RESPONSES TO THE OFFICE OF LEGISLATIVE SERVICES' (OLS)
BUDGET QUESTIONS/DISCUSSION POINTS

NEW JERSEY MOTOR VEHICLE COMMISSION

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 Motor Vehicle Commission (MVC) continues to carefully manage the resources appropriated for the Commission's purposes in the FY 2011 Appropriations Act. As part of these ongoing management efforts, for the first time, the Commission, along with all of the state's other major departments and agencies is publishing data providing insight into MVC's priorities and performance, including how resources are allocated across its core mission areas. In this regard, the MVC 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, the Commission changed its hours of operation by staying open until 7:30 p.m. Tuesday and Thursdays and expanded hours of operation by one hour on Saturday saving the Commission $4.3 million. In addition, after serious consideration and research, MVC eliminated mechanical inspections for New Jersey private passenger vehicles. Changes to the vehicle inspection process are anticipated to save the state $17.0 million.

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?**

For MVC, none of the FY 2011 budget reductions has an effect on past federal grant awards nor is it anticipated that future grant awards for these same grants will be affected by the continuation of the budget reductions.

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 (OMB) 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**.

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 Request for Proposals (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 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.

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 Commission 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, MVC was aware that it had to improve its security – both from an infrastructure perspective and security controls - and these initiatives had to support MVC's core mission. For example, For FY 2012, the Commission has identified four (4) specific non-continuing items to help reduce its FY 2012 Budget which includes adjusted contract savings for the Enhanced Digital Driver License (EDDL) system, one-time funding for the Infrastructure Placement Analysis, a reduction in miscellaneous materials and supplies and start-up costs for the document imaging functions supported by the Division of Revenue (DOR). This represents a savings of $4.532 million.

The Commission is proceeding to the next generation of its driver license (EDDL). This seven-year contract was awarded to L-1 Security Credentialing in January, 2010. While the original cost expectation was for $30.1 million, MVC negotiated a lower price of nearly $11 million. This reduction allowed the Commission to pursue two more secure processes: central issuance of driver license and the facial recognition component whereby digital images are captured and compared to other similar photos resulting in fewer fraudulent licenses. MVC will be able to meet compliance regulations for Real ID in 2013 and be able to apply for federal funding.

The Commission is in the process of securing a consultant for the Infrastructure Placement Analysis, a $2.0 million, one-time, expense for a consultant to prepare a study and report its finding for MVC locations necessary within the State of New Jersey for all avenues of service. This report shall include current transaction volumes, populations, population study growths, agency size, may include other types of state services to be offered, as well as, access to public transportation. In addition to this study, the largest area of growth is in the proposed FY 2012 Budget is the major renovations of two MVC sites: Eatontown and Newark. These two projects total $4.986 and $9.0 million, respectively.

In continuing with our core mission of document security, MVC has identified one-time costs for the storing of digital images to meet MVC's commitment and backup requirements for the initial startup year, as identified by the Division of Revenue

(DOR), to support FileNet Image Hosting Services for MATRX Release 1. This cost was part of a Memo of Understanding between MVC and DOR to procure backup tape drivers and equipment for this secure process. While the Commission has identified the one-time cost, more important is the security of these documents and the support provided by the DOR is critical to MVC achieving its core mission.

The Commission also proposes a reduction of $26,000 in miscellaneous supplies and services reductions. There is no foreseeable negative effect from this reduction and can be considered an on-going savings.

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.**

Since the inception of the Motor Vehicle Commission, it has utilized a version of the zero-based budgeting concept. Our internal budget process continues to identify initiatives that can be funded through significant operational efficiencies.

Over the last four years MVC has undergone a significant change as a result of the severe fiscal crisis which has left us with 400 less employees. As a result we reorganized divisions, consolidated civil service titles to create more flexibility and streamlined processes. We have been able to deploy staff where needed without being concerned with the separation of duties by title.

In the Division of Human Resources, personnel were cross-trained so employees could take on a wider variety of duties and in the leaves and employee relations units, distribution processes went paperless, which eliminated copying and postage. In addition, more internal training was developed to improve our employees' skills and knowledge base.

In the Division of Information Technology, we have implemented efficiencies as well. Our technology project, MATRX, has moved our technology from an old legacy mainframe environment to a distributed model of development utilizing JAVA and Oracle as its backbone. One of the best efficiencies of the aforementioned technology will be a decrease in the turnaround time of our development and the ability to quickly supply reports off our database. However, as we implement MATRX the division must also improve its development processes and management of the new technology. Accordingly, we will also be implementing the Waterfall Model of Development supported by project management and our service delivery model will be Information Technology Information Library (ITIL), which is considered to be the best in class service delivery model. While creating efficiencies, these new processes and technology require we hire people with today's technical skills and knowledge of ITIL to limit the long term cost of the use of consultants.

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 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.

None of the FY 2012 budget reductions will have a negative impact upon any past federal grant awards nor is it anticipated that future grant awards for these same grants will be affected by the continuation of the budget reductions.