

**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.

The Department of Environmental Protection General State Fund appropriations were reduced by \$20.56 million in the Fiscal Year 2011 budget. These reductions were offset through the shift of costs to non state resources; and managing a mandated attrition level. This has required the Department to make operational adjustments recognized through our Transformation Initiative, investing in technology improvements and prioritizing our work efforts. The Department has been able to continue its core missions and provide vital services to the residents and businesses of the State.

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?

None of the Department's Fiscal Year 2011 reductions required Federal 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.

The Office of Management and Budget will submit under separate cover the list of anticipated lapses totaling \$605 million. This amount represents accrued savings achieved by individual Departments due to their diligence and oversight in managing their budgets. In addition, oversight of discretionary spending and continuing attrition has lead to surplus balances.

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.

None of the reductions in Fiscal Year 2011 or proposed in Fiscal Year 2012 are associated with savings that would result from privatization initiatives.

However, it has been a top priority of the administration that all State Departments explore opportunities to improve efficiency and reduce the cost of government services.

In line with this priority, the Department of Environmental Protection has entered into a 5 year management agreement with the joint venture of Linx Golf Management and H&L Golf Course Maintenance Company to operate and manage the Spring Meadow Golf Course. The current operation of the Spring Meadow Golf Course is through an off budget revolving fund, which will result in no realized savings to the General Fund. Under the terms of the 5 year deal, Linx/H&R will pay the Department an annual fee of \$130,000 that will be increased 3% per year; and will pay 15% of the total gross revenues that exceed \$1 million annually.

In addition, the Department has had discussions with environmental and conservation foundations regarding volunteering their services for State Parks. Recently the Department entered into partnership with the Conserve Wildlife Foundation to offer natural resource interpretive and educational programs at Island Beach State Park, Allaire State Park and Spruce Run Recreation Area. This will allow the Department to increase its services without increasing its costs.

The Department is also developing a Strategic Financial Plan for the State Park System that will improve the amenities provided and reduce the reliance on the General Fund for its financial support.

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.

Attached as Appendix 1 please find a schedule that recaps each of the Department's reductions and the impacts associated with the same. These reductions reflect the shift of costs to non-state resources.

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.

The Office of Management and Budget will submit under separate cover the details identifying the impacts of the Fiscal Year 2012 reductions on staffing levels.

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.

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 with core mission areas.

Utilizing this management tool, the Department's budget has been developed to focus on three core mission areas: Protecting the Land, Air and Waters of New Jersey; Managing our Natural and Historic Resources; and Supporting Economic Growth. Additionally, the Department is undergoing a transformation process which includes realigning staff and resources to the critical areas as needed to continue our core missions. Many changes have been made at manager levels, identifying posts best suited to managers' skills. These moves have enhanced and strengthened operations. Future reallocations are also anticipated as we are continually re-evaluating all of our operations as internal and external circumstances change.

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.

The Office of Management and Budget will submit under separate cover the details identifying the recommended Fiscal Year 2012 reductions that represent one-time savings which are not likely to recur in the Fiscal Year 2013 budget.

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.

The Office of Management and Budget will submit under separate cover the details identifying the Fiscal Year 2012 recommended appropriations that

offset those reductions implemented as part of the Fiscal Year 2010 or Fiscal Year 2011 budget.

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.

None of the Department's Fiscal Year 2012 revenue estimates are predicated on required fee increases.

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.

None of the proposed Fiscal Year 2012 reductions require Federal approvals.

Department of Environmental Protection
 Fiscal Year 2012 OLS Discussion Points
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APPENDIX 1

Program	Reduction Amount	Description of Change	Program Impacts
Forest Management	1,300	Reduces General Fund support for the State Foresters responsible for woodlot management	N/A The impact of this reduction will be offset by the use of Non-State resources from the Global Warming Solutions Fund (GWSF).
Policy, Planning & Science	1,263	Eliminates General State Fund support of the Office of Sciences	N/A The impact of this reduction will be offset by the use of Non-State resources available from the Hazardous Discharge Site Cleanup Fund (HDSCF), continuing the FY11 funding support tied to appropriation language
Solid and Hazardous Waste Management	600	Reduces the General Fund support for the S&HW Staff	N/A The impact of this reduction will be offset by the use of Non-State resources available from the Recycling and Ewaste funds

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Program	Reduction Amount	Description of Change	Program Impacts
Water Supply Management	334	Eliminates the funding for the Planning and Standards Bond fund	N/A The impact of this reduction will be offset by the use of CBT Watershed resources
SUBTOTAL REDUCTIONS	3,497		