

THE DEPARTMENT OF CHILDREN AND FAMILIES
Response to the
OFFICE OF LEGISLATIVE SERVICES
ANALYSIS OF THE NEW JERSEY BUDGET
FISCAL YEAR 2011-2012

BUDGET QUESTIONS FOR ALL DEPARTMENTS AND UNITS

1. The FY 2011 budget required all departments to cope with reduced appropriations. In some instances these reductions could be handled through improved efficiency and operational adjustments. In other instances less money resulted in programmatic reductions, including both fewer recipients and reduced benefits. Please provide examples of operational improvements in your department that saved money in FY11 and provide examples where less government meant reduction in services.

Response: The Department of Children and Families (DCF) continues to carefully manage the resources appropriated for departmental purposes in the FY 2011 Appropriations Act. As part of these ongoing management efforts, for the first time the department, along with all of the state's other major departments and agencies, is publishing data providing insight into departmental priorities and performance, including how resources are allocated across the department's core mission areas.

In this regard, the department posts up-to-date performance data or metrics every month related to identified core mission areas, available at <http://www.yourmoney.nj.gov>. This performance measurement reporting is the first step in an ambitious, multi-year performance improvement and efficiency program known as the "Governor's Performance Budgeting Initiative." The goals of the initiative include ensuring that budget priorities align with departmental and agency missions, focusing managers on achieving positive results and outcomes for citizens, clients, and taxpayers, and building a culture of innovation and continuous improvement while making government more transparent and accountable.

More specifically, operational improvements in the Department of Children and Families include the phase out of three Division of Youth and Family Services (DYFS) state-operated Residential Treatment Centers (RTCs) while preserving service capacity through the redirection of existing resources to the Division of Child Behavioral Health Services system of care.

In addition, improvements in federal claiming processes have significantly increased federal revenue sources which enable DCF to reduce reliance on state funding.

In the FY 2011 DCF budget, the County Human Services Advisory Council line item was reduced by \$3.2 million. The social service contracts affected by this action did not impact service provision to DCF's core population.

2. The FY 2011 budget included reductions requiring federal approvals, waivers or similar actions in order to achieve the projected savings. Please identify each such reduction in your FY 2011 budget, and indicate whether approvals/waivers have been obtained. If not, please explain whether approvals are still expected in this case, and if so, why. If federal approval is not received, what alternative actions may have to be taken to achieve savings of comparable value?

Response: DCF did not have any projected savings in its FY 2011 budget that required federal waivers or approvals.

3. The revised budget plan for Fiscal Year 2011 requires appropriation lapses of \$605 million to achieve a balanced budget and an ending surplus. Please list all appropriation items and amounts in your agency's chart of accounts that have been identified to contribute to that lapse target. Please describe the impact of each lapse on the nature, breadth or level of service or benefit provided by each appropriation, and identify and quantify the population that may be affected. Please also identify the amount of FY 2012 funding, if any, recommended to restore, in part or in full, the lapsed amount.

Response: The Office of Management and Budget has submitted under separate cover the list of anticipated lapses totaling \$605 million. This amount represents underspending by departments due to their diligence and oversight in managing their budgets. In addition, oversight of discretionary spending and hiring has led to surplus balances. In some cases, funds that were not needed in FY 2011 to fund programs and services will be necessary in Fiscal Year 2012. The DCF FY 2012 budget proposes to restore \$172,000 in funding for the Public Awareness for Child Abuse Prevention Program.

4. The FY 2011 Appropriation Act assumed savings of \$50 million from privatization initiatives. Please describe all privatization initiatives undertaken/to be undertaken by your department, and specify the effective date, the amount of savings in FY 2011 and FY 2012, respectively, and the reduction in positions, filled and vacant. Please also indicate the private vendor(s) involved in the initiative, and the quantity and quality of services required of the vendor(s) relative to the quantity and quality provided by the department prior to privatization.

Response: DCF did not have any initiatives included in the \$50 million privatization target for FY 2011.

5. For each line item reduction in the department's or unit's FY 2012 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.

Response: In developing the FY 2012 budget, the Department of Children and Families worked cooperatively with the Treasurer and Treasury staff to identify core departmental mission areas and, consistent with law, to allocate limited budget resources with reference to those core priorities. Developing the budget in this manner, from the bottom up, recognizes fiscal realities while at the same time focusing available funding on key priorities and mission areas. The following reductions are included in the DCF FY 2012 budget:

- **Reduced Caseload Spending: \$10.7 million** – Data trends project fewer children in foster care, shelter placements and those in need of family support services. This reduction will have no impact on service provision.
- **Increased Federal Claiming: \$7 million** – Improvements in federal claiming for the Title IV-E program for Foster Care and Adoption Assistance will increase DCF's federal appropriation to allow a \$7 million on-going reduction in state funds with no impact on service provision.
- **Adjusted Salary Projection: \$3.8 million** – Reduction based on anticipated salary need for FY 2012.
- **Closure of the three DYFS operated RTCs: \$3.146 million** – Annualized savings from FY 2011. Youth were transitioned to other DCF programs appropriate to address their treatment and service needs.
- **Sick Leave Injury (SLI): \$1.6 million** - Savings from elimination of SLI program.
- **Staff Attrition: \$824,000** – Savings through operational efficiencies.
- **Property Lease Savings: \$193,000** - Elimination of lease for a DYFS Area Office due to administrative consolidation.
- **Debt Service Savings: \$32,000** – Funds no longer needed.

6. For each line item reduction in the department's or unit's FY 2012 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. Please also indicate areas where funded and/or filled positions are projected to significantly increase, and the justification (s) for those increases.

OMB will provide the response to this question for all agencies.

7. In his budget address, the Governor stated that "Zero-based budgeting...has finally come to New Jersey." This would mark a change from budget processes used in other years. Please provide examples of how the recommended budget for your department is substantively different than it would have been if the budget had been developed by the procedures used in prior years.

Response: Although New Jersey experimented with a form of zero - based budgeting in the 1970's under Governor Byrne, more recent budgets were constructed primarily in an incremental manner. This process typically involved almost automatic acceptance of most if not all of the previous year's expenditure levels and then incrementally increasing or decreasing them to correspond with available revenues, without regard to performance. Rather than layering new upon old, zero-based budgeting requires a comprehensive system of planning, analysis, and control requiring assessment, reassessment and justification of departmental agency operations and spending priorities from the ground up. Zero-based budgeting is primarily a management tool as opposed to an accounting method, and focuses on whether current departmental activities are efficient and effective in delivering timely, high quality services within core mission areas. One important example of this approach for FY 2012 involved the support of New Jersey's hospitals. After undergoing a thorough, bottom-up examination of the policies and goals of the state with regard to hospital funding, the Governor's FY 2012 budget recommends increasing funding for hospitals by \$20 million while, at the same time, revising the charity care, hospital relief, and graduate medical education formulas to improve efficiency and predictability.

Within the Department of Children and Families, the decision to close the three DYFS operated residential treatment centers was based upon an analysis that determined these child behavioral health services provided by DYFS could be consolidated and more appropriately managed within the Division of Child Behavioral Health Services.

8. Please identify any reductions in the department's or unit's FY 2012 budget that constitute one-time savings that are not likely to recur in Fiscal Year 2013.

OMB will provide the response to this question for all agencies.

9. Are any of the appropriations recommended for FY 2012 required to compensate for the effects of Fiscal Year 2010 or FY 2011 reductions? If so, please identify and explain.

OMB will provide the response to this question for all agencies.

10. Please list any anticipated increase in fees, fares or co-payments that are reflected in the FY 2012 budget recommendation, including the amount of revenue or cost reduction, and the intended effective date.

Response: The DCF FY 2012 proposed budget does not anticipate any new or increased fees, fares or co-payments.

11. Please identify proposed FY 2012 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.

Response: The DCF FY 2012 budget does not include any reductions that require federal approvals, waivers or similar actions.