OFFICE OF LEGISLATIVE SERVICES
ANALYSIS OF THE NEW JERSEY BUDGET
FISCAL YEAR 2010-2011

BUDGET QUESTIONS FOR ALL DEPARTMENTS AND UNITS

1. For each line item reduction in the department’s or unit’s budget, specify the change, if any, in the nature, breadth or level of service or benefit that will be provided and identify and quantify the population that may be affected.

Our operating budget for the coming fiscal year is $1.789 billion, which is essentially flat over FY10. State support for NJT is stable at $276 million. While we are not budgeting for any service growth, we are offsetting certain expense increases such as fuel and utility costs, as well as loss of one-time federal funds, and a significant decline in passenger revenue.

To close this gap, the FY 2011 budget includes a fare increase of 22%, service cuts commensurate with the reductions experienced in ridership, reduction or elimination of certain fare discounts, the elimination of over 200 positions, hiring and salary freezes for the second year for all non-agreement employee and most agreement employees, cuts in executive salaries, reduction of the company 401K contributions and utility discounts.

2. For each line item reduction in the department’s or unit’s budget, please indicate the number of positions (budgeted, funded and filled or unfilled) that will be eliminated and the number of individuals whose employment will be ended. If appropriate distinguish between staffing actions that may occur before and after January 1, 2011.

In conjunction with the Department's response to Question #1 above, the associated schedule identifies the number of impacted positions and whether those positions are currently filled or funded vacancies.

<table>
<thead>
<tr>
<th>Operating</th>
<th>Non-Agreement</th>
<th>Agreement</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Filled</td>
<td>142</td>
<td>22</td>
<td>164</td>
</tr>
</tbody>
</table>
| Vacant    |               | 13        | 42       | 55       | TOTAL 219

Notes:
In addition to the 219 operating funded positions that will be eliminated there are also a total of 144 unfunded vacant positions will be cut.

It is anticipated that these staffing actions will be completed by the end of FY 2011. The Memorandum of Agreement with the public employee unions will be honored to the extent that classified employees are involved. For those reductions associated with the elimination of
funded vacancies, the savings will accrue throughout Fiscal Year 2011 as separations, retirements, and resignations occur.

3. Please identify any reductions in the department’s or unit’s budget that constitute one-time savings that are not likely to recur in Fiscal Year 2012.

NJ TRANSIT FY 2011 budget does not include any one-time savings.

4. Please identify each Fiscal Year 2010 mid-year reduction that is recommended for continuation in Fiscal Year 2011.

All savings implemented in FY 2010 will continue into future years

5. Are any of the appropriations recommended for Fiscal Year 2011 required to compensate for the effects of Fiscal Year 2010 reductions? If so, please identify and explain.

None of the proposed FY 2011 recommendations are required to compensate for the effects of FY 2010 reductions. However, the fare increase included in the FY 2011 proposed budget will be implemented two months early to help compensate for NJ TRANSIT’s passenger revenue shortfalls in FY 2010.

6. Please list any anticipated increase in fees, fares or co-payments that are reflected in the FY 2011 budget recommendation, including the amount of revenue or cost reduction, and the intended effective date.

NJ TRANSIT has proposed a 22% fare increase and the reduction of certain existing ticket discounts effective 5/1/2010. These changes are projected to result in approximately $126.6 million.

7. If additional revenues were to become available during the budget process, which one or two reductions proposed for the department or unit should be top candidates for restoration? Please justify your selections.

The Governor’s proposed Fiscal year 2011 budget represents the culmination of many tough choices that had to be made in order to balance spending and revenues for next year. The funding proposed for the NJ TRANSIT, while reduced, will allow it to meet its core missions and provide vital services to residents and businesses in the State.

In the event that additional revenues become available during the budget process, the Department would welcome the opportunity to work closely with the Legislature to restore funding for important programs. The Department believes that any such restorations should be considered in the context of programs and spending needs throughout the State budget, not only those administered by the Department. The Department looks forward to consulting with the Legislature to ensure that only the programs of greatest value are restored.

8. Please identify proposed budget reductions which require Federal approvals, waivers or similar actions, and the timetable for seeking and obtaining approvals in order to achieve the projected savings. Please indicate whether approvals/waivers have been previously sought and not obtained, and explain why approvals should be expected in this case. If federal approval is not received, what
alternative actions may have to be taken to achieve savings of comparable value? Please also identify proposed budget reductions that may reduce the receipt of federal funds, and the estimated loss of federal funds that would result from such reductions.

None of NJ TRANSIT’s FY 2011 budget reductions require federal action.

9. Please describe how the department or unit implemented mandatory workforce furloughs in FY 2010, identifying the amount saved and the proportion of the workforce exempt from furloughs, and detailing the impact on individuals or firms served by or regulated by the department.

   All NJ TRANSIT non-agreement employees are required to take 7 furlough days between May 1, 2009 and June 30, 2010 saving approximately $2m. Bus and rail agreement employees were not included in this initiative since it would have resulted in service disruption and required the use of unbudgeted overtime to backfill service needs.

10. The Budget in Brief references savings to be achieved both through privatization and “insourcing.” Please identify savings in your budget associated with either of these initiatives. Please provide examples of successes or failures of such initiatives in prior years.

   NJ TRANSIT is not proposing any privatization or insourcing projects in FY 2011.