

**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 Office of Information Technology (OIT) continues to carefully manage the resources appropriated for its purposes in the FY2011 Appropriations Act. As part of the ongoing management effort, for the first time, OIT along with all of the State's major departments and agencies is publishing data providing insight into our priorities and performance. Including how resources are allocated across our core mission areas. In this regard, OIT posts up-to-date performance data or metrics every month related to identified core mission areas, available <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.

As part of OIT's FY2011 reductions, over \$300,000 was saved by eliminating full-time consultants and replacing them with state employees. Other savings were achieved for client agencies by leveraging the OIT enterprise infrastructures for storage and servers and through OIT's coordination of like purchases in order to achieve significant volume discounts with primary IT vendors (e.g., database management software, PCs, desktop printers, etc.)

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?

Not Applicable

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.

Not Applicable – No lapses in OIT appropriation accounts have been identified to contribute towards the FY2012 Opening Balance

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.

As the Zimmer report relates to OIT, the study referenced the outsourcing of various administrative systems. As part of the FY2012 budget \$2.0 million has been appropriated for IT Modernization. This funding is the first phase of the multi-year initiative to modernize the major statewide legacy administrative systems (e.g., Pensions, Payroll, Accounting, Purchasing, Personnel, etc.). This appropriation will fund various activities related to developing solutions for the replacement of these systems.

The report also discussed the elimination of check printing, a function performed by OIT. In FY2011, the Department of Labor and Workforce Development implemented a debit card program to replace the printing of unemployment insurance checks. By April, no UI checks will be printed.

Additional candidates for check printing elimination are currently under evaluation. Additionally, OIT is developing an RFP that covers a number of vendor-supplied printing services.

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 FY2012 budget, OIT worked cooperatively with the Treasurer and Treasury staff to identify core 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, OIT reductions are as follows:

- **Attrition Savings (\$510k) – Reduction of 15 Positions**

OIT anticipates that it can absorb this reduction through attrition with minimal impact on service delivery.

- **Savings from Elimination of Managed Data Line (\$250k)**

This savings will not have any operational impact. OIT is in the process of upgrading the existing Garden State Network by leveraging unused fiber optic data lines owned by NJ Turnpike Authority and the Department of Transportation. The savings will come from eliminating leased data lines from a private vendor and replacing that connectivity with the more robust fiber optic lines. It is anticipated that this will be a permanent reduction.

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.

OMB will provide the response to this question for all agencies.

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 agency 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.

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.

OMB will provide the response to this question for all agencies.

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.

OMB will provide the response to this question for all agencies.

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.

Not Applicable

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.

Not Applicable