), *Chairman*
Sharpe James (D), 29th District (Parts of Essex and Union), *Vice-Chairman*
Martha W. Bark (R), 8th District (Part of Burlington)
Anthony R. Bucco (R), 25th District (Part of Morris)
Barbara Buono (D), 18th District (Part of Middlesex)
Joseph Coniglio (D), 38th District (Part of Bergen)
Joseph V. Doria, Jr. (D), 31st District (Part of Hudson)
Walter J. Kavanaugh (R), 16th District (Parts of Morris and Somerset)
Leonard Lance (R), 23rd District (Warren and part of Hunterdon)
Robert E. Littell (R), 24th District (Sussex and parts of Hunterdon and Morris)
Paul A. Sarlo (D), 36th District (Parts of Bergen, Essex and Passaic)
Stephen M. Sweeney (D), 3rd District (Salem and parts of Cumberland and Gloucester)
Shirley K. Turner (D), 15th District (Part of Mercer)
Joseph F. Vitale (D), 19th District (Part of Middlesex)

GENERAL ASSEMBLY BUDGET COMMITTEE

Louis D. Greenwald (D), 6th District (Part of Camden), *Chairman*
William D. Payne (D), 29th District (Parts of Essex and Union), *Vice-Chairman*
Francis J. Blee (R), 2nd District (Part of Atlantic)
John J. Burzichelli (D), 3rd District (Parts of Salem, Cumberland, and Gloucester)
Joseph Cryan (D), 20th District (Part of Union)
Joseph R. Malone III (R), 30th District (Parts of Burlington, Mercer, Monmouth and Ocean)
Alison Littell McHose (R), 24th District (Sussex and parts of Hunterdon and Morris)
Kevin J. O'Toole (R), 40th District (Parts of Bergen, Essex and Passaic)
Joan M. Quigley (D), 32nd District (Parts of Bergen and Hudson)
Gary S. Schaer (D), 36th District (Parts of Bergen, Essex and Passaic)
Alfred E. Steele (D), 35th District (Parts of Mercer and Middlesex)
Joseph Vas (D), 19th District (Part of Middlesex)

OFFICE OF LEGISLATIVE SERVICES

David J. Rosen, *Legislative Budget and Finance Officer*
Frank W. Haines III, *Assistant Legislative Budget and Finance Officer*

Glenn E. Moore, III, *Director, Central Staff*
Aggie Szilagyi, *Section Chief, State Government Section*

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 Kim McCord.

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-11, C-19, C-31, C-33,
D-332 to D-337

Fiscal Summary (\$000)

	Expended FY 2006	Adjusted Appropriation FY 2007	Recommended FY 2008	Percent Change 2007-08
State Budgeted	\$28,730	\$22,687	\$22,437	(1.1%)
Federal Funds	\$281	\$0	\$0	0%
<u>Other</u>	<u>\$0</u>	<u>\$3,200</u>	<u>\$3,200</u>	<u>0%</u>
Grand Total	\$29,011	\$25,887	\$25,637	(0.1%)

Personnel Summary - Positions By Funding Source

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change 2007-08
State	381	335	347	3.6%
Federal	0	0	0	0%
<u>Other</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
Total Positions	381	335	347	3.6%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded.

Key Points

- The total State-funded recommended FY 2008 budget for the Department of Personnel is \$22.4 million. This amount is \$250,000 or 1.1 percent below the FY 2007 adjusted appropriation. This reduction is reflected entirely in the department's Services Other Than Personal Account.
- The \$250,000 reduction in the Department of Personnel's recommended appropriation reflects savings achieved from the implementation of a new Electronic Cost Accounting and Timesheet System known as eCATS and the subsequent migration of State and local agencies from the former Time and Leave Reporting System (TALRS) to eCATS. eCATS is "an internet-based interactive software application that is used for administering and maintaining the State's time and leave balances and usage for State government employees."

Key Points (Cont'd)

- The FY 2008 budget recommends a total of 347 positions within the Department of Personnel. This represents an increase of 12 positions or 3.6 percent over FY 2007 levels. A hiring freeze exemption was approved by the Governor's Office for the department to hire eight Human Resource Consultant Trainees and four Test Development Specialist Trainees. The purpose of these positions is to reduce the backlog in Selection Services in the Test Development Program.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	Expended FY 2006	Adj. Approp. FY 2007	Recom. FY 2008	Percent Change	
				2006-08	2007-08
General Fund	\$28,730	\$22,687	\$22,437	(21.9%)	(1.1%)
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%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
Sub-Total	\$28,730	\$22,687	\$22,437	(21.9%)	(1.1%)
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	0	0	0	0.0%	0.0%
Sub-Total	\$0	\$0	\$0	0.0%	0.0%
Casino Revenue Fund	\$0	\$0	\$0	0.0%	0.0%
Casino Control Fund	\$0	\$0	\$0	0.0%	0.0%
State Total	\$28,730	\$22,687	\$22,437	(21.9%)	(1.1%)
Federal Funds	\$281	\$0	\$0	0.0%	0.0%
Other Funds	\$0	\$3,200	\$3,200	--	0.0%
Grand Total	\$29,011	\$25,887	\$25,637	(11.6%)	(0.1%)

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2006	Revised FY 2007	Funded FY 2008	Percent Change	
				2006-08	2007-08
State	381	335	347	(8.9%)	3.6%
Federal	0	0	0	0.0%	0.0%
All Other	0	0	0	0.0%	0.0%
Total Positions	381	335	347	(8.9%)	3.6%

FY 2006 (as of December) and revised FY 2007 (as of September) personnel data reflect actual payroll counts. FY 2008 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percent	39.1%	43.2%	40.9%	—	—
------------------------	-------	-------	-------	---	---

Significant Changes/New Programs (\$000)

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2007</u>	<u>Recomm.</u> <u>FY 2008</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
<u>Direct State Services</u>					
Services Other Than Personal	\$2,866	\$2,616	(\$250)	(8.7%)	D-337

This recommended reduction reflects savings achieved from the implementation of the Electronic Cost Accounting and Timesheet System (eCATS) and the subsequent migration of State and local agencies from the former Time and Leave Reporting System (TALRS) to eCATS. The department was expending approximately \$500,000 per year on TALRS in the direct Office of Information Technology (OIT) services portion of their budget. However, as State agencies migrate from TALRS to eCATS the department's OIT direct services costs will be reduced accordingly.

Language Provisions

2007 Appropriations Handbook

2008 Budget Recommendations

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

Discussion Points

1. The FY 2008 Governor's Budget (page D-332) reports that the Department of Personnel was restructured in order to meet the evolving needs of the appointing authorities at the State and local levels. Two new divisions were created, the Division of State Human Resource Management and the Division of Local Human Resource Management to: (1) allow for "improved focus on customer needs - with a particular emphasis on assisting appointing authorities at the municipal and county levels in consolidation;" and (2) maximize employee effectiveness.

- **Questions:** What factors drove the decision to reorganize the department? Please explain in greater detail "the evolving needs of the appointing authorities." How does the new structure serve the department's mission? Please explain the new structure compared to the old structure. What fiscal and human resource efficiencies are expected to be achieved as a result of the reorganization?

2. In the FY 2007 Department of Personnel's budget hearing, the department reported that "The Governor's proposed elimination of 1,000 positions will be derived from a combination of targeted strategies including unfunding vacancies, limited backfilling of positions through attrition, internal reassignments of staff from programs and services that have been eliminated or reduced, restructuring to place positions in areas of greater priority, shifting of funding sources away from State funding, and separations of non-represented, unclassified employees." The department also reported that "this is a particularly challenging undertaking; but all Executive Branch departments are working closely with the Office of Management and Budget (OMB) and the Department of Personnel to strategically meet their reduction goals."

In addition, the FY 2008 Budget in Brief (p. 45) states that the Executive Branch has imposed a "stringent" hiring freeze on State employment thereby reducing the State's workforce by 1,300 employees, including 400 unclassified positions, since the beginning of the Governor's Administration.

- **Questions:** What is the Department of Personnel's role in working with the Executive Branch departments and OMB to meet their reduction goals strategically? Was the reduction in 400 unclassified positions a reduction in positions or employees or both? If both, what percentage of the reduction was a reduction in positions and employees, respectively.

Please provide statistics showing the number of Statewide positions eliminated during the current year and the dollar savings associated with the positions eliminated for each of the following initiatives: targeted strategies (please define each strategy); unfunding of vacancies; limited backfilling of positions through attrition; internal reassignments of staff from programs and services that have been eliminated or reduced; restructuring to place positions in areas of greater priority; shifting of funding sources away from State funding; separations of non-represented, unclassified employees.

Please provide an analysis that shows the changes (increases and decreases by department) in the number of Executive Branch employees from FY 2006 to FY 2008. In how many of the cases did an unclassified position reduction result in an employee's voluntary and involuntary separation, respectively? What specific job titles are exempted from the hiring freeze by department? How many requests for

Discussion Points (Cont'd)

exemptions from the freeze were approved for each department? Does the freeze include promotional opportunities? How will promotions be affected? How does the freeze affect the testing process? How will the hiring freeze affect the Department of Personnel?

3. In the Department of Personnel's FY 2007 budget hearing, the department testified that "the strategic migration of IT services from the antiquated local government mainframe personnel information system to a server platform, while primarily focused on service improvements and enhancements, generated a substantial savings. In addition, a reduction of mainframe support resources in the direct OIT services portion of the department's budget has been eliminated."

- **Questions:** What were the savings associated with the strategic migration of IT services? What was the amount of the direct OIT services portion of the budget? Please describe the benefits and workload effects for the County and Municipal Personnel System (CAMPS), the Electronic Cost Accounting and Time Sheet System (eCATS), and the Classification Support System (CSS). Please provide examples of management reports that are able to be generated by CAMPS, CSS, and eCATS. How has the implementation of CAMPS, eCATS and CSS changed the way the Department of Personnel does business?

4. The FY 2008 Budget in Brief (p.49) states that under the Governor's proposal to Restructure Information Technology, the Office of Information Technology (OIT) implemented a strategic planning process in 2007 requiring all Executive Branch departments to estimate their system needs over the next three years. These needs include hardware, software, and service contracts.

- **Question:** How does the Department of Personnel's strategic migration of IT services integrate with the Governor's proposed Restructure Information Technology initiative and OIT's strategic plan?

5. Pursuant to P.L. 2005, c.132, the Executive Branch, at the direction of the Governor, was required to study 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." This report was to be submitted to the Legislature by January 1, 2006. According to testimony by the Department of Personnel in the FY 2007 budget hearings, "the Department of Personnel engaged in a review of the personnel services offered within each of the State departments. The study provides cursory information about the staffing and structure of these offices, and suggests a need for further review. The Department of Personnel stands ready and able to continue this review process in concert with Governor's Corzine's reengineering initiatives."

- **Questions:** What is the status of this report? When does the department anticipate its completion?

6. A reduction of \$250,000 in the department's Services Other than Personal appropriations is recommended, which according to the Office of Management and Budget corresponds to a "Time and Leave Reporting Migration Acceleration." This appears related to

Discussion Points (Cont'd)

the shift to eCATS, a new system for time and leave reporting which was summarized in the FY 2006 Budget in Brief (p.36).

- **Questions:** Please provide an update on the eCATS project. What costs and benefits have resulted to date? What is the nature of the timetable acceleration, and the reason this acceleration leads to savings? Are there additional savings anticipated in FY 2009?

7. The enacted FY 2007 budget anticipated savings from management efficiencies (\$50 million), information technology efficiencies (\$20 million) and procurement efficiencies (\$15 million). These savings, while reflected in the Interdepartmental Accounts section of the budget, were to be obtained from executive agency budgeted appropriations, presumably in direct correlation with identified efficiency improvements.

- **Questions:** What amount of the department's original FY 2007 appropriations were reallocated to Interdepartmental Accounts as savings from management efficiencies, information technology efficiencies and procurement efficiencies, respectively? What specific efficiencies were achieved by the department that correlate to the reallocations? What adverse impacts, if any on the output and outcomes of department programs and services resulted or will result from these funding reallocations, in the current fiscal year and as projected for FY 2008?

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

The Legislative Budget and Finance Officer is the chief fiscal officer for the Legislature. The Legislative Budget and Finance Officer collects and presents fiscal information for the Legislature; serves as Secretary to the Joint Budget Oversight Committee; attends upon the Appropriations Committees during review of the Governor's Budget recommendations; reports on such matters as the committees or Legislature may direct; administers the fiscal note process and has statutory responsibilities for the review of appropriations transfers and other State fiscal transactions.

The Office of Legislative Services Central Staff provides a variety of legal, fiscal, research and administrative services to individual legislators, legislative officers, legislative committees and commissions, and partisan staff. The central staff is organized under the Central Staff Management Unit into ten subject area sections. Each section, under a section chief, includes legal, fiscal, and research staff for the standing reference committees of the Legislature and, upon request, to special commissions created by the Legislature. The central staff assists the Legislative Budget and Finance Officer in providing services to the Appropriations Committees during the budget review process.

Individuals wishing information and committee schedules on the FY 2008 budget are encouraged to contact:

**Legislative Budget and Finance Office
State House Annex
Room 140 PO Box 068
Trenton, NJ 08625
(609) 292-8030 • Fax (609) 777-2442**