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 State’s FY 2011 budget included reductions in operations, grants and services that resulted in department-wide programmatic changes. Reductions for FY 2011 included eliminating the budgets for the Martin Luther King Jr. Commemorative Commission and the NJ Israel Commission. To achieve operational improvements, these two programs were efficiently combined into the new Division of Programs, resulting in a net savings of $310,000. The Personal Responsibility Program line item was reduced by $76,000, affecting V-Free grants. Modest grant reductions to Historic Morven Inc., the Old Barracks, the Battleship New Jersey and the NJ Council for the Humanities did not result in a significant reduction of services. These organizations were encouraged to apply for funding through the competitive grant process.

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?

No Federal approvals were required to achieve savings for Department of State.

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 has submitted under separate cover the list of anticipated lapses totaling $605 million. This amount represents under-spending 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.

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.

Currently the Department of State is working with Treasury to privatize the operation of the Veterans Memorial Arts Center (The War Memorial). The savings are projected to be $750,000 and will include a reduction of six full-time positions and one vacant position. The RFP is currently advertised on the Treasury web site, with bids due by April 27, 2011. At the pre-bidders conference and the mandatory site visit a total of nine well known and prominent vendors were in attendance. The Department of State is looking for an effective date of July 1, 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.

In developing the FY 2012 budget, the Department of State worked cooperatively with the Treasurer and the 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. As noted above, the Department of State's FY 2012 budget is reduced by $750,000 in anticipation of the privatization of the Veterans Memorial Arts Center. The privatization will reduce state appropriations while keeping the War Memorial open for business.

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.

As noted above, the privatization of the Veterans Memorial Arts Center will result in the elimination of six full time filled positions and one vacant position.
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.

Although New Jersey experimented with a form of zero-based budgeting in the 1970s under Governor Byrne, more recent budgets were constructed primarily in an incremental manner. The 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 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. After undergoing a thorough operational examination and review, the Department of State, efficiently combined the Martin Luther King Jr. Commemorative Commission and the NJ Israel Commission into the new Division of Programs achieving operational improvements and resulting in a net savings of $310,000.

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.

In FY 2012, the Department of State will experience a one-time reduction of $4,302,000 to its Grants in Aid Cultural Projects.

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.

There are no such appropriations in the Department of State.

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.

The 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.

There are no proposed FY 2012 budget reductions which require Federal approvals or waivers.