FY 11 Budget

OLS Discussion Points

Use of Alternate, Off Budget or Non-State Funding Sources

During Commissioner Martin’s testimony on the DEP’s recommended budget before the Assembly Budget Committee (ABU) on April 12, 2010, he indicated that “alternate or non-State funding sources” are being made available to offset various reductions in Direct State Services (DSS) appropriations. These sources are generally derived from off-budget or Special Revenue accounts, such as the Hazardous Discharge Site Cleanup Fund ($11.9 million), excess receipts from the Nuclear Emergency Response account ($1.1 million), and excess receipts from a wide variety of regulatory and license accounts to support information technology enhancements ($7.2 million). In addition, General Provision language recommends that $7 million be reallocated from the State Recycling Fund to the General Fund.

*Question:* The availability of these monies raises the following questions: Why are these funds not being utilized for their intended purposes? Regarding excess receipts, why are they being described as replacing General Fund appropriations when, in fact, they would be counted as General Fund revenues if they were not appropriated to the department as excess receipts?

Generally the use of these dedicated revenues address short term needs. Our approach has been to direct these funds to related programs or programs that support the overall mission at the DEP. These solutions offset and reduce the demands on the General Fund, allowing the General Fund to address other important/critical activities. Please see our response on excess receipts on the following page to address the second part of your question.

Parks’ Management Funding Offsets and Workweek Changes

In Commissioner Martin’s testimony on the DEP’s recommended budget before the ABU, he outlined various management and funding alternatives being proposed to offset or minimize the impacts of the $11.6 million reduction in the Parks Management DSS budget. Some of these alternatives include operational consolidations, staff attrition, abridged work hours, maintenance staff reassignments, and using the Shade Tree and Community Forest Preservation License Plate Fund, from which N.J Turnpike Authority reforestation monies would be appropriated to the department for parks salary expenses.

*Question:* Could reducing the 40 hour workweek to 35 hours result in higher overtime costs, thereby offsetting some of the $1.4 million in anticipated savings? If not, how would the reduced work hours affect parks operations? In redirecting approximately one-half of parks maintenance personnel to perform capital
development work during the off-season, thereby allowing constitutionally-dedicated Corporation Business Tax funds to replace approximately $3.4 million in DSS salary costs, how would the work normally performed by these employees during the off season suffer? Last, by utilizing $10.6 million from the license plate fund mentioned above to offset DSS salary reductions, how will this affect the long-range reforestation needs created by the Turnpike expansion project?

Reducing the workweek to a 35 hour week might result in additional overtime expenses, but we will be managing OT very tightly to minimize OT costs. For certain programs (Park Police and Communication Center) that require a 24 hour operation, the Department is working to reassign staff to minimize potential overtime.

The redirection of parks maintenance staff to carrying out capital related work during the off-season is being accomplished by limiting the facilities within the park system that require daily maintenance during this same time period. In addition, the redirection of the parks maintenance staff to the capital related work only affects one half of the maintenance positions within the State Park Service. Thus the Department will continue to provide basic operational services.

Relative to the use of No Net Loss revenues from the Turnpike Authority’s road widening project, the Department will be able to continue to provide open park facilities for the State’s residents. The impact to any reforestation plan will be offset by those trees the Turnpike Authority replants as part of the construction project versus the compensation the Authority will pay the State by not replanting as part of the project. The value of the Turnpike Authority’s compensation of $20 million is premised on approximately 440 acres being cleared.

**Use of Excess Receipts to enhance Efficiency**

On page 8 of the Commissioner’s written testimony to the ABU, he stated: “We will place a significant focus on enhancements for efficiency—using excess receipts funding to advance our capability.”

- **Question:** Please explain this statement, particularly the reference to “enhancement for efficiency” and the types and amounts of excess receipts.

This statement relates to the Department’s use of excess fee revenues to advance our IT efforts and support my Transformation Agenda, through the streamlining of ePermitting and regulatory reform.

The use of excess receipts from the various fee programs listed on page (D-138) insures that the first $6.4 million is utilized to cover existing salary costs of these programs, $1.4 million continues to support the Department’s USGS contracting match requirements, and lastly provides approximately $3.5 million to continue the funding support to IT
upgrades and enhancement. This specific dedication insures that the Department is able to address the efficiency demands with electronic permitting and ePayment options.

**EPA Audits and the Environmental Transition Team Report**

In August 2009, the EPA issued an audit of the department’s operations and cited “significant shortcomings” in many of its programs, especially in site remediation and wetlands. The Governor’s Environmental Transition Team issued its report on the department in January 2010. It also cited many shortcomings and recommended numerous ways its operations and policies could be changed.

*Question: What steps will the department take to address the issues raised in these two reports?*

During 2009, EPA Region 2 performed a Quality System Assessment (Audit) of the Department’s Quality Assurance System. Several programs, of which Site Remediation was one, were chosen to be part of the assessment. The primary findings of the EPA audit were that the Department was generally in conformance but the Site Remediation Program was deficient in documenting compliance with the Quality Management Plan. In response to the audit, Site Remediation presented a corrective action plan that addressed the concerns of the EPA Region 2.

The Transition Team Report focused on five primary recommendations on Leadership and Management, Regulatory Reform, Land Use Management Reinvention, Site Remediation Reform and Natural Resource Stewardship.

Both of these documents have served as a reference to the Department’s ability to move forward. Earlier last week I issued the Department’s Transformation Agenda that implements Governor Christie’s and my vision which balances rigorous environmental protection with the need to play our part in restoring the economy of our State.

**Public Health, Environmental and Agriculture Lab**

A new Public Health, Environmental and Agricultural Laboratory is being constructed on the State Police Division Headquarters grounds in West Trenton. This multiagency facility is being financed and developed through the NJ Building Authority with completion expected in April 2010. The lab is being designed to replace existing labs in the Department of Health and Senior Services and Department of Agriculture. It will also provide the DEP with testing services currently contracted out to private labs.

*Question: Please explain how the new lab will incorporate, supplement or replace the department’s current lab needs, both functionally and administratively. What cost benefits, if any, does the department expect to gain from the new lab?*
The existing DOH Lab is the largest and most comprehensive New Jersey State laboratory testing facility. The lab serves as the primacy drinking water testing laboratory for the State. The Department’s Lab Certification program approves 6,753 certification of analytical methods. The DOH lab is certified in 1,114 methods, providing a wide variety of analytical capabilities for the testing of potable water and non-potable water.

Some of the services provided include:

Safe drinking water analysis;

Non-potable water analysis that includes the testing effluent from all major wastewater treatment facilities (150) and minor facilities (310);

Ambient water analysis for inorganic parameters, nutrients, metals, residues and microbiology; and

Confirmatory testing for radioactivity from contaminated sites including gamma spec and alpha spec as well as water analysis for gross alpha and beta, Ra-228, Ra-226, Ra-224, U-238, U-234, and U-235.

However from an operating perspective, the majority of DEP-required analytical tests are performed by outside commercial laboratories.

Some of the analytical work that is contracted to outside labs includes:

Solid and hazardous waste analysis including VOCs;

Tritium analyses in groundwater from nuclear facilities;

Mercury analysis in water, soils, sediments and tissue;

Hexavalent chromium and perchlorate in aqueous samples and low level arsenic analysis; and lastly

Organic analysis for PCBs, pesticides, dioxins and furans.

If the DOH lab shifts its focus to address the above needs and is capable of expanding its certifications with the required equipment and staff, the Department will look to use the DOH lab in the future if this presents a cost benefit choice.