

RESPONSES TO OLS'S QUESTIONS FISCAL YEAR 2011 - 2012

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 Law and Public Safety 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, in our effort to operate more efficiently and effectively, the Department took a close look at the use of overtime within the Division of State Police (DSP). Section supervisors within DSP were expected to closely monitor unscheduled hours regularly in order to minimize overtime payments. The "eDaily" electronic time keeping system, utilized by enlisted State Police members, was enhanced to provide a reporting mechanism available to supervisors, which allowed them to identify when unscheduled hours were occurring and for what purposes. This initiative resulted in a \$2 million savings in FY 2011. By adjusting schedules and returning accrued time when possible, the State Police has managed to meet the stated overtime reduction goal year to date.

In FY 2011, the Department implemented a plan to convert costly contracted tradesman into State employees for the Hamilton Technology Complex (Hamilton) and the Emergency Operations Center (EOC). It will allow for an annualized savings of \$2.0 million through personnel cost reductions and certain contract efficiencies. Converting these contracted tradesmen to an equivalent number of State personnel significantly reduced costs through the utilization of more appropriate State titles as well as related salaries. Further, by achieving certain contract efficiencies and cost reductions, this resulted in additional savings for these operations.

In an attempt to streamline operations, the Department consolidated and/or closed office space in various locations to effectuate a savings and make operations more efficient. The Department closed leased office space at 3131 Princeton Pike, formerly housing the Insurance Fraud Prosecutor, and relocated approximately 150 employees to a state-owned building, saving over \$687,000 a year. The Division on Civil Rights closed the Paterson field office, saving approximately \$60,000 a year and relocating staff to the Newark office. Saving the State from having to build a new security Command Center for the State Police, the Department relocated staff from the Wilburtha Station into Station Plaza and the State Police will use Wilburtha Station as the security Command Center. The employees formerly located in Station Plaza were transferred to the Justice Complex.

Juvenile Justice Commission

In FY 2011, it is anticipated the reconfiguration of the New Jersey Training School (NJTS) and Juvenile Medium Security Facility (JMSF) would achieve an annual savings of \$4.7 million and the Juvenile Justice Commission (JJC) is currently on target to achieve these savings. The JJC was able to reconfigure its largest secure facilities without reducing services to its residents. There has been a decline in the average daily population of JJC facilities for the last five (5) years. As a result JJC has created a more effective and efficient process surrounding the use of beds available.

Since January 1, 2011, the JJC began contracting out medical services with the University of Medicine and Dentistry (UMDNJ). The JJC has provided in-house medical services to the residents since 2005. UMDNJ is able to provide at least the same level of service, but at a more cost effective rate due to the resources and economies of scale that exist within the university. A total of 29 JJC medical staff opted for an opportunity with UMDNJ, three (3) staff transferred to other State agencies and one (1) staff member retired. JJC is on target to save \$250,000 in FY 2011 and will save an annual amount of \$500,000 starting in FY 2012.

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?

N/A.

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 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. These lapses will have no impact on the Department.

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.

It has been a top priority of the administration that all State departments and independent authorities carefully explore a variety of opportunities to improve efficiency, reduce the cost of government services, and right-size government's footprint in New Jersey. Among those opportunities are those that would privatize, outsource or otherwise make available a service previously provided by government employees via the private sector – but only if it can be done more efficiently and less expensively.

Following the issuance of the findings contained in the Zimmer Commission Report, numerous recommendations, either identified in that report or by the administration before and after the release of that report, have been in various degrees of implementation. For example, some of the RFPs that have already been released include:

- The Department of Corrections has released an RFP for a vendor to run a pilot food services project at one adult correctional facility as a way to determine if it can save substantially and provide healthier food service options throughout the correctional facility system.
- The Department of Environmental Protection has released an RFP to find a private operator and manager of the Spring Meadow Golf Course.
- The Department of State has released an RFP to find a private operator and manager of the Trenton War Memorial.
- The New Jersey Turnpike Authority has accepted numerous bids, the result of an RFP, for a private company to provide cash toll collections on its two roads. The South Jersey Transportation Authority, which operates the Atlantic City Expressway, has done the same.

The administration also is moving responsibly in other areas of government to reform a variety of enterprises, whose operation can be provided by the private sector, including:

- The Department of the Treasury, after a task force involving both the executive branch and the legislature agreed to the initiative, is working to turn NJN into a private, non-profit broadcasting entity with no state subsidy.
- Leases with private vendors for the operation of Monmouth Park and the Meadowlands Racetrack are currently being negotiated.

In the Department of Law and Public Safety, six (6) state security guards performed a "central monitoring" function from the RJ Hughes Complex, whereby they utilized closed circuit monitoring to safeguard 30 external state sites. In FY 2011, this responsibility was transferred to a private vendor, and the guards ceased performing all monitoring duties (as of September 18, 2010). These guards were reassigned throughout the Office of State Governmental Security within the Division of State Police. (One guard has since retired). By privatizing this function, the appropriation for the Central Monitoring Station was reduced by \$350,000.

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 Law and Public Safety 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. More specifically, as outlined in the budget summary, the Department's budget includes the following reductions:

- A reduction of \$3.7 million in the Division of State Police's salary account reflects the attrition of enlisted troopers and attrition of civilian titles throughout the division. Other attrition savings will be reallocated to support the salaries for a new class of graduating troopers, and civilian new hires for the forensic lab, information technology unit, and to support administrative functions currently performed by enlisted staff.
- The Division of State Police's Additions, Improvements and Equipment account is being reduced by \$2.896 million, as the funding is no longer needed. The funding was provided in FY 2011 for the one-time purchase of digital in-vehicle recording devices for newly acquired State Trooper vehicles.
- The FY 2012 Governor's Budget reduces the up-front appropriation for Legalized Games of Chance Control Commission (LGCCC) by \$190,000. The FY 2011 Appropriations Act provides the LGCCC with \$1,390,000 in up-front budget

authority, and requires that the LGCCC pay back \$1,200,000 of this up-front appropriation to the General Fund through revenue anticipation. The LGCCC derives its revenue from license fees, fines and penalties, and other chargeable costs. The receipts collected are used to offset the expenses of the commission. As a result of the fee restructuring that occurred in FY 2007, the LGCCC has been able to meet the programs expenses and can absorb this reduction without any negative ramifications to the operations.

The Juvenile Justice Commission's budget includes the following reductions:

- The FY 2012 Budget Recommendation includes the elimination of Sick Leave Injury Program within the Juvenile Justice Commission (JJC), resulting in a savings of \$1.296 million. Employees that would have received sick leave injury benefits will no longer be eligible for that benefit. Worker's Compensation Insurance is still available to the employees. Elimination of the Sick Leave Injury Program is a state-wide initiative, effective July 1, 2011.
- In FY 2012, the JJC will save \$400,000 in attrition savings by not backfilling positions in Administration and Operations.
- A reduction of \$150,000 in the JJC's State Match account is being recommended in the FY 2012 budget. This reduction will have no impact to the JJC, as it has sufficient match money for all of their federal grants.

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.

Response will be provided by the Office of Management and Budget.

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. 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 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.

During FY 2011, a review of was undertaken to determine how best to modernize and increase the effectiveness of the State's presence in Atlantic City. As part of this broader effort, the Governor proposed, and the Legislature approved, a restructuring of casino oversight functions including shifting responsibilities from the Casino Control Commission (CCC) to the Division of Gaming Enforcement (DGE). This shift has created a more efficient regulatory structure. For example, the slot machine approval process, which used to involve review by both agencies before slot games or other gaming devices could be utilized, now only requires review and approval by the DGE. Moreover, in place of a two-step licensing process for casino employees and service industry companies (investigation followed by issuance of licenses), the employees and service industry companies are now treated as registrants and are issued credentials directly by the DGE. Similarly, with respect to determining which entities and individuals have to qualify for licensure, unlike before where both the DGE and CCC had a role, under the new law, the DGE, which investigates such entities and individuals, now is the sole body that decides which ones need to qualify. Lastly, with respect to the renewal process for licenses, which involved full investigations, reports and hearings for all casinos, under the new process, the DGE will review relevant material and, in its sole discretion, determine whether a hearing is necessary. These changes will eliminate a great deal of the duplication of effort between the agencies and save time and resources in the process.

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.

Response will be provided by the Office of Management and 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.

Response will be provided by the Office of Management and 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.

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.

N/A.

12. The state has experienced several heavy snowfalls any other emergent weather conditions this fiscal year. Please describe the impact of these conditions on the Division of State Police operations and the adequacy of the division's FY 2011 funding, and indicate whether any cost recovery from Federal sources has occurred or is likely.

The missions of the State Police are multi-faceted, and the operations of the division continually adjust to meet a multitude of evolving challenges, including dangerous weather conditions. Troopers are trained to serve the public in a response mode during storms, and they assist a multitude of motorists throughout the State during the winter.

The State Emergency Operations Center at Division Headquarters was activated during the recent, severe storms, and interacted with county and local offices of emergency management to provide resources to areas that were experiencing life threatening situations. It is anticipated that an application will be initiated to the Federal Emergency Management Agency (FEMA), which will likely result in a 75% reimbursement to the division for overtime and ancillary expenses related to the storms.

13. The unexpected snowfall and declared state of emergency which occurred December 26 and 27, 2010 was a particularly problematic event for New Jersey citizens and State and local government agencies. The New Jersey Division of Consumer Affairs (DCA) is currently accepting claims for reimbursement of towing fees from motorists stranded on designated New Jersey roadways during the declared state of emergency. Please provide an overview of the State Police's towing procedures for private vehicles on State roadways both during a state of emergency and during non-emergency conditions. What are the actual and estimated amount of claims being processed by the DCA, and what funding source has been identified to meet these unanticipated costs?

The State Police does not have a separate policy for towing procedures specific to emergency conditions. Standard Operating Procedures provide that a vehicle may be

moved to a non-hazardous location if it is obstructing traffic or poses a danger to traffic. This provision is also clearly established in state statute, as per N.J.S.A.39:4-136. In order for snow plowing operations to be conducted effectively and safely on highways, disabled and/or abandoned vehicles must be removed so that hazardous conditions are not created by their presence.

There were approximately 3,000 vehicles that the State Police towed during the State of Emergency, between December 26th and 27th. A total of 98 claims have been filed thus far, with approximately \$29,700 worth of reimbursable expenses. Storage fees are not an eligible expense. The average reimbursement per claim is \$303.00. Interest earnings from the Emergency Services Fund are being used to pay for these reimbursements.

14. The 2011 Budget assumed that the Division of Juvenile Justice (JJC) would eliminate positions and curtail programs to achieve certain savings, as follows: \$8.2 million from a reconfiguration of the New Jersey Training School for Boys and the Juvenile Medium Security Facility; \$2.670 million in the State Incentive Program by ending support to facilities in Mercer, Middlesex, Hudson, Passaic, and Union counties; and \$1.3 million by eliminating parole and transitional services. The FY 2011 Budget also increased by \$1.7 million to reflect a new contract with the University of Medicine and Dentistry of New Jersey (UMDNJ) for medical services, replacing in-house provision medical services. Please provide an update on the status of each of these changes, and a revised estimate of the fiscal impact of each.

In FY 2011, it is anticipated the reconfiguration of the New Jersey Training School (NJTS) and Juvenile Medium Security Facility (JMSF) would achieve an annual savings of \$4.7 million and JJC is currently on target to achieve these savings. The reconfiguration of NJTS and JMSF eliminated 55 custody positions and reduced JJC's available bed space by 110. A total of 33 custody officers have been reallocated to the Department of Corrections, while 17 have been eliminated through attrition and five were separated from service through a reduction in force.

The FY 2011 budget eliminated the State Incentive Program (SIP), for an annual savings of \$2.67 million. The SIP program was established to divert youth from unnecessary placement in JJC facilities. The implementation of Juvenile Detention Alternative Initiative (JDAI) proved to be a more comprehensive response to diverting youth from unnecessary placement in secure care. As a result of not having the SIP funds, Judges in the participating four (4) counties lost additional dispositional options for approximately 92 youth.

The elimination of Day Reporting and Re-entry Services (parole and transitional services) in FY 2011 resulted in a savings \$1.3 million. Juvenile Parole staff work collaboratively with other staff within the Commission and assume additional responsibilities to maximize opportunities to improve reentry outcomes. In partnership with JJC's Office of Community Programs, transitional living programs have been established in Essex, Camden and Atlantic Counties using existing JJC resources. Also, JJC's four day programs in Union, Monmouth, Atlantic and Cumberland counties have

expanded their populations to include parolees and services for them. Camden and Essex Transitional Living programs have expanded their services to provide “step down” non-residential services to graduates of the transitional living programs. In line with reentry best practices, these collaborations have enabled youth to gradually transition from structured custody to their home communities while implementing their reentry case plans, practicing, integrating and adopting pro-social skills learned in custody.

Since January 1, 2011, the Juvenile Justice Commission (JJC) began contracting out medical services with the University of Medicine and Dentistry (UMDNJ). The JJC has provided in-house medical services to the residents since 2005. UMDNJ is able to provide at least the same level of service, but at a more cost effective rate due to the resources and economies of scale that exist within the university. A total of 29 JJC medical staff opted for an opportunity with UMDNJ, three (3) staff transferred to other State agencies and one (1) staff member retired. JJC is on target to save \$250,000 in FY 2011 and will save an annual amount of \$500,000 starting in FY 2012.