Discussion Points

1. The FY 2010 Governor’s Budget incorporates an estimated $5.183 billion over two fiscal years in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. According to a table on page 42 of the Governor’s abbreviated budget, the State will use $3.074 billion ($854 million in FY 2009 and $2.220 billion in FY 2010) from ARRA for budget relief. In addition to these funds which will offset revenue shortfalls, $2.109 billion will be used for new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards. Most executive departments anticipate stimulus funding in either FY 2009, FY 2010 or both.

- Questions: Please itemize the federal stimulus funding, if any, other than portions of the $3.074 billion allocated for budget relief, included in the department’s budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the department determines recipients and funding awards. Are there ARRA funds that flow through the department for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? Does any ARRA-driven expansion of staffing levels conflict with the hiring freeze, and if so, how is the conflict being resolved and on which grounds? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?

Funding sources for the Department of Military and Veterans (DMAVA) are different from other State agencies because of their relationship with the Department of Defense (DoD). DMAVA will receive the following Military Construction monies from DoD for the NJ Army National Guard and Air National Guard:

**NJ Army National Guard**
- 20 sustainment projects at Armories $2.9 M
- Army Aviation Support Facility (Design) $0.5 M
- Combined Logistics Training Facility Phase II Funding $20.0 M

**NJ Air National Guard**
- Arm / Disarm Pads – 177th Fighter Wing $4.3 M
- Energy Conservation Investment Program
- NJ National Guard Training Center
- Wind Turbine $5.0 M

In addition, DMAVA also received funding from the Veterans Administration under the Grants for State Extended Care Facilities Program:
- Paramus Veterans Memorial Home
- HVAC System Reimbursement $0.475 M
- Multi-Purpose Day Room $1.4 M
Discussion Points (Cont'd)

- In addition to funding incorporated in the FY 2010 Governor's Budget, what specific competitive grant opportunities has the department identified that it is eligible to pursue, has applied for, and has been awarded, respectively?

  Not applicable.

2. Over the past several years, the overall staffing level in the executive branch has been reduced through restrictions on hiring and an early retirement program. The Governor's FY 2010 budget proposal envisions continuation of the hiring restrictions coupled with possible furloughs or layoffs.

- **Questions:** How has the reduction in staffing affected the Department of Military and Veterans Affairs?

  To date no programs have been cut because of staff reductions.

  What strategies has the department employed to deal with staff reductions? What projects, work products or functions has the department scaled back, discontinued, or deferred because of staffing levels?

  As a result of attrition functions have been consolidated and operations streamlined.

  **Will the department be able to accommodate furloughs or layoffs in FY 2010 without increasing spending for overtime?**

  The Central office will be closed in its entirety and affect a temporary layoff on 26 May 2009 and 22 June 2009. Direct care staffs at the Veterans Homes have been exempted from the temporary layoff because of Department of Health and Senior Services and Veterans Affairs mandated staffing levels. Veterans Haven and the BG Doyle Cemetery will have a staggered employee schedule to minimize impact on services. DMAVA will take every measure to insure that service levels are maintained.

3. The FY 2009 appropriations act anticipated that $25 million in procurement savings would be achieved by executive departments. A chart on page 75 of the Budget in Brief categorizes those savings and indicates they will continue into FY 2010. The Governor's FY 2010 budget proposal includes another $25 million from procurement savings (Budget in Brief, Appendix I, page 8).

- **Questions:** Please indicate the FY 2009 amount of procurement savings achieved by the department, by the categories set forth in the referenced table, and the sources of those savings by department program. What is the annual amount of these savings as continued into FY 2010? How have these reductions affected the department? What projects, work products or functions has the department discontinued or deferred in order to achieve these savings?

  These answers will supplied by the Office of Management and Budget for all Department and Agencies on a centralized basis.