

**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.

Answer: The New Jersey Economic Development Authority (EDA) continues to carefully manage the resources appropriated for agency purposes in the FY 2011 Appropriations Act. The EDA is a self-financing, independent authority, located in-but-not-of the Department of Treasury. The EDA does not receive State appropriations for administration or operating expenses however, the Authority does receive an appropriation for the payment of grants under the Business Employment Incentive Program (BEIP), an appropriation for operations costs for the Fort Monmouth Economic Revitalization Authority (FMERA), and transfer of funding from the Department of Environmental Protection for loans and grants under the Hazardous Discharge Site Remediation Fund (HDSRF) and Petroleum Underground Storage Tank Fund. The EDA did implement operational improvements which resulted in costs savings in FY 2011 as summarized below:

Workforce

- Reduced EDA core budgeted positions from 164 in 2010 to 148 or 10% of core workforce in 2011; Eliminated use of temporary employees
- *Net savings of \$1.3 million (salaries/benefits)*

Information Technology

- Eliminated service contracts for maintenance of hardware and software through staff/equipment upgrades as well as maintenance agreements included with new equipment
- *Net savings of \$300,000*

ADP Time & Attendance Portal

- Improved data gathering process efficiency by utilizing new service and discontinuing an out-of-date program (Leave Time Posting) and reducing cycle time

- Provided self-service for employees to track their time, change direct deposit, and other payroll deductions
- *Net savings of 25% to 30% of 1 FTE/year, equivalent to a savings of \$23K per year*

Development/Training Partnerships

- Outsourced mandatory diversity/harassment training to free state provider (NJ Division on Civil Rights)
- *Net savings of \$7,500 in consultant fees*
- In-sourced curriculum design for leadership development and outsourced instruction to Rutgers
- *Utilizing a state organization allowed for direct procurement reducing procurement cycle time*
- Utilized professional memberships to obtain discounts on educational webinar costs
- *Net savings of \$1,800 per year*

Consultants

- In sourced job evaluations and FMERA executive search services
- *Net savings of approximately \$17,500 (cyclical event-every 3-4 years) for job evaluations and \$25-30,000 for search firm*

Job Postings

- Eliminated job postings on Yahoo and optimized Monster
- *Net savings of \$4,000 per year*

High Potential Program

- In-sourced six learning events
- *Net savings of \$30,000 per year*

Intern Program

- Reduced number of summer interns from 7 to 1
- *Net savings of \$30,000 per year*

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?

Answer: The EDA did not experience any reductions in the FY 2011 Budget that required Federal approvals, waivers or similar actions to achieve projected savings.

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.

Answer: 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. The FY 2012 budget proposes to restore funding for the Technology Business Tax Certificate Transfer Program, administered by the EDA, to its original \$60 million amount. In some cases, funds that were not needed in FY 2011 to fund programs and services will be necessary in Fiscal Year 2012

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.

Answer: The FY 2012 Budget did not require the EDA to undertake any privatization initiatives that resulted in savings, reduction of positions or contracts with private vendors.

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.

Answer: In developing the FY 2012 Budget, the EDA worked cooperatively with the Treasurer and Treasury staff to evaluate State incentive programs managed by the Authority and, consistent with law, to allocate limited budget resources to effectively implement those programs. In calendar year 2011, the EDA developed its own operating budget of \$27,789,000 for expenses and costs, which is reduced from \$30,566,600 in 2010. The reduction however, will not impact the level of service or benefit provided through any of the financing opportunities for businesses and not-for-profit entities in New Jersey.

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.

Answer: Apart from program appropriations for grants and loans under certain statutorily-established programs, the EDA does not utilize State appropriations for its operating budget. However, the Authority does annually review its operating budget in accordance with a zero-based budgeting framework and evaluates all expenses to determine if vital for delivery of core services.

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.

Answer: The Fiscal Year 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.

Answer: The FY 2012 Budget does not include any reductions for EDA which require Federal approvals, waivers or similar actions in order to achieve projected savings.