

Testimony of Acting Treasurer David Rousseau
Assembly Budget Committee
Departmental Consolidation
April 3, 2008

Mr. Chairman. Members of the Assembly Budget Committee.

It is a pleasure to be back before this committee for my second of four scheduled appearances. As I indicated in previous testimony before this committee, the FY 2009 budget as proposed contains \$2.7 billion in spending reductions, is \$500 million below the current year budget and reduces the size and cost of government by \$350 million.

Through these changes, government will become smaller. We have proposed reducing the number of state agencies by three, and achieving a net statewide reduction of the workforce of at least 3,000 employees.

While the task is unpleasant, the cuts in this budget are what times demand. The budget must be balanced, and proposing new and increased taxes to achieve that end will not do what this spending plan endeavors to do, which is to curb the State's appetite for spending. We simply cannot spend money that we do not have.

Years of over-spending and over-borrowing have forced this state into an incredibly difficult – but valuable – public discussion about the priorities of government.

The Governor has made his priorities clear --- education, public safety and protecting the most vulnerable. Preserving resources for these priorities requires us to reduce other government spending and, even more notably, to reduce government.

We are going about this process by reducing funding in every single department.

We cannot, in good conscience, present an austere budget that asks local governments to consolidate government functions without consolidating functions ourselves.

We cannot ask New Jerseyans to accept reductions in property tax rebates without first reducing the overhead costs of government.

We cannot ask hospitals, colleges, museums, the arts, after school programs and hundreds of other funding priorities to do more with less without doing the same as a state government.

If history has proven anything, it's that the task of reducing the size of government can be an epic undertaking...regardless of how modest a form the effort takes, as is the case in New Jersey.

Change to the status quo doesn't come easily.

Half the battle involves accurately defining what change means, and what it doesn't mean. And, that is what brings me here today.

The proposed budget would eliminate the departments of Agriculture and Personnel, and the Commerce Commission. The net effect of these changes will be to achieve \$2.5 million in savings to the State budget.

While significant, \$2.5 million is a small portion of the \$350 million in cuts to all state government functions, and minute in the context of a \$33 billion budget.

So, the question becomes, what are we cutting, and, again, what does the cutting mean to the status quo?

I will begin this discussion by explaining how we feel the reductions would impact the functions of the Department of Agriculture.

The Agriculture Department's share of the \$2.5 million reduction is approximately \$500,000. In short, it means that about 20 senior-staff level and operations positions in the Ag bureaucracy will be eliminated.

What it does not mean is that New Jersey will somehow short-change the economic and cultural importance of farming of this great state. The reduction is part of an across-the-board effort by the state to do more with less.

There is no reason why we should lose this advocacy, state identity and heritage by simply eliminating bureaucracy and the costs that go with the departmental apparatus.

We believe that functions can be assimilated into the other agencies to eliminate bureaucratic redundancy while at the same time, retaining Agriculture's identity.

While the enacting legislation will provide the ultimate detail, we have begun to sketch out how Agriculture units can be re-aligned with other divisions in state government that are already performing similar or related functions. The alignment presumes that the same professionals who currently carry out these responsibilities will continue to do so in FY 2009 and beyond.

For example, the aggressive marketing of New Jersey-grown and raised products will continue. Many New Jersey branding marketing efforts are now under the auspices of the Department of State. We are looking at how best to incorporate and coordinate Jersey Fresh into those activities and efforts.

The farms that yield New Jersey Fresh will be nurtured and protected. Preservation and conservation efforts of the State Agriculture Development Committee -- SADC -- will continue as key missions and functions under the Department of Environmental Protection. The DEP will also assume responsibilities for Ag's chemistry and recycling efforts

In the current department alignment, Ag conducts many inspection and licensing functions that can be merged with similar functions currently being administered by other divisions within State government.

The Department of Health and Senior Services already performs a multitude of food and commodity-related inspections, licensing and distribution.

As such, we are proposing that this department assume the commodity inspections and grading, third party food safety audits, the WIC and senior food programs and the food and nutrition programs currently administered by Agriculture.

The enforcement of milk control laws, licensing and organic certification are important functions with respect to the pricing, consumer protection and product standards of New Jersey grown, raised and produced commodities. We propose that these key functions continue under the auspices of the Division of Consumer Affairs, within the Department of Law and Public Safety.

The Division of Animal Health provides important services in the control and prevention of animal diseases.

Ag and the Department of Health and Senior Services have a pre-existing working relationship on zoonotic disease control. This relationship, combined with the existence of veterinary staff at DHSS, will allow the state to continue this core function in a coordinated, streamlined manner.

If you look at the organizational chart for the department of Agriculture, you will be able to count about 40 different boxes of responsibilities.

The net effect of this consolidation will be to retain the functions of all but two of the boxes – the ones for the Secretary's office and for Operations, where senior staff reductions will yield that targeted savings for this consolidation.

The two remaining consolidations in the proposed budget assume cost savings of \$1 million each, for the department of Personnel, and the Commerce Commission.

As is the case with Agriculture, the core functions of this agency will continue through merges into other departments, with savings being achieved through the elimination of salaried overhead.

The next consolidation of functions involves the Commerce Commission, which will be largely absorbed into the New Jersey Economic Development Authority. We are still working out the details of this proposal that has a goal of combining as many functions of the current Commission with the EDA while at the same time recognizing the current employee structure. Senior Management for the Commission in the Office of Executive Director will be eliminated under any proposal that we choose.

In all, the salary savings achieved through the elimination of this Commission translate to a \$1 million reduction in the FY 2009 budget.

Much like EDA is a natural fit, in terms of mission and day to day function, for Commerce, the Department of Treasury is a logical consolidation home for the Department of Personnel.

One of the core functions of the DOP is human resource management. The department manages the title system, sets compensation, maintains personnel records and coordinates and schedules workforce training. Since many of these functions are akin to the HR functions being performed by Treasury's Division of Administration, we intend to integrate them and achieve statewide efficiencies.

Another core function to DOP is its selection services process, whereby civil service exams for state and local public employment state are developed, and candidates are ranked for hiring and promotion. This function will continue as well after being absorbed into Treasury's Division of Administration.

As we know, Merit System Practices and Labor Relations are key elements which reside under DOP's jurisdiction. The Merit System board is within this section, and hears appeals filed by employees, candidates for employment and appointing authorities.

Under the consolidation, we contemplate the creation of a Civil Service Commission, an independent entity in but not of the Department of Labor and Workforce Development, to continue the function of the Merit System Board and its supporting staff.

We see this shift as a natural extension of the kind of functions already organized in but not of Labor.

Specifically, the Public Employment Relations Commission – PERC – is an independent body that manages public employee relations matters and is under the Labor Department umbrella.

As I have said before, if we were starting from scratch to invent New Jersey state government, we would not necessarily create the same stand-alone agencies that exist today.

That doesn't mean our priorities would be any different. Agricultural preservation and heritage has been and remains a top state priority.

Economic development is and remains a top state priority.

Maintaining the structure and integrity of the Merit System for public employment is and remains a top state priority.

The statement of commitment that we as government leaders make with respect to these priorities need not take the form of the bricks and mortar of a building, nor the bureaucratic structure of a state department.

The commitment is measured by the visions and deeds of government leaders.

Governor Corzine cannot be clearer in his support of the core functions which are being performed by these departments now, and which will continue to be performed as re-aligned in FY 2009 and beyond.

At this time, I welcome questions from the committee.