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PUBLIC HEARING

before

ASSEMBLY GOVERNMENTAL EFFICIENCY AND
OVERSIGHT COMMITTEE

ASSEMBLY BILL NO. 1824

(Establishes Joint Policy Program and Performance
Review Committee)

October 20, 1988
Room 341
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman Arthur R. Albohn, Chairman
Assemblyman Harold L. Colburn, Vice Chairman
Assemblyman Thomas P. Foy
Assemblyman Louis J. Gill

ALSO PRESENT:

Darby Cannon, III
Office of Legislative Services
Aide, Assembly Governmental Efficiency and Oversight Committee

* * * * *

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New Jersey State Legislature
ASSEMBLY GOVERNMENTAL EFFICIENCY
AND OVERSIGHT COMMITTEE
STATE HOUSE ANNEX, CN-068
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CHAIRMAN
HAROLD L. COLBURN
VICE-CHAIRMAN
WALTER M.D. KERN, JR.
THOMAS P. FOY
LOUIS J. GILL

October 7, 1988

NOTICE OF PUBLIC HEARING

The Assembly Governmental Efficiency and Oversight Committee will hold a public hearing on Thursday, October 20, 1988, at 1:00 P.M. in Room 341 of the State House Annex, Trenton, N.J. to consider the following bill:

A-1824	Provides for review and evaluation of certain
Franks/	executive departments in State Government, of
Hardwick	the Legislative branch of State Government,
	and of State aid-supported programs.

Anyone wishing to testify should contact Darby Cannon, III, Aide to the Committee, at 609-292-9106.



STATE OF NEW JERSEY

Introduced Pending Technical Review by Legislative Counsel
PRE-FILED FOR INTRODUCTION IN THE 1988 SESSION

By Assemblymen FRANKS and HARDWICK

1 AN ACT establishing the "Joint Policy, Program and
2 Performance Review Committee" and authorizing the
3 committee to review and evaluate periodically certain
4 programs and operations conducted or supported by State
5 government and to make appropriate findings and
6 recommendations.

7

8 BE IT ENACTED by the Senate and General Assembly of the
9 State of New Jersey:

10 1. This act shall be known and may be cited as the
11 "Government Performance Review and Evaluation Act."

12 2. The Legislature declares that the central purpose of our
13 democratic government is to effectuate the will of a free
14 people; that, in its pursuit of that purpose, the Legislature's
15 principal function is to enact laws which properly embody that
16 will and which ensure that agencies charged with the execution
17 of those laws are vested with such authority and endowed with
18 such resources as may be requisite therefor and useful thereto;
19 that the corresponding principal function of the Executive is to
20 pursue the implementation of those laws through the exercise of
21 the authority so accorded to it; and that beyond the duties
22 peculiar to each, these two branches of government bear as well
23 a joint and ongoing responsibility for ensuring that the
24 implementation of public policy is conducted effectively and
25 efficiently, that the Executive's exercise of its authority
26 advances the aims and respects the restrictions incorporated in
27 the law under which that authority was conferred, that both the
28 regulation of private behavior and the expenditure of public
29 moneys continue to be justified by actual benefits flowing
30 therefrom, that unintended harms or inequities arising from the
31 operation of laws enacted and implemented in good faith are
promptly uncovered and remedied, and that government

1 maintains in its conduct of the affairs of the people the high
standards which it is morally and legally obligated to observe as
3 their steward and trustee. The Legislature further declares that
the Legislative branch of State government is under no less an
5 obligation than is the Executive branch to conduct its affairs
with all possible operational efficiency and in such a manner as
7 will most effectively serve the public welfare.

The Legislature finds that, to meet the responsibilities of
9 government hereinabove declared, it is necessary and
appropriate that the performance of government be reviewed
11 and evaluated on a continuing basis, and that the scope of the
review and evaluation should extend as broadly as is practicable
13 to the various organizational, program and budgetary elements
of all public service activities directly or indirectly funded in
15 whole or in part by the State. The Legislature finds in addition
that the review and evaluation of Executive branch performance
17 ought properly to be undertaken jointly by the Legislature and
the Executive and with the assistance, where appropriate, of
19 parties outside of State government; that the Legislature's
participation in the review and evaluation process can be most
21 effectively conducted through a permanent, bipartisan joint
legislative committee which shall, for each review and
23 evaluation of a particular department or program, include
members of the Legislature having substantial knowledge of and
25 legislative responsibility for the missions and objectives of that
department or program; that the joint committee should have
27 available for its use and exercise all resources and powers
appropriate to the duties with which it is charged; and that the
29 joint committee should periodically publish its findings
concerning the performance of Executive departments in the
31 State government and of other public and private entities
engaged in the furtherance of State policy with the support of
33 State funds, including appropriate recommendations. And the
Legislature further finds that, with certain modifications, such a
35 joint committee would also be the most suitable instrument
through which to conduct the review and evaluation of
37 Legislative operations.

1 3. As used in this act:

3 a. "Department" means a principal department in the
Executive Branch of the State government.

5 b. "Departmental review period" means the legislative term
during which a department, in accordance with the schedule
7 established under section 8 of this act, shall be subject to review
and evaluation by the Joint Policy, Program and Performance
Review Committee.

9 c. "Joint committee" or "committee" means the Joint
Policy, Program and Performance Review Committee
11 established under section 4 of this act.

13 d. "Local program unit" means (1) any county, municipality
or school district, (2) any board, commission, agency or
15 instrumentality which has jurisdiction over or within one or
more counties, municipalities or school districts and which
exercises functions which are appropriate for exercise by one or
17 more units of local government, and (3) any other person, group
or organization, which is entitled under a statutory formula or
19 by legislative appropriation to receive State aid.

21 e. "Organizational subdivision" means any division, office,
section, board, bureau, commission, agency, instrumentality or
any other administrative or operational unit of or in a
23 department.

25 f. "Program" means any identifiable set of coordinated and
continuing activities which (1) directly or indirectly serve a
public purpose, (2) are carried out in whole or in part by, or are
27 subject to the regulation or oversight of, a department, one or
more organizational subdivisions of a department, or a local
29 program unit and (3) are maintained with the support of funds
appropriated under State law or otherwise available, under the
31 laws of this State or the United States or pursuant to any gift,
bequest or devise to the State, to a department or subdivision
33 thereof or to a local program unit, for expenditure upon those
activities. Program activities may include, but shall not be
35 limited to, the provision of services; the direct distribution of
public assistance; the allocation, disbursement, receipt and use
37 of State aid and grants; the enforcement of the law; the
regulation of commercial and other private conduct; the
39 maintenance, repair and construction of public works; the
negotiation, execution, performance and enforcement of public
41 contracts; the collection of taxes or other revenues; and the
granting of licenses.

1 g. "State aid" means funds or other property distributed by
the State to, and expenses incurred by the State on behalf of or
3 in connection with assistance to, any local program unit.

4 a. There is established in the Legislature the "Joint
5 Policy, Program and Performance Review Committee."

6 b. The joint committee shall have a membership of eight or
7 10 members, pursuant to the provisions of this subsection.

8 (1) Eight members of the joint committee shall hold
9 permanent memberships, to be filled by four members of the
Senate appointed by the President of the Senate, no more than
11 two of whom shall be of the same political party; and four
members of the General Assembly appointed by the Speaker of
13 the General Assembly, no more than two of whom shall be of the
same political party; but no chairman of a standing reference
15 committee of either house of the Legislature shall be eligible
for appointment or service as a permanent member of the joint
17 committee. All of the permanent members shall serve for terms
beginning on the date of their appointment and ending upon the
19 expiration of the legislative term in which they were appointed.

20 (2) During and solely for the purposes of the conduct,
21 respectively under sections 5 through 7 or section 9 of this act,
of the review and evaluation of an entire department as a whole
23 or of the review and evaluation of the conduct or administration
by a local program unit of a program supported wholly or in part
25 by State aid, there shall be two additional members of the joint
committee, who shall hold temporary memberships. These
27 temporary memberships shall be filled by the chairman of the
standing reference committee in the Senate and the chairman of
29 the standing reference committee in the General Assembly to
which legislation concerning the department or State
31 aid-supported program under review and evaluation is most
frequently referred. Neither this section nor any other law shall
33 be construed to prohibit the simultaneous service of more than
two persons as temporary members of the committee.

1 but only two persons shall serve at any time as temporary
2 members with respect to the review and evaluation of a
3 particular department or State aid-supported program. If, at
4 the joint committee's initial meeting to review and evaluate a
5 department or State aid-supported program, two or more
6 chairmen of standing committees of a house of the Legislature
7 claim qualification under this section for the temporary
8 membership allocated hereunder to that house for the purposes
9 of that review and evaluation, the designation of one of those
10 claimants to fill that temporary membership shall be made by
11 majority vote of those permanent members of the committee
12 who are members of that house, and if no such majority vote is
13 obtained, the presiding officer of that house shall make the
14 designation. If, at such an initial meeting, no chairman of any
15 standing committee of a house of the Legislature claims
16 qualification for the temporary membership allocated to that
17 house, the presiding officer of that house shall designate the
18 chairman of the appropriate standing committee thereof to fill
19 the temporary membership.

20 c. Vacancies in the membership of the joint committee shall
21 be filled in accordance with the provisions of subsection b. of
22 this section.

23 d. Following the appointment of the permanent members of
24 the joint committee in and for the legislative terms beginning in
25 January, 1992⁰ and in January of each fourth year thereafter, the
26 Speaker of the General Assembly shall appoint from among
27 those permanent members a person to be the chairman of the
28 joint committee. Following the appointment of the permanent
29 members of the joint committee in and for the legislative terms
30 beginning in January, 1992² and in January of each fourth year
31 thereafter, the President of the Senate shall appoint from
32 among those permanent members a person to be the chairman of
33 the joint committee. The chairman of the joint committee shall
34 serve in that position until the expiration of the legislative term
35 in and for which he was appointed, and vacancies in the
36 chairmanship of the joint committee shall be filled in
37 accordance with the provisions of this subsection. A permanent
38 member shall be eligible for successive appointments, without
39 limit, to be chairman of the joint committee.

1 e. The joint committee shall be entitled to call to its
assistance and avail itself of the services of employees of any
3 State, county or municipal department, board, bureau,
commission or agency, and any other person, group or
5 organization entitled to receive State aid, as it may require, and to
employ such stenographic and clerical assistants and incur such
7 traveling and other miscellaneous expenses as it may deem
necessary in order to perform its duties and as are within the
9 limits of funds appropriated or otherwise made available to it
for these purposes. The joint committee shall have all of the
11 powers granted pursuant to chapter 13 of Title 52 of the Revised
Statutes.

13 f. The joint committee may, at the call of the chairman or of
a majority of the members thereof, meet and hold hearings at
15 such place or places as it shall designate during the sessions or
recesses of the Legislature.

17 5. Pursuant to the schedule established under section 8 of this
act, the commissioner of any principal department subject to
19 review and evaluation under this act shall cause to be prepared
and shall, on or before the 10th day following the
21 commencement of the departmental review period applicable to
that department, submit to the joint committee a preliminary
23 departmental self-study. The information included in the
preliminary self-study shall, except as otherwise provided
25 herein, be current through June 30 of the year preceding the
year in which the departmental review period commences.

27 The preliminary departmental self-study shall include the
following:

29 a. An organizational chart of the department, identifying
each organizational subdivision thereof or therein and, for each
31 such subdivision, the organizational subdivisions of or in that
subdivision:

33 b. A list of all programs, including programs involving the
distribution or support of State aid, for the conduct,
35 administration, regulation or oversight of which the department
or any organizational subdivision thereof or therein is
37 responsible, including separately for each of those programs:

1 (1) A citation of the statute which establishes or authorizes
the establishment of the program;

3 (2) The name of the organizational subdivision, and any local
program unit, having responsibility for the conduct or
5 administration of the program;

7 (3) A statement of the objectives of the program as
prescribed by statute or by administrative order or rule and, for
each of those objectives, a statement of the way in which
9 program activity has contributed to the attainment or
furtherance of those objectives;

11 (4) A statement of the amounts actually spent for the support
of the program during the fiscal year ending on June 30
13 preceding the departmental review period and during the four
preceding fiscal years;

15 (5) A statement, for that previous fiscal year and those four
preceding fiscal years and for the 10th and 15th fiscal years
17 preceding that previous fiscal year, of the average number of
full-time State government employees spending at least
19 one-half of their regular work week providing services under the
program who were in service on July 1, October 1, January 1 and
21 April 1 of those respective fiscal years;

23 (6) A full statement of the results and accomplishments of
the program, described in terms relating as closely as possible to
the purpose of the program as embodied in the legislation, or in
25 any departmental rules and regulations, authorizing the
establishment of the program; and

27 (7) A description of the contribution of the program to the
furtherance of the general purposes and the attainment of the
29 broad objectives of the department, including therewith an
assessment of the extent to which the program, relative to all
31 other programs of the department, is integral to the
department's pursuit of its overall mission; and

33 c. A statement setting forth in detail all reasonable actions,
whether in conjunction with or as alternatives to other such
35 actions and including where appropriate any action requiring the
enactment, amendment or repeal of any law, which the
37 department would take in response to the fixing of the total
amount of State appropriated funds to be available during the
39 fiscal year commencing on the following July 1 for the support
of all activities of the department at the following levels:

1 (1) An amount equal to 90% of the amount of such funds so
3 available during the fiscal year ended on the June 30 preceding
submission of the preliminary self-study;

5 (2) An amount equal to 95% of the amount of such funds so
available during the fiscal year ended on that preceding June 30;

7 (3) An amount equal to the same amount of such funds so
available during the fiscal year ended on that preceding June 30;

9 (4) An amount equal to 105% of the amount of such funds so
available during the fiscal year ended on that preceding June
30; and

11 (5) An amount equal to 110% of the amount of such funds so
13 available during the fiscal year ended on that preceding June
30. The statement shall include with respect to each such
15 action an assessment of the effect that taking such an action
could be expected to have on the mission and operations of the
17 department as a whole, on the activities and accomplishments of
each program for which the department or any of its
19 organizational subdivisions is responsible, and on the health,
safety and welfare of the citizens of the State.

Following receipt of a preliminary departmental self-study,
21 the joint committee may review the self-study and may request
that the commissioner of the department under study provide
23 for the inclusion in the self-study of any additional information,
or for clarification and amplification of information previously
25 submitted, as the committee deems appropriate. On a date
which the joint committee shall set, but not later than May 1 of
27 the first year of the departmental review period applicable to
the department under study, the commissioner of the
29 department shall submit to the joint committee a final
departmental self-study. The final departmental self-study
31 shall include information of the kind required to be included in
the preliminary self-study, current through December 31 of the
33 preceding calendar year. It shall also include any additional
information, clarification or amplification which the joint
35 committee may have requested.

1 6. Upon receipt of a final departmental self-study, the joint
3 committee shall review and evaluate the performance of the
5 department, including the performance of each of its
7 organizational subdivisions, in conducting and administering the
9 programs for which the department and its subdivisions are
11 responsible. The review and evaluation shall include, but shall
13 not be limited to, an assessment of each of the following:

15 a. The department's and subdivisions' effectiveness in
17 performing responsibilities assigned to them by law or assumed
19 by them as being necessary or incident to the accomplishment of
21 those statutory responsibilities;

23 b. The department's and subdivisions' operational efficiency
25 in performing their responsibilities;

27 c. The effect upon the economy and the environment of this
29 State, and upon the health, safety and welfare of the people of
31 the State, of the policies and programs of the department,
33 including regulatory policy and enforcement programs;

35 d. The extent to which the department has complied with
37 affirmative action requirements of the statutes and
39 constitutions of this State and of the United States;

41 e. The accessibility of the department and its subdivisions to
43 those members of the public whom its programs have been
45 established to serve, regulate or protect or who are otherwise
47 affected by those programs, and the responsiveness with which
49 the department and its subdivisions have handled the public's
51 complaints, suggestions, requests for action or information,
53 reports of criminal or other wrong-doing, and similar matters;
55 and

57 f. The department's conduct of such internal functions as
59 planning, information and records management, and resource
61 control.

63 7. a. Upon completion of its review and evaluation of a
65 department under section 6 of this act, the joint committee
67 shall prepare and, not later than August 1 of the second year of
69 the departmental review period applicable to that department,
71 transmit to the commissioner of the department a draft report
73 of the committee's findings pursuant to that review and
75 evaluation.

1 Such findings shall cover the following matters:

3 (1) The extent to which any explicit intent of the Legislature
5 expressed in connection with the establishment or authorization
7 of a subdivision or program of or in the department is or is not
9 being served or, where the Legislature has expressed no such
11 intent, the evident purpose of the subdivision or program and the
13 extent to which that purpose is or is not being served;

15 (2) The adequacy of departmental performance generally;

17 (3) Whether a reduction in the scope or degree of department
19 regulations would significantly endanger, and whether a
21 refinement of those regulations would better or more efficiently
23 protect, the public health, safety or welfare;

25 (4) The feasibility of delivering services, or otherwise
27 carrying out the activities which the department and its
29 organizational subdivisions are responsible for conducting, in a
31 more effective or more efficient way; and

33 (5) The existence of other programs within the department, in
35 another department or at another level of government with
37 objectives or operations which duplicate or conflict with those
of any program within the department.

 The draft report shall include with those findings detailed
recommendations, including recommendations for legislation as
necessary, with respect to the organization, operations,
programs, policies and budget of the department and its
organizational subdivisions. Such recommendations may include,
but shall not be limited to, recommendations that the
department, any organizational subdivision thereof or therein, or
any program conducted by the department or any of its
subdivisions, be terminated; that an organizational subdivision of
or in the department, or any program conducted by the
department or subdivision, be transferred within the department
or to another department; that the department reduce or expand
the scope or degree of its regulations, refine those regulations,
or adopt less restrictive regulations; or that the law be revised
to expand, narrow or clarify the statutory mandate of the
department or its organizational subdivisions with respect to the
programs for which it is responsible.

1 b. On or before the 60th day following the transmittal of the
 3 draft report to the commissioner, the commissioner shall return
 to the joint committee any comments he may have concerning
 the findings and recommendations contained therein.

5 c. The joint committee shall, on the basis of its draft report
 7 concerning a department and any comments concerning that
 report by the commissioner of the department, prepare a final
 9 report of its findings and recommendations concerning the
 department. Not later than November 15 preceding the
 11 conclusion of the departmental review period applicable to the
 department reviewed and evaluated, the joint committee shall
 13 transmit copies of the final report to the Legislature, the
 Governor and the commissioner of the department so reviewed
 and evaluated.

15 8. The joint committee shall make its review and evaluation
 of any department within a single legislative term in accordance
 17 with the following schedule:

19 a. During the legislative term beginning in January, 1990 and
 during the legislative terms beginning in January of each 10th
 year thereafter, the committee shall review and evaluate the
 21 Department of Community Affairs and the Department of
 Human Services.

23 b. During the legislative term beginning in January, 1992 and
 during the legislative terms beginning in January of each 10th
 25 year thereafter, the committee shall review and evaluate the
 Department of Education, the Department of Higher Education
 27 and the Department of Labor.

29 c. During the legislative term beginning in January, 1994 and
 during the legislative terms beginning in January of each 10th
 year thereafter, the committee shall review and evaluate the
 31 Department of Personnel, the Department of Environmental
 Protection and the Department of Transportation.

33 d. During the legislative term beginning in January, 1996 and
 during the legislative terms beginning in January of each 10th
 35 year thereafter, the committee shall review and evaluate the
 Department of ~~Personnel~~ ^{Banking}, the Department of ~~Environmental~~ ^{Commerce and Economic}
 37 ~~Protection~~ ^{Development} and the Department of ~~Transportation~~ ^{Insurance}.

1 e. During the legislative term beginning in January, 1998 and
2 during the legislative terms beginning in January of each 10th
3 year thereafter, the committee shall review and evaluate the
4 Department of Corrections, the Department of Law ^{and} Public
5 Safety and the Department of ~~the~~ Public Advocate.

6 9. The joint committee may from time to time in such
7 manner as it deems appropriate conduct a review and evaluation
8 of the conduct or administration, by or on behalf of any local
9 program unit, of any program supported wholly or in part by
10 State aid, without regard to whether or not the provisions of any
11 other section of this act otherwise provide for such a review and
12 evaluation. The review and evaluation may address any aspect
13 of such program, including the purpose of the program, the
14 source and amount of the revenue which is used to support it,
15 the allocation of moneys under the program, the effects of the
16 program on local program units which receive or benefit from
17 the transfer or expenditure of funds thereunder, and the
18 consistency of those effects with the laws, regulations and
19 public policy of the State.

20 10. During the legislative term beginning in January, 1998
21 and during the legislative terms beginning in January of each
22 10th year thereafter, the committee shall review and evaluate
23 the structure and operations of the Legislative branch of State
24 government, including the Senate and General Assembly, the
25 committees and commissions of the respective houses and
26 legislative staff and other officers and employees of the
27 Legislature. For the purposes of this review and evaluation, the
28 joint committee shall consist solely of the eight permanent
29 members thereof. The review and evaluation shall address all
30 institutional activities, rules and procedures of the Legislative
31 branch, but shall not otherwise consider the substance of
32 legislative policy, whether proposed or in effect. The joint
33 committee shall report any findings and conclusions, as it deems
34 appropriate, with respect to the contribution of legislative rules
35 and practices to the effectiveness and efficiency of the
36 Legislature's performance, including therewith any
37 recommendations.

1 self-study or produced by its own research, the joint committee
2 would review and evaluate the department's performance,
3 assessing the department's effectiveness, operational
4 efficiency, impact upon the State's economy and environment,
5 and self-management. A draft report of the committee's
6 findings concerning the department, together with any
7 recommendations for the termination, transfer or modification
8 of its subdivisions or their programs, would be forwarded to the
9 department for comment by August 1 of the second year of the
10 two-year period. A final version of the report would be issued
11 not later than November 15 of that year.

12 The bill also mandates the review once each decade of the
13 practices and rules of the Legislative branch and an assessment
14 of the contribution of those rules and practices to the
15 effectiveness and efficiency of legislative performance. No
16 temporary members would be included on the joint committee
17 for the purpose of this review.

18 The timing and manner of any review and evaluation of
19 particular State aid-supported programs would be subject to the
20 committee's discretion.

21

22

STATE GOVERNMENT

Legislature

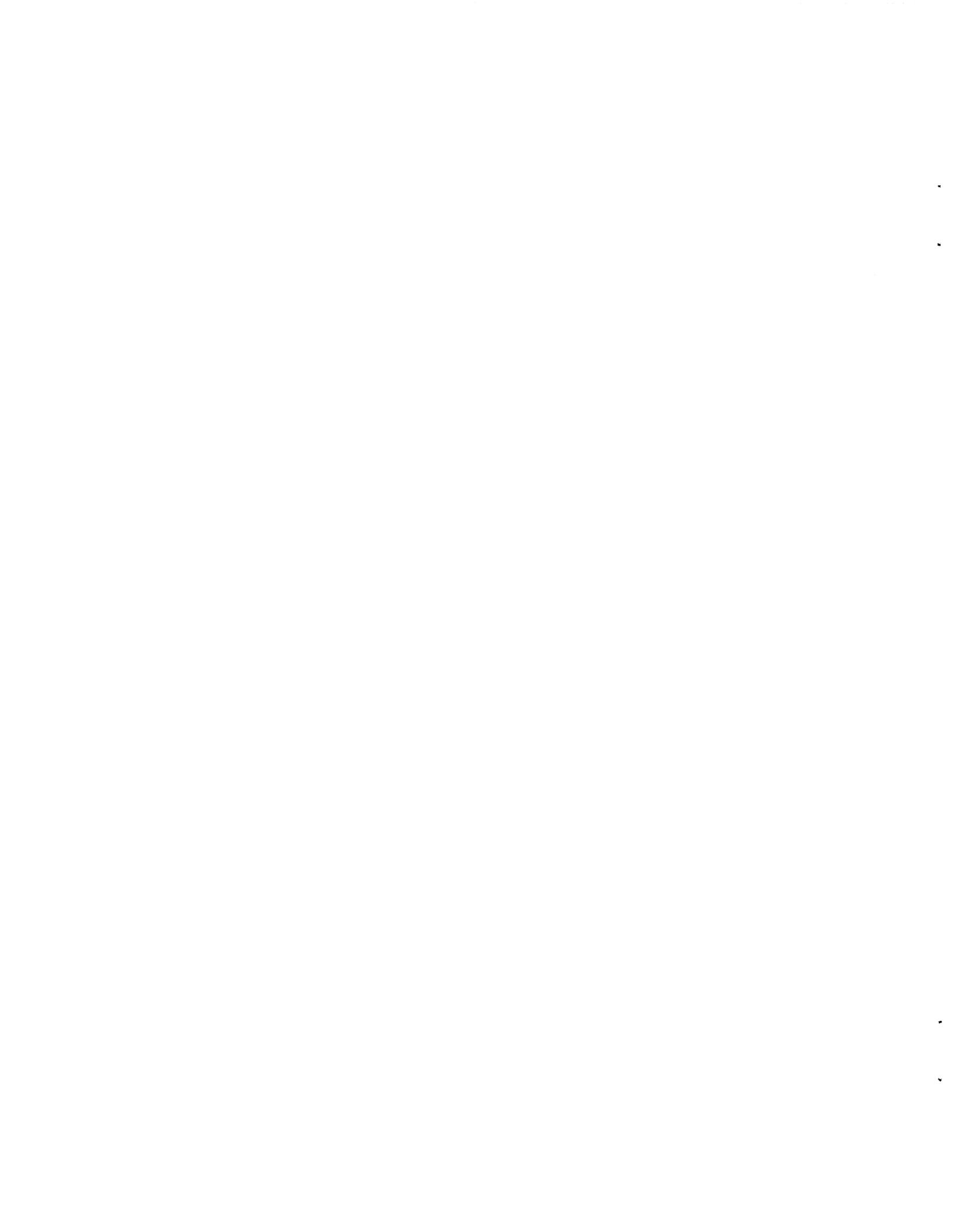
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25 Provides for review and evaluation of certain Executive
26 departments in State Government, of the Legislative branch of
27 State government and of State aid-supported programs.

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ASSEMBLYMAN ARTHUR R. ALBOHN (Chairman): Ladies and gentlemen, it is now 1:11 p.m. -- I almost thought it was a.m. -- and I think we should get started. We have a substantial number of speakers on A-1824. We are recording the testimony to be given today. It will be released eventually in the form of a transcript. We will take no action on the bill today, of course, but we'll reserve action until we have the transcript and all members of the Committee have had an opportunity to review it, and until we've received such other input as may be appropriate.

So at this time, I'd like to open the meeting to Assemblyman Franks, the prime sponsor of this legislation, and ask for his introduction and precis, or whatever kind of interpretation he would like to use. He's allocated ninety seconds. (laughter)

A S S E M B L Y M A N R O B E R T D. F R A N K S: Mr. Chairman, I thank you very much. I note therefore that you began the clock at precisely 1:00, and if I would have been in here in a timely way, I would have had considerably more time. I apologize for that.

Mr. Chairman, thank you very much for posting this bill for a public hearing today. All of us have witnessed a substantial growth in the scope of State government during the course of the past 20 years, not only in terms of the number of tax dollars that we collect from a variety of sources, but in terms of a growth in our employee work force, which we have hired to carry out the important programs that have been formulated by the Legislature and the Governor in an effort to improve the quality of life for our citizens.

One of the committees that has a principal responsibility in defining the size and scope of the State budget, and through that budget, the program priorities of the Legislature, is the Appropriations Committee. For nearly four years I served as a member of the Assembly Appropriations

Committee and as a member of the Joint Appropriations Committee, I can tell you from personal experience, that those Committees are, in my judgment, ill equipped to identify potential savings in State government.

As an institution, the Legislature lacks an appropriate vehicle to competently evaluate trends in the budget, and scrutinize the accountability of the various departments of State government. As a result, the Legislature too often is acting in a vacuum without a mechanism in place that can competently audit and monitor the relevancy of the existing programs.

The Legislature needs a new committee that will counterbalance the Appropriations Committee and concentrate on saving money, instead of spending it. And I believe that all important priority can be realized through creation of a Performance Review Committee.

I have therefore sponsored legislation, A-1824, to create a Joint Policy Program and Performance Review Committee, made up of members of both houses of the Legislature to periodically analyze and evaluate State agencies, the State Legislature, and certain State aid supported programs in terms of their effectiveness, efficiency, internal functioning, and impact on the State economy, environment, and welfare.

The recently completed report by the SLERP Commission of which I was a member, gave us plenty of suggestions for raising money through higher taxes, but it failed miserably in its additional mandate to recommend means of controlling expenditures. A legislative Performance Review Committee could retrieve that banner dropped by SLERP, and address the expenditure side of the State budget.

Through this Performance Review Committee, virtually all principal departments within the State government would be evaluated on a 10-year cycle, either two or three of them being analyzed during a particular two-year legislative term.

Evaluations by the joint committee would begin after an exhaustive self-study was undertaken by the specific departments under review.

Mr. Chairman, if we can better identify and promote productive programs, and phase out useless and outdated ones, it would result in smaller budget increases, fewer new taxes, and better overall service delivery for the citizens of New Jersey.

With a State budget that has doubled over the past six years, and now approaches \$12 billion annually, we desperately need to institutionalize an oversight committee whose sole purpose is to conserve and account for taxpayers' hard earned dollars.

Throughout the past 40 years, the bureaucracy that we have built has rarely been analyzed in terms of its productivity and efficiency, but merely has been added upon without any consideration or little, of cost, burden, or duplication. I analogize, Mr. Chairman, the growth in the State budget to the construction of the great pyramids four thousand years ago in Egypt, where each term in the Legislature seems to add a new level on top of the existing pyramid. And as a member of the Appropriation Committee, you sit and review the document presented by the Chief Executive, be it Republican or Democrat, and the Governor focuses on two or three new priority spending programs, be it an effort to combat child abuse, to clean the ocean, to clean up toxic waste dumps and the focus disproportionately, in terms of the negotiations and focus of the Appropriations Committee, are on those two or three sexy, new, priority spending programs that are new to that particular year's budget.

Very little attention, if any, is focused on the base of the pyramid, that base which we constructed 30 and 40 years ago and hundreds of programs that are still consuming our hard

earned tax dollars. There is little by way of effort to evaluate their continuing role in 1990 New Jersey.

I believe that we need to have an institutional mechanism available to us, that allows us to not simply concentrate at the top of the pyramid, but get down and analyze the base of that pyramid -- to look for ways that we can consolidate and streamline existing programs that have outlived their usefulness, and to identify particular programs in departments that are doing an excellent job, and could further improve the quality of life for New Jerseyans if they had more by the way of additional financial resources.

I believe that this process of the departmental self-study and the thorough examination of that self-study document that would be undertaken by this joint committee, would allow us both to phase out outmoded programs and to identify those areas where we would recommend to the Appropriations Committee that an additional expenditure of revenues would be in the public's interest.

A classic example of a good idea gone awry was in July of 1986 when the Medically Needy Program spent more than six million dollars in administrative costs in order to distribute \$450,000 in benefits, before the full extent of that inefficiency was revealed in February of 1987.

Although, Mr. Chairman, I would claim that this is an extreme example, it's the type of misdirection of funds that I would hope that we could avoid by virtue of creating the Performance Evaluation and Review Committee, because the lessons that we could learn during one cycle of review that would focus on a particular department could be shared with the other departments of State government who may not come under a review cycle for four or five years.

There is no need to conduct these reviews in a vacuum. We should indeed share results of the findings of this joint committee with the standing committees of the Legislature

in both houses that have jurisdiction over that particular department, and to the Appropriations Committee that a particular program should be scrutinized more carefully when that budget is reviewed by Appropriations Committees within each house in the following fiscal year.

We have examined similar programs to this one in some 23 other states that have incorporated what we believe are the best characteristics of each one of them into A-1824. While it's difficult to calculate the monetary benefits of such a program, the State of Utah recently told us that it has saved \$10 for every dollar it has invested in program review.

I would be delighted if we could achieve similar results in New Jersey. Over an extended period of time any program can become outdated or lose its relevancy. I believe it's time to evaluate programs we have developed over the past several decades to determine whether they are still serving an inherently useful purpose in the most efficient manner.

I want to thank you, Mr. Chairman, for bringing this issue before this Committee today. I'd like to indicate that I've had discussions with a number of representatives from New Jersey Business and Industry Association, New Jersey AFL-CIO, the State Chamber of Commerce, the National Federation of Independent Businesses, and the Public Affairs Research Group, all of whom have had positive things to say about this particular program initiative, and I would rather the Committee have the opportunity to hear from those sources directly.

Mr. Chairman, just one last personal note as I put my prepared remarks away. Some of us have said repeatedly we would like to be faced with an option other than increasing taxes when there is a shortfall in the budget. Are we really able to have the best of all worlds?

We're able to do that because we professed a willingness to cut the budget on the one hand, and don't have enough information as to how prudently to accomplish that goal on the other, and therefore can say, if we had adequate information, we would just as soon reduce budget expenditures in areas that would not be injurious to the delivery of important services. But we simply don't have the information, so we have to fall back on the time-honored option of increasing taxes.

By creation of this Committee, Mr. Chairman, I think it would represent a significant step to putting us in a place where I'd like to be, which is able to make the tough choices that face us as a Legislature in the coming years from an intelligent vantage point with adequate information to make the tough calls. Today, we don't have that option available to us, and I think we suffer from the lack of it.

So, I would hope that the Committee will, after hearing all of the remarks today at the public hearing, be willing to focus on this as one of your many important initiatives that I know this Committee faces.

Mr. Chairman, thank you very much.

ASSEMBLYMAN ALBOHN: Thank you very much, especially for your initiative in preparing this legislation which in my reading of it is extraordinarily well-drafted and says a lot of the things that need to be said about State government.

I have a few problems with it however, and a few questions that I would like to pose to you perhaps before we continue with some of the other testimony.

ASSEMBLYMAN FRANKS: Mr. Chairman, I've never known you to look at a bill you couldn't find a way to improve.

ASSEMBLYMAN ALBOHN: Well, sometimes the solution is not to pass the bill. But in this case, I don't plan on that kind of a solution.

I think first of all much of what has been outlined in the bill is the sort of thing that I would have assumed that the Appropriations Committee would do, and you touched upon that. But in view of the fact that the Appropriations Committee meets almost daily during the week for several months in the spring, and admittedly in view of the fact that it's covering all 21 of the State's branches, that seems as though-- And in view of the size of the Committee -- what 21 members, or something like that? -- I just am surprised that the Appropriations Committee has not been able to do more along the lines of what you suggest in your legislation.

I get the feeling, with no disrespect to the Appropriations Committee, that they hear endless testimony on the value of all these programs, and then have a rubber stamp to mark it "approved," because I have never yet seen any major change in a State budget after it has gone through the Appropriations Committee; not in sum anyway, maybe there is some shifts within it.

Do you think this committee is going to be able to do a better job than the Appropriations Committee in sifting out the weed from the chaff?

ASSEMBLYMAN FRANKS: I do, Mr. Chairman, for two reasons: Number one, the limited scope of the number of departments under review at any one time. As you indicate, the State budget incorporates the annual budget for each of 20 executive departments, the State Legislature, the Office of the Governor, all types of entities that rely on the State tax dollars for their operation.

The review cycles called for under this particular bill, limit their scope of review to two or three departments -- or at the option of the joint committee, perhaps to just one department over a two-year period. It creates an environment in which you can dispassionately discuss the interworkings of

the programs within a particular department with a view towards giving them the type of scrutiny that I think our taxpayers probably assume the Appropriations Committee already attaches to a budget review cycle.

But unfortunately, even though the Appropriations Committee meets more often than any other committee, at least during those months that they are reviewing the submission by the executive, it's extraordinary that any cabinet officer -- and I see that my friend Gerry Silliphant's here -- it's unusual to see a cabinet officer from my days on the Committee spend more than parts of two or three days before the Committee. And that's a long time. It's extraordinary that you see them there that long.

And, when it's a particular department, notably Human Services, or the DEP, 80% -- 60% to 80% of the questions -- seem to be concerning a particular element of those departments. You don't have a comprehensive review of the billions, with a "B," tax dollars being consumed by these departments. You don't have the opportunity to pursue a level of questioning over a long enough period of time to flush out those details and get answers to some of those important questions.

It can be done in writing. OLS does a wonderful job trying to compel the departments to be forthcoming with information. But you're working under a time constraint. There is a date upon which we need to ratify the budget as per the Constitution, and you're going to ratify the budget by that point in time, whether you've got all your data available to you, or not. The gun is to your head on the Appropriations Committee; you can't afford to look at the whole State budget. You can only look for broad areas where you want to have as a Committee, some impact on massaging the recommended budget from the executive.

We do a pretty good job with that. But it bears no relationship, very little anyway, to the functions that I envision being performed by this joint committee.

ASSEMBLYMAN ALBOHN: Okay, I can see your point and that you're under the gun. You do have a time line. And, whereas under this bill there would be no time line other than sort of a general one of accommodating two or three agencies within any given legislative time.

You mention a comprehensive and exhaustive self-study by each department in preparation for each of these hearings. Now, I wonder what you really expect from that comprehensive self-study? What I would expect is a comprehensive sales pitch on how much good they're doing with all these programs and how what they really need is more money to do the job right, and I'm wondering how you would, you know-- It's a self-study. I'm not sure what function it would serve perhaps, other than to indicate how much of an empire builder a given department is. Maybe you have some other thoughts beyond that?

ASSEMBLYMAN FRANKS: Mr. Chairman, your cynicism becomes you.

ASSEMBLYMAN ALBOHN: I've been around here too long.

ASSEMBLYMAN FRANKS: Several points raised in the self-study requirement will not allow the department to simply use this as an opportunity to strut their stuff before this joint committee. Some of these are pretty empirical questions, and some of them will require the departments to prioritize their programing. I have always wanted to ask, particularly DEP and the Department of Human Services, of their 130 odd programs supported by the Department of Human Services, all types and varieties, what is the very most important program that you administer that contributes the public welfare, the quality of life in our State? What's 115th on the list?

Every time I tried to ask that, they say, well they're all very, very important. And then when I ask, if we had five million more dollars, which programs would be the recipient of

that money and why, and if we had an economic downturn next year and we couldn't give you funding at 100% the level we gave it to you last year and there was a five percent reduction, how would you spend that reduced budget?

I can't get those answers. But the self-study asks those questions. And it asks them pretty specifically. I asked them for a statement of the objectives described in the statute, because these bureaucracies within the executive departments are acting out the will of the Legislature and the Governor, and these statutes: To create new programs, define in most cases, objectives.

I asked them to describe how the current operation of those programs meets the objectives in the law that was developed by the Legislature and signed into law by the Governor? Specifically, how are you meeting the objectives that we defined?

Secondly, I asked them for -- and this is where they could sell us some, admittedly -- I asked them for the description of the contribution of the program to the furtherance of the broad objectives of the department and clearly they could spin that question to their own benefit.

Another question that I asked them though, that I think would be telling, is to ask them specifically what actions would be taken if State appropriations for the next fiscal year were 90%, 95%, 105%, or 110% of the current total. What would they do with more money and what would they do with less money as it related to the conduct of those programs under their department's jurisdiction?

I want to know those answers, and if they were trying to sell us that 90% or 95% of funding for the fiscal year would do irreparable harm to the public's good, this would be their opportunity to spell out for us the irreparable harm to the public welfare.

If on the other hand we have a burgeoning State economy with growth and revenues, what would they do with 105% of the money that they have? Because every year, Mr. Chairman, you pointed out the State budget grows. It doesn't seem to shrink. It grows. We spend more money each successive year.

Asking the question what they would do with 105% and 110% of the monies we gave them last year, allows us to weigh, along with the department, the competing priorities for that new and additional money. Where could that new money make the greatest impact, not simply spread equally in some manner throughout the levels of bureaucracy within the department?

It's essential here, Mr. Chairman, to point out that this is a departmental self-study. We will never get the answers we're looking for if we try to impose our will on the bureaucracy. It needs to be a cooperative effort where we're asking the people who know these programs best which are the State employees who carry these programs out and the higher echelons of these departments; the appointees of a given administration who are there to answer to us and to the executive for the conduct of the operations of their committee (sic).

We need the input and the work product of the people within the departments. We cannot impose our will on them. Our reforms would be short-lived at best if we don't make this a cooperative self-study by the department and a review of that self-study by the members of the joint committee.

ASSEMBLYMAN ALBOHN: I accept everything you say. One of the things that sort of worries me is that in ranking situations in local government as well as in other levels I guess, when you are forced to cut budgets, the usual approach appears to be to cut that area that will make the most noise and hence cause its reinstatement. So, you know, I think again I would hope that the members of this committee, if it should eventually be constituted, would keep some things like that in mind.

I always say, when you have a solution offered to a problem, you should consider it as being a big rock, and then lift up that rock and see what's crawling around underneath it because too often there are some worms down there that no one really wants to see.

ASSEMBLYMAN FRANKS: Mr. Chairman, let me just respond to that. Often local government officials are left little option when those who within the bureaucracy formulate the budget, recommend cuts in the most essential and human of all services. There is often little by way of an alternate means to acquire enough information about the total program of the governmental unit to make a more intelligent choice.

Hopefully, this process will develop information whereby the Legislature can make a more intelligent choice than simply buying into the answer that's been framed by the bureaucracy who has among its principal mode is to continue working in the same direction it has historically.

By virtue of developing additional information, perhaps we can identify cuts that will not take a substantial toll in terms of the human services that people have come to expect from State government.

ASSEMBLYMAN ALBOHN: As one last comment, I'd like to then open to questions from my colleagues if they have any. I lost the comment someplace. So go ahead, let's-- Doc Colburn, or Assemblyman Gill?

ASSEMBLYMAN GILL: I have a question dealing with rights. All the bill provides for the joint committee to be able to call to its assistance and avail itself of the services of employees of any State, county, or municipal agency. I don't see that there are any appropriations provided for in the bill. Any reason for a lack of including the appropriations or denouncing the bill?

ASSEMBLYMAN FRANKS: Mr. Gill, I would envision that this committee would need to be staffed by OLS personnel on a

full-time basis. How many persons, is truly something that's difficult to put a fix on at this point in time. I know Mr. Silliphant has prepared -- I have yet to see the contents of it-- But I know that Gerry has prepared a fiscal note in terms of what his best judgment is in terms of the full staffing requirement that could make this committee operate in its maximum efficient manner.

Dave Kehler's here and he, I know, has looked at similar programs in other states. And there is a wide range. So, I think what we need to do is fix on the appropriate level of staffing. I'd be happy to carry an appropriation along with this bill to implement it. It would be irresponsible at best to call for the creation of this entity and not allow it to have the professional and competent staff dedicated to the mission of carrying it out.

But I didn't-- I asked for a fiscal note. And I know that Dave's got some comments about the level of staffing that might be appropriate. I would urge the Committee, and I would be delighted to proffer an additional amendment to the bill that would call for an appropriation.

ASSEMBLYMAN GILL: Well, my other concern is something that is-- Would this committee be just another committee which issues a report, and that report would end up in the files of the library to collect dust as so many other reports do? Or can this really have guts and do what it's supposed to do?

ASSEMBLYMAN FRANKS: I think the latter. I think the latter, and I'll tell you why. Because it's not just-- I would hope that while it's a cooperative relationship that we would develop with the department during that self-study period where they were coming up with all the information that the bill I think very carefully asks them to develop, for presentation to the joint committee.

I would think that committees (sic) that were on the list for next year would watch very carefully the deliberations

of this committee, knowing: "Next year, we're going to have to sit there. They're going to ask us these tough questions. We'd better put our house in order now to begin to accommodate the wishes that are going to be evident this year that are obviously going to be asked of us next year."

I think it can have a very positive ripple effect throughout the agencies of State government and can in fact change the behavior of those departments, and I might add, of the Legislature, because the Legislature as an institution has been added to one of the review cycles. That will cause us to have a ripple effect throughout the bureaucracy to accommodate better business principles and a smarter management technique other than might currently be the case.

I'm going to give the benefit of the doubt. I'm going to assume that these self-studies are already in practice in most executive departments. They spend billions of dollars. I hope they ask themselves these questions today. If they don't, I think they should. And if they don't and we enact this bill, I think they will. So I think there is a public good to be identified simply in that exercise.

ASSEMBLYMAN GILL: In theory, I commend you for responsibility of the bill. I think it's a good bill. I think it warrants consideration. It's well-drafted.

ASSEMBLYMAN FRANKS: Thank you.

ASSEMBLYMAN ALBOHN: Thank you very much. Dr. Colburn, do you have anything?

ASSEMBLYMAN COLBURN: Not right now.

ASSEMBLYMAN ALBOHN: I think then we will thank you Mr. Franks, and we will proceed with the rest of the speakers. I note that we have approximately 80 minutes left to this session, excluding a break for our transcriber, and we have about eight speakers. So that would allow approximately 10 minutes per speaker, including questions.

However, our aide has advised me that we will be able to keep the record open for written testimony until November 1. So anyone who feels that he is short-changed in time and cannot condense his presentation into 10 minutes or a little bit less, should feel welcome to submit whatever he wants in the way of detailed written testimony to Mr. Darby Cannon. So with that, I'd like to ask Mr. David Kehler, President of the Public Affairs Research Institute of New Jersey to be our next witness.

D A V I D K E H L E R: Mr. Chairman, members of the Committee, thank you very much for providing me with an opportunity to speak on this bill. My name is Dave Kehler, I'm President of Public Affairs Research Institute of New Jersey, an organization formerly known as the New Jersey Taxpayers Association, and it's my pleasure to speak in favor of this concept in this bill.

The notion of a joint legislative committee to conduct program performance reviews is a mainstream idea. I've had the opportunity to work in a number of other states doing the sort of work that I'm doing here, analyzing government programs. I've had an opportunity to work directly with people who are involved in such joint committees.

There are entities of this sort in more than 20 states, and the work that they do at least in the states that I have worked, has been among the most outstanding analytical work, the most fruitful source of information for legislators in conducting their duties as evaluators of budget proposals that one might find anyplace.

The sorts of things that we're talking about here I believe are sources of information that would enrich the legislative process by which decisions are made on expenditure items; that this Committee contemplates creating a new and stronger source of systematized information for you, to be at your disposal on important decisions that you have to make on allocating public sources.

Rather than perceiving this as a new bureaucracy, or something that might interfere with the conduct of committee activities within the Legislature, I would encourage you to look at this in the manner in which it operates in almost half of the other states of the country, which is as a specialized and excellent source of information on targeted programs.

The kinds of information generated here is similar-- The kinds of information generated by this entity in New York is similar to what Assemblyman Franks' bill contemplates.

There is another outstanding example in Pennsylvania, with the Pennsylvania Legislative Budget and Finance Committee. And for those on this Committee considering this bill, if you'd like to explore the way in which a Joint Program Review Committee interacts with the structure of existing committees, I can provide you with names and phone numbers, on a state-by-state basis.

And perhaps Mr. Cannon would do some research if you're interested on following up on that, to see specifically how they interact. So, that might satisfy your curiosity about whether this is a duplicative or overlapping legislative bureaucracy.

I'd like to make a comment about the legislative management self-study concept embodied in this. This is a new thrust in state legislatures across the country. And now six legislatures have joint committees analyzing various aspects of legislative management. Those states include Connecticut, Florida, Rhode Island, Utah, Wisconsin, and Wyoming. A couple of those states, Florida, Connecticut, and Wisconsin are notable for the development of new legislative practices and innovations within their legislature.

A final comment if I may, about the key aspect of this which I regard the self-study notion to be. This again is a mainstream idea, and I'd like to point to some successful

examples in the past and other places, and one example now in New Jersey local government that I would commend to your consideration.

In the Kennedy Administration in the Department of Defense, this notion of a departmental self-study, arraying options and specifying, was implemented, and an excellent analytical piece was done subsequent to that, documenting its success, published by the Brookings Institute, and written by the noted Democratic economist, Charles Schultz.

In Pennsylvania, in the Shafer Administration from 1967 to 1971, this departmental self-study method was instituted and carried out very vigorously. In the subsequent administration, the Shapp Administration in which I was an official, it was dropped. And it was dropped frankly because of a lack of legislative interest in that process.

What Assemblyman Franks has done is put the impetus for that sort of self-study here in the Legislature to insure that it will receive the kind of consideration something like this deserves.

My final example is something that's been done currently this budget year in the town of Morristown, in a project that I conducted at the behest of Mayor Dave Manahan, and working with the Council as well. We instituted this self-study practice where each of the agencies did a step by step analytical process very very similar to what Assemblyman Franks' bill contemplates. It was extraordinarily successful, and if you would like to follow up on that, I could put you in touch with people in the Morristown town government who could speak to how practical and effective that actually is.

My time is limited. It's a pleasure to speak on behalf of what I regard as some of the best kinds of thinking that we need in State government; and that's the thinking about how we can be more analytical -- to spend our money smarter. Thank you very much Mr. Chairman, and I'd be happy to answer any questions you might have.

ASSEMBLYMAN ALBOHN: Thank you very much Mr. Kehler. Do any members of the Committee or staff have any questions for Mr. Kehler at this time?

ASSEMBLYMAN COLBURN: I assume that when you evaluate these departmental functions you have to use some pretty sophisticated staff and personnel to come up with appropriate statistics, don't you?

MR. KEHLER: Some of the work is statistical in nature.

ASSEMBLYMAN COLBURN: Does it come to hiring consulting firms for example?

MR. KEHLER: That's not typically done.

ASSEMBLYMAN COLBURN: It is not?

MR. KEHLER: No.

ASSEMBLYMAN COLBURN: Okay.

MR. KEHLER: It's not typically done. Assemblyman Franks asked me to speak something to the staffing requirements though. The 20 or so -- 25 joint committees that operate in the other states vary somewhat in the scope of their activities. Some of them have broader charges than are contemplated by this legislation and have larger bureaucracies, independent computer systems, and so on.

Others though, are focused groups. Perhaps a dozen to twenty staff members who have various backgrounds and are extremely knowledgeable. There is no question about it.

The quality of the staff for an activity like this is a key factor in the success of such a venture. I've had the opportunity to work personally with a number of people in many states working for these entities, and they're typically quite good. It's the kind of job that attracts the bright person to State government.

ASSEMBLYMAN ALBOHN: Thank you very much, sir. We will most likely be in touch with you again.

MR. KEHLER: I'd be pleased to provide background information on any points that I made today and others that I simply couldn't work in because of time considerations.

ASSEMBLYMAN ALBOHN: Thank you very much. Our next witness will be a member of the Legislature, Senator Matthew Feldman. Pleased to have you with us, Matty.

SENATOR MATTHEW FELDMAN: Thank you Mr. Chairman, and good afternoon. I offer no technical input into this bill such as the input which all of us just heard, but I offer you enthusiasm and verve for Assembly Bill 1824, sponsored by Assemblyman Franks.

When he advised me originally of his intent of authoring this bill and putting it before the Committee and the Legislature, I was very enthused because to me it's synonymous and akin to government under glass.

When Mayor Koch asked, "How am I doing?" that's what we're doing with this bill. How are we doing, we the Legislature? How are the programs doing in New Jersey that we supported? How are the departments doing? It's self-evaluation, and it's good.

It's good legislation. I just offer you my wholehearted endorsement of the bill, and I'm anxiously awaiting it reaching the floor of the State Senate. Thank you.

ASSEMBLYMAN ALBOHN: Thank you very much. It's nice to know that we have bicameral support in this effort. Our next speaker will be related to the next previous speaker; Mr. Frank Haines, father of the Public Affairs Research Institute in its prior life as the New Jersey Taxpayers Association. I don't know if you were the father of it, or one of the uncles?

FRANK HAINES: Thank you Mr. Chairman, members of the Committee. My name is Frank Haines, I'm a resident and taxpayer of Ewing Township. Today I'm speaking as a private citizen with no affiliation with any organization in relation

to this measure. I want to point out that I have no connection with the organization that Mr. Kehler represents which has evolved from the organization which employed me for nearly 35 years.

I will admit that the views I express today are on long observation and participation in the process, the New Jersey legislative process when I was an employee for the New Jersey Taxpayers Association which was the predecessor of the Public Affairs Research Organization.

I find myself in an extremely awkward position since I don't come to endorse this bill. I cannot help think that if I were confronted with this measure when I first came to New Jersey, what would be my position, because I was fairly young and I guess somewhat idealistic in terms of the political process and so on.

But I would say that if I had been -- almost forty years ago if I'm looking at this, I would say without hesitation, theoretically, idealistically you'd have to be for it. And I certainly would have been.

However, as I look at it today after having watched about, well now about 38 years of legislative history in New Jersey and trying to look at it pragmatically, from what I've seen in the Legislature, can this be made to work? I have serious doubts whether it can be made to work, although conceptually it appears very sound. That's almost like motherhood and apple pie concept: How can you be against anything like this?

And then I ask myself, why is it necessary, and what will it take to make it work? I agree with the need, but I am not sure that I can agree with the structure and the procedure. Why? Well first it creates an additional legislative committee. I've seen a lot of committees come and go in the last couple of years. The Legislature had added

additional committees to its work load. I wouldn't challenge any of those actions because they've organized to put concentration on areas of significant need in New Jersey.

But while doing that, they have separated the only joint committee which people felt was the approach to the committee process in New Jersey -- committees in both houses working jointly -- and that committee which was separated, whatever the reasons, was the committee looking at fiscal policy, spending, all of those things; the Appropriations Committee.

And so I say maybe what should be done first is to look at the Legislature and evaluate the legislative organization and so on, and see what is needed to make it work better.

There have been studies of the Legislature, and how many of them have been utilized in making changes? Many of them have, and I will be the first one to admit that there have been tremendous improvements in the legislative process in New Jersey in my time here.

It means extensive additional work on the part of both the executive and legislative branches. And as you've indicated earlier, I think the first thing that's needed is a sound fiscal note; use the existing law and find out just what the concept is and what is involved.

Does this mean changing the direction of existing staff in the Legislature? Does it mean new staff? And is there going to be wholehearted support of this process and this concept?

When I read the bill which was only last night, a lot of the language sounded very familiar, and that's been pointed out by the sponsor today -- the matter of looking at cost impact if you had less than your budget in different stages.

I think this is just part of the existing budget process in the executive branch. What I'm saying I guess is

that much of this material already exists and is part of the executive branch, particularly OMB's -- review process.

I question, going back beyond 10 years, the value of spending time on a lot of that, but, looking, more in terms of recent developments-- That's not too significant. That can be looked at.

But, as has been recounted here, to me this is a logical part of the budget review process. Now, I hasten to observe that I have some concern about the nature of that process, in recent years. I can go back to the beginning, the creation of the Legislative Budget and Fiscal Office and what it was doing and how they did it. I have tried to maintain my observations of the Appropriations Committee process, no longer joint, since I retired at the end of 1985. And I have great concern that the legislative members of the committees are not utilizing the excellent material which the OLS staff is providing for them. I see use of some of the questions, but I see not much indication of follow-up and understanding of implications, and using the policy alternatives for action. This is, again, what is involved in this measure for you today.

I seem to recall, and it's been pointed out today by some, that this seems to be something that New Jersey has never done -- program review. I think you'll find on some of the shelves in the library, if not legislative shelves, some very comprehensive program review by the staff of the Legislature. And I say, what happened to the legislative policy which did away with that process?

So, I can't oppose it because it was done. I question why the changes were made and why it wasn't continued? And that gets me to the point really, I think, of the Legislature's priorities.

Initially, when I first read this I said, "Oh, this is sunset legislation." But it doesn't carry the rigid expiration of legislation that sunset legislation has in the states. And

Initially, when I first read this I said, "Oh, this is sunset legislation." But it doesn't carry the rigid expiration of legislation that sunset legislation has in the states. And I have to say that I think it's to the credit of the New Jersey Legislature that it never embarked on sunset legislation in this State. I think they recognize that they didn't have the staff, or take additional staff, and it would take a lot more legislative time if they were going to do that. Not that the concept is bad.

But, again it means what are the Legislature's priorities in relation to oversight? How are legislators and the leaders going to allocate their time in terms of their priorities of time available to do the legislative job, and do it the way they think it should be done?

Now, I know somebody's going to say, "Well, you're pushing here for a full-time Legislature so all these things can get done that ought to be done." And, I say no, not in the least. But, your Legislature will have to make, and legislators will have to make that decision if they're going to add a major process to the existing procedures in committee techniques here.

I would like to say that I don't know why this sponsor stopped with 14 departments. I don't find Treasury in there. This is the management arm of many of the major functions of the State government, including pensions. It is distributing aid on legislative formulas in significant dollar amounts through the Property Tax Relief Fund, and even though it's related to other agencies in various ways, it would seem to me that Treasury would be one of the top priorities.

I'm not trying to pick on Treasury; because this is the basic budget, tax, purchasing, contracting, pensions, the whole basic almost guts, of the management of State government. Why omit the smaller agencies, just because they're small? Look at their growth and you'll find significant growth, even though several of them are self-supporting.

And why not include the judiciary? Look at the growth of the judicial branch. They're not untouchable. You decide their budgets. You have discretion over them. Just some fundamental questions.

Now before I close, again I would like to suggest maybe you might find some-- You'll at least find some experience by looking at what's happened in history on previous efforts to create commissions or committees to look at efficiency and economy. Because fundamentally, I think that's what this gets to.

Probably none of you remember the Hillery Commission back in the '50s and '60s. It was New Jersey's "Little Hoover Commission," or it was supposed to be. But nothing significant ever happened because the legislative branches were divided as they are now, and they could not get together and decide how they wanted to proceed. And there happened to be public members. And the public members, as is frequently the case, were the ones with the Chairman, that kept the Commission going and the few things that it did.

How about the Commission on Efficiency and Economy in State Government which many of you will recall was created in 1976 as part of the tax reform package? Ten legislators and public members. If you look at the experience of that Commission, it wasn't good, and I won't relate its history. I can recall rather succinctly what happened. But that was part of a package which was essential to get the votes for the income tax.

And what about GMIP? Gee, the ink is hardly dry on that stack of studies which business financed to the tune of several million dollars, out of their treasuries which I assume got back in some way to the cost of goods and services. Very fine recommendations and suggestions. What did the Legislature do with that? And what has happened to those things?

So, I say, I'm talking about history and what was done in the past and what didn't succeed. I'm not saying you can't change and do better today. I would hope you could. But, it's a question of legislative time, and what are legislators prepared to spend their time on?

If you're determined to proceed with this process, which as I say, is highly desirable in some form, through some committee, as I say, I think it ought to be done by the Appropriations Committee. Do it on a trial basis. Don't set forth a schedule for 10 years which you don't know whether the thing will work or not. Just pick out the top priority departments and set the schedule to do it with them. If it succeeds, then go ahead and legislate further on it.

I don't look for a drastic change in legislators' habits overnight. That's why I'm not optimistic that you can pull this off in a hurry. But I say, if you did it in all your wisdom, in consideration of the experience of history, more credit to you. But, I hope you would learn from past record and modify -- do your best to modify that past record and pull it off. Thank you.

ASSEMBLYMAN ALBOHN: Thank you very much Frank. I think you've added a lot of perspective for a lot of us. I was thinking back, not quite as far back as the Hillery Commission, but certainly as far back as eight years ago, and the Governor's Management and Improvement Plan. This is one time I guess, earlier I made some gibes at the administrative branch, and perhaps this is the time to make some at the legislative branch because, in spite of all these things, the Legislature persists at virtually every session in creating new projects and new programs for existing agencies or occasionally creating a new agency. But I have a solution to that. It's my bill to limit bills, which unfortunately has not proceeded very far either.

So, maybe that would be one of the first progressive steps that the Legislature can take, to limit the number of bills any one legislator can introduce. I think that would perhaps solve a lot of the problem because after all, if we have twenty huge bureaucracies out there, we created them so the fault doesn't lie only with an agency which may seek to perpetuate its existence and expand its authority. But it belongs with the Legislature which has caused that to happen; and allows it to happen; and even encourages it to happen.

So, again I thank you, and without taking too much time, I don't know if any members of the Committee have any questions for Mr. Haines? (negative response) If not we'll move on to our next speaker.

MR. HAINES: Thank you very much for your courtesy, sir.

ASSEMBLYMAN ALBOHN: Thanks very much, Frank. The next speaker will be from the New Jersey State Chamber of Commerce, Mr. Jim Morford, Vice President.

J A M E S C. M O R F O R D: Mr. Chairman, members of the Assembly Government Efficiency and Oversight Committee, I am Jim Morford, Vice President, New Jersey State Chamber of Commerce. Thank you for the opportunity to speak to you today with respect to S-18, I'm sorry. Bob, your number, I gave you a Senate bill; Assembly Bill 1824.

First let me say that I have also tremendous respect for Frank Haines and his thoughtful analysis just a few moments ago; very thought provoking. I also have a great deal of respect for the sponsor of this legislation, Bob Franks, who certainly has established a record of his dedication to reform, and to bring about reforms in our government processes, certainly with the SCORE Commission that resulted from legislation that he addressed and sponsored. We hope those findings will be considered by the Legislature very, very soon.

Assembly Bill 1824 brings a sharper focus though, to the process with an eye toward a greater and a heightened sense of accountability. To that extent we are in support of this legislation. This is increasingly asked: What are we getting for the tax dollars we invest in New Jersey? And there seems to be fewer and fewer ways of finding out the answers. Perhaps in partnership with the Legislature in this kind of legislation, we can in an ongoing process take that keener, that sharper, that focused look at how our government is operating; not just the executive departments, but the Legislature itself. I commend Assemblyman Franks for focusing on both.

This does seem to me to be perhaps the next logical step of evolving after the most recent exercise in that regard with respect to the executive departments, GMIP. Going back to the beginning of the administration-- After those reports were accepted and various pieces either incorporated or ignored, we haven't heard anything much more about that. There was an attempt to do that same type of service to local government. It was doing very well, then it ran up against the internal bureaucracies within the Department of Community Affairs, and that program got buried. So there is hope, perhaps with this legislation again, to bring that focus.

Certainly the purpose is set forth in the legislation: That the legislative and executive branches of government bear a joint and ongoing responsibility for ensuring that the implementation of public policy is conducted effectively and efficiently and that both the regulation of private behavior, and the expenditure of public monies, continue to be justified by actual benefits flowing therefrom.

These are important policy considerations. But it raises the concern with us that there is one area that this legislation could address -- it would be extremely valuable to

the public interest if it did address -- and that is with respect to the independent authorities and commissions, that the Legislature and the Governor create.

Increasingly, the Legislature and the Governor pass off major responsibilities for either the creation or implementation, or management of public policy to independent authorities and commissions. There is virtually no accountability, no oversight of these activities. Just a very few come to mind, and not with any sense of criticism about the conduct of these authorities and commissions: The Economic Development Authority, New Jersey Transit, New Jersey Highway Authority, Sports and Exposition Authority, the bistate Port Authority of New York and New Jersey, the bistate Joint Toll Bridge Commission, the multistate Delaware River Basin Commission, the State Planning Commission, and the proposed Coastal Commission, all of which operate with a great deal of autonomy as do many, many other such commissions.

We are very, very deeply concerned that these bodies exercise such control over our citizens and the way life, private and commercial, is conducted in the State. There must be some mechanism, and this we looked at as a ray of hope providing us with perhaps opportunity if this is specifically added to the legislation to help the Legislature focus.

You don't necessarily have to have a club that's going to force somebody to do some particular action that becomes oversight, that becomes a constitutional question. Sometimes the exposure of light, the public awareness of how a commission can act, what its authorities are, how it has expanded, is enough to bring about some change, with a focus that can generate some change.

We too are concerned that not all of the departments are included. I understand that they were selected as departments that have the greatest interaction and impact on the public.

In addition to the comments that Frank Haines made about Treasury which we would agree with, we certainly think that the Department of Agriculture, and the State's agricultural policy bear some scrutiny from time to time.

The Department of Health stands out as a department with an ever increasing bureaucracy and impact on public policy becoming more and more intrusive, we find, in the private sector.

So that there are expansions and I know that nothing is restricted here, but by omission it can very easily slide off the priority list of focus.

And so, I would simply say that, unlike the Federal government, we in New Jersey still have the ability to determine and document various departments and agencies and divisions and independent commissions and authorities that we actually have functioning here in the State. This legislation may help us to keep track and keep a watch on our ever expanding State government, and to that end we would support it. Thank you, Mr. Chairman.

ASSEMBLYMAN ALBOHN: Thank you very much Mr. Morford. Any questions for Mr. Morford?

ASSEMBLYMAN FOY: I have a question. Jim, if I hear you in a nutshell, you support the legislation but you would like to see the scope of it expand to include the independent authorities, such as the Port Authority of New York and New Jersey, the Delaware River Port Authority, and those types of agencies as well as all of the other State departments.

MR. MORFORD: I'm not so sure, Tom, on my legal ground. Assemblyman, with respect to the bistate agencies, I don't know how we might be restricted there--

ASSEMBLYMAN FOY: Okay.

MR. MORFORD: --but, I am especially concerned about the State Planning Commission and others: The Highway Authority, New Jersey Transit, Sports and Exposition Authority.

ASSEMBLYMAN FOY: Could we, Mr. Chairman, in further development of data to assist us in exercising judgment about what the bill really means, ask the Office of Legislative Services, through their Legal Counsel's office, to give us an opinion as to what State agencies might be included that are in, but not of, certain departments?

For example, is there-- New Jersey Transit, although it's a separate agency, in effect, is in but not of the Department of Transportation. The Public Employment Relations Commission, is technically affiliated with the Department of Labor, and there are other such intrastate agencies that may well already be under the authority of this bill. I think we need that clarification.

ASSEMBLYMAN ALBOHN: I think it would be worthwhile to have that if only for a shopping list of the kinds of agencies that perhaps ought to be looked at.

MR. MORFORD: Yes, that-- See what I just mentioned, Mr. Chairman, if that is the case, and the in and not of, and therefore falls under the purview, even language in the statement, or some clear direction, that the department then could not then come before you and say, "Well, you know, they're in, but not of. Or they're of, but not in."

ASSEMBLYMAN FOY: Right. There is a lot of technical--

MR. MORFORD: Then they push it off and nobody takes a look at them. The JUA may come under that. That's getting a sharper look these days. I don't know. Thank you, Mr. Chairman.

ASSEMBLYMAN ALBOHN: We've heard two approaches to this now. One is that we're trying to bite off too much, and the other is that we haven't bitten off enough.

It leads me to think again, and I hate to, I don't want to harp on the subject-- But if we didn't in our committees spend so much time evaluating new legislation, those committees themselves might be appropriate investigatory

agencies of the departments with which they are most, or best connected, or most closely connected.

Well, maybe they're too closely connected in some instances, I don't know. But, it would seem to me that we could easily divide up the agencies of the State government amongst the committees, the standing committees that already exist and perhaps do that kind of--

On the other hand that would very variable. That might be very spotty, and there would be no coordinated effort. But I think these are all things we should be considering and looking at as we move along.

MR. MORFORD: This legislation triggered that focus at least for me to bring to your attention today, and I had spoken certainly with the Assemblyman's staff about it.

Whether it's separation, I feel that perhaps one of the greatest dangers that we have in losing control in our society is the proliferation of the independent authorities and commissions that are autonomous, and accountable to no one except for perhaps the periodic appointed powers of the Governor, sometimes with the advice and consent of the Senate.

That just isn't enough with the authority and the responsibilities that we give to these commissions and authorities.

ASSEMBLYMAN FOY: Well, I agree. They become almost a hidden level of government in the State--

MR. MORFORD: They sure do.

ASSEMBLYMAN FOY: --and I think it's clear that unless we do some reeling in, in a sense of the unbridled authority that they seem to exercise, people not elected by anyone--

The levels of their accountability to the public, are very limited, and it seems like the public doesn't want to have the access to the decision making processes of those

agencies they ought to have: to an extent that's a criticism of the Legislature, and we've been able to develop like this.

I'll accept that criticism, and I think efforts like this bill -- although I think it needs some fine tuning -- are an attempt to say, "Hey, this has gotten out of our control." Perhaps we have abdicated too much responsibility and now is the time to say, enough is enough, and we're going to exercise our oversight function, which we feel should exist. This is a step in the right direction in my view.

ASSEMBLYMAN ALBOHN: There is one thing I have to comment on that, and the lady on my left just reminded me of this-- That is most of the independent authorities are not taxpayer funded, at least not by way of the State budget, which I think is our primary concern. So, you know, if we're looking for a net effect in the future on the State budget's growth, evaluating the independent authorities probably wouldn't have much to do with that.

MR. MORFORD: Because you don't control their purse strings, you mean. Again--

ASSEMBLYMAN ALBOHN: We don't provide the income, we don't control the outgo.

MR. MORFORD: But again, some look at that may bring the kind of focus of direction to make some changes there. When you talk about in the finding section of this legislation, that both the regulation of private behavior and the expenditure of public funds, there is a tremendous amount of regulation of private behavior done by these authorities and commissions. So whether it's in this legislation or some other-- I'm just pleading with the Legislature to bring some attention to this issue.

ASSEMBLYMAN ALBOHN: Well, I think the only thing that brings it to my mind is what I said before; that this is becoming such a very large job it that makes you wonder how

eight Assemblymen, for the most part since they could not be committee chairmen or vice chairmen as I understand it from the bill, will leave it in the hands of perhaps the more genial legislators, and make the task all the more difficult?

So, it becomes a problem from that point of view too.

So--

ASSEMBLYMAN FOY: Well, I think also, you know, having read the legislation and understanding its purpose, it is a tremendous task as Mr. Haines points out, and I think it has to be, in a sense, segmented and incremental.

It also is going to require some -- and this is a bad word, people don't want to hear it -- but it's going to require appropriations. It's going to require some clear commitment or direction with respect to:

- 1) internal staffing from Legislative Services, and
- 2) our ability to go outside, perhaps into the universities or the research institutions, to obtain some outside assistance as far as consultants go -- to do some of this examination.

It's not going to be enough just to take a commissioner's report that's provided for him here, and have eight Assemblypeople sit around and read through it and blue sky what's going to happen. There's going to have to be some hard, incisive analysis of what's reported back to us by the Commissioners and some very critical scrutiny of the operations of those departments. And perhaps in some areas that are very technical, we are going to have to obtain outside assistance to advise the committee about the data that's presented to us.

I wouldn't profess if I were on a committee to have all of the analytical ability to examine 14 different State departments that deal with people's lives in so many ways, and say, "Yeah, I think of doing all that." I'd need some

assistance and I think one of the deficiencies of the bill is it hasn't provided for some mechanism to get the support that they're going to need.

ASSEMBLYMAN ALBOHN: I think you were probably not here when Assemblyman Franks spoke to that fact indicating that perhaps he, too, would see the need for a special appropriation. And in justification of that, he indicated that one will get you 10. The statement being made that in Utah, I think he gave an example, for every dollar spent there on this kind of an effort, \$10 were saved.

So, if maybe we would make that as a charge to this Committee; that they have to save us 10 for every one that we give them. But that might be something that we can look at in any event.

MR. MORFORD: It was thought-out by investigating the casino industry in trying to-- (laughter)

ASSEMBLYMAN ALBOHN: Well, we'd have to study the odds on that, I guess.

MR. MORFORD: Thank you, Mr. Chairman.

ASSEMBLYMAN ALBOHN: The next speaker will be from a related association in a way, the New Jersey Business and Industry Association, Mr. Jeff Stoller.

J E F F R E Y S T O L L E R: Good afternoon Mr. Chairman, members of the Committee. I just wanted to make a few brief remarks on the bill. New Jersey Business and Industry Association is in support of this bill. It just makes common sense to us that once every 10 years an effort is made to sit back in a measured way, take a look at two or three of these agencies, and decide, you know, what to do next in terms of what direction they're going.

We don't think it's an unfair burden, at the rate of one investigation cycle each 10 years. If the proposal was calling for this kind of an exercise every spring, or every two

years, we could understand that the agencies would be quite justified in calling foul, and saying, in addition to the gauntlet they're already running with the Appropriations Committee, that this is just too much.

Once in 10 years though, we think is quite fair in terms of the basic questions that are being raised. Assemblyman Franks said earlier in his comments, these are not trick questions, these are not necessarily rhetorical questions. These are fundamental questions about how personnel and programs are being put together -- what kind of priorities are being made either explicitly or implicitly by where the money is going, how it's being distributed?

We feel that it is a worthwhile exercise for both sides as well. It's not just something that you do to make life miserable for the agency personnel.

We feel on one hand it benefits the Legislature by giving it a chance to perhaps catch up with some programs it launched in certain form, in the form of legislation. It is now 10 years down the road or so, in the form of regulations. You may have some trouble recognizing what it was you did back 10 years ago.

It may be that you started in an area, anything from a fire code, or land use planning or whatever, and the regulation and the enforcement at that particular time may be somewhat different from what you expected it would be. We think that is a worthwhile exercise -- to compare those objectives and to make sure that the regulatory enforcement objectives are somewhat similar to that original legislation. This might be one way of doing that.

By the same token, it should be an opportunity for the agencies to make a case. It may be that in going through the usual work with the Appropriations Committee, they have not been successful in making the point that they are underfunded for some of the missions that they have been handed.

Certainly the private sector has an interest in having those situations come to light, at least once in 10 years. If, in fact, the fact that the agency is not given the adequate support in the form of appropriations to carry out its mission, that usually translates into very costly delays and so forth in terms of processing the private sector permits and so forth that are connected with these programs. So we would consider this another benefit of this kind of an exercise.

We feel that the savings could translate on the public sector side in terms of identifying some cost savings that could be made directly in the budget, or the way personnel is used.

And like I mentioned just a moment ago, there are off budget costs here that are very substantial in the private sector, caused sometimes by the inefficiency that simply may not come out in the frenzy of the Appropriations hearings. It's got to go back once in awhile to those basic questions about what those missions are, what the priorities are, and how those resources are to be distributed.

So, again, we certainly are in favor of once in awhile taking a big picture approach -- not just doing it piecemeal, not doing it incrementally, when in any given year there might be one issue that's commanding 90% of the attention, but, really one that goes back and tries to determine, you know, what is the mission of this agency, how can the Legislature work better, how can the public and the private sector work better in supporting their efforts to achieve those goals?

And simply, I'll just end by saying, this just makes common sense to us. It's the kind of thing you'd expect an \$11.5 billion corporation to go through, and I don't think that the State government is that different.

I think certainly this kind of exercise to take stock of itself is very worthwhile, and in fact as was indicated earlier, pays for itself. We really believe that you would not need a huge layer of bureaucracy to make this kind of

determination. We believe that the pace over a two-year period would certainly be casual enough that you could do this without placing a great burden on your existing resources.

And so again, we're very supportive of this effort and would be glad to participate in any way to help move it along.

ASSEMBLYMAN ALBOHN: Thank you very much, Jeff. Any questions for Mr. Stoller? (no response) If not, I think we'd best move on to our next speaker. Thanks very much. We have a representative of the Commerce and Industry Association. I believe it's Mr. Dick Anderson.

R I C H A R D T. A N D E R S O N: Thank you Mr. Chairman, members of the Committee. I just want to be very, very brief. Our association, the Commerce and Industry Association of New Jersey, as many of you know, has been very outspoken on this kind of legislation in support of this thing for many, many years. We do feel this bill has many merits, and we do agree with the Business and Industry Association and the State Chamber, that it's the kind of legislation that hopefully will be very, very beneficial to the State and to the economy, and to the business community and others.

We would also make the statement that was just made previously, that we would be very happy to help the Committee in any deliberations on this bill. We agree in the concept, we realize that there may be many, perhaps, changes in the bill as it moves along, and we'd be very, very happy to cooperate to do whatever we can to further this legislation. Thank you, Mr. Chairman.

ASSEMBLYMAN ALBOHN: Thank you very much, Dick. Any questions for Mr. Anderson? (no response)

We will now move on to the people who must feel like the enemy. Our first speaker will be Judith Feldstein Savage of the Department of Education.

J U D I T H F E L D S T E I N S A V A G E: Thank you very much Mr. Chairman, and members of the Committee. We really

appreciate this opportunity to come in today and express a couple of concerns we've got, and really listen to what the independent groups are saying and what the other executive State departments are going to say about this bill.

I'd like to start off by commending the sponsor for his efforts to ensure fiscal responsibility and program efficiency. We certainly share with him those goals.

Our main concern, is that in view of the several types of legislative oversight that are in place already, we believe that this bill is really unnecessary. We believe that the appropriations process, which is the traditional forum for legislators to review executive department programs, and then question the commissioners and senior staff in each department, is already providing an adequate amount of department self-study, program review, review of spending, and review of personnel and staffing patterns.

There is an extraordinary amount of preparation and planning that goes into these annual reviews. You may see it from one side, but from the State agencies' side, there is just an extraordinary amount of time spent in planning and evaluating, seeing where we may indeed be weak, where we may be vulnerable -- anticipating a tremendous number of questions that in fact are never asked. But that really does provide a very good chance not only for the Legislature to take a good look at us, but for us to take that good hard look at ourselves, once every year.

In addition, as Mr. Haines noted, the Governor's Office of Management and Budget keeps a very close look on all State funded programs, personnel and staffing, and our annual budget requests. So they're certainly there to make sure that State agencies don't get out of hand.

Finally, the Department of Education is really unique among State departments because in addition to being overseen on a regular basis by the Education Committees of both houses,

we're also under the regular scrutiny of the newly reconstituted Joint Committee on the Public Schools. So they're going to be keeping a close look at some specific programs and I'm sure our funding and staffing patterns as well.

We're just concerned that adding another form of legislative review and oversight could add significant costs to the Department in terms of staff time. We really wouldn't like to see key personnel reallocated from their own important functions to preparing for a review for the Joint Policy Program and Performance Review Committee. Thank you very much.

ASSEMBLYMAN ALBOHN: Thank you, Judy. Any questions for Ms. Savage? (negative response) If not, we'll go on to our next speaker, from the Department of Transportation, Carolyn McCallum.

If I may comment just briefly on Ms. Savage's testimony. In some ways you talked yourself out of your best argument, because you do have these comprehensive self-studies prepared for the Appropriations Committee. Maybe you could just print a few extra copies for this other committee when the time came along.

I'm joking in a way and half serious in a way because, it may be that the Appropriations Committee is looking at it from one point of view, and that this proposed commission or committee would be looking at it from another point of view. The validity of your expenditure requirements would be, it seems to me, the thrust of the Appropriations Committee's review, whereas this kind of an oversight committee might simply wonder whether the money, whether the program, is necessary at all.

But, I understand your concerns about having to spend extra time, and extra staff dedication to things like this. But, on a once in 10 years basis, that shouldn't be too difficult inasmuch as it really should be built on your latest presentation to the Appropriations Committee.

It's something for us all to think about in any event. And I think that we will be thinking about it. Ms. McCallum, thank you.

C A R O L Y N M c C A L L U M: Thank you, Mr. Chairman for the opportunity to speak today. After hearing the people who have gone before me, I had a feeling they'd all like to serve on that committee, and I wondered maybe I wouldn't too.

But, we do have concerns. Currently the programs of departments are reviewed annually by the Office of Management and Budget, the State Auditor from the Office of Legislative Services, the Assembly Appropriations Committee, the Senate Revenue and Finance Committee, and in addition the departments respond to questions from respective legislative committees which deal with them throughout the year.

When a department reorganizes, its plan is subject to rejection by the Legislature, and the recently created Assembly Committee on Governmental Efficiency and Oversight -- does that sound familiar? -- also may review the programs of various departments.

The self-study of each department required under this bill, is essentially performed continually in each of the departments for the Office of Management and Budget, which evaluates program effectiveness before they recommend an annual budget revision to the Governor. Generally the departments are required to submit five-year plans that are also asked to make adjustments for programing, based on potential increases and/or decreases in the funding levels. And many legislative programs fall under the Five-Year Sunset Provision which requires that we justify any program in order to continue it.

Additionally the Department of Transportation has to present an annual program to the Legislature, via the Transportation Committees, and then we have to provide every six months, a follow-up on how we're managing and how we're making out on the program we submitted and had approved by the Legislature.

Additionally, other functions which would be assigned to the new committee under this bill are already performed. For example, the Department of Personnel already monitors the extent to which each of us comply with affirmative action, and responsiveness to the public is monitored by the legislators themselves and by the Department of the Public Advocate.

The Departments of Agriculture, Health, Defense and Veterans Affairs, State, and Treasury, are not covered by this bill and there is no explanation offered, which leaves a big question mark.

Each of the remaining departments will be reviewed every 10 years, two or three during each two-year legislative session. I think the potential for the lack of even-handedness in dealing with departments should cause some concern. There is a need for the departments to perform their responsibilities as mandated by law in a professional and consistent manner, and we just simply feel that there is sufficient oversight of the departments by the executive, and legislative branches and in other ways, and that the objectives of the bill are better met through the existing mechanisms. So we bring this to your attention. I have a feeling that that will prove to be interesting, but not much matter. Nevertheless, I think they are things that should be considered when you're reviewing the bill as a whole.

ASSEMBLYMAN ALBOHN: Thank you very much for your comments. I particularly enjoyed the enumeration of the various types of oversight you already have, including that of the renowned Governmental Efficiency and Oversight Committee, and we will--

MS. McCALLUM: You're invited to come on down.
(laughter)

ASSEMBLYMAN ALBOHN: You did comment on one point, but I don't understand how it crept in here, unless it's popular

and stylish to do so, and that's the affirmative action business. I frankly don't have any idea how that has anything to do whatever with the objective of this kind of a program. And I imagine that it is already more than adequately covered by State and Federal and other groups--

MS. McCALLUM: Right, exactly.

ASSEMBLYMAN ALBOHN: --and I'd be inclined to delete that particular subject from this bill so as not to distort the results taken because of real or imagined relationships to affirmative action programs.

MS. McCALLUM: Well, I think our programs are unique. As everybody knows, the Legislature passes on our construction program every year and there are a lot of things in that that bind us to affirmative action which we want to comply with and encourage, ourselves. But there is a lot of oversight for us on a very regular basis, and now we're not only required to present the program but how we're meeting the program as well, on a more frequent basis than just the end of each year when we submit the next one.

So, I don't know, I guess we're all ready to answer the questions, but we just feel that we're already doing that in every way possible.

ASSEMBLYMAN ALBOHN: Well, maybe you'll have any easy time with this commission. You know--

MS. McCALLUM: Probably would, wouldn't we?

ASSEMBLYMAN ALBOHN: I think you might, because offhand I don't remember that there is much public outcry against DOT as there is against other departments I won't name.

MS. McCALLUM: It depends on the day of the week you're talking about. (laughter) Or who answers my phone. No, I think generally, I think we're well met. But, anyway those are our comments for today.

ASSEMBLYMAN ALBOHN: Thank you very much. Any further questions, Mr. Gill? (no response)

ASSEMBLYMAN FOY: Just to point out, you raised the question as to why the other agencies weren't included.

MS. McCALLUM: Right.

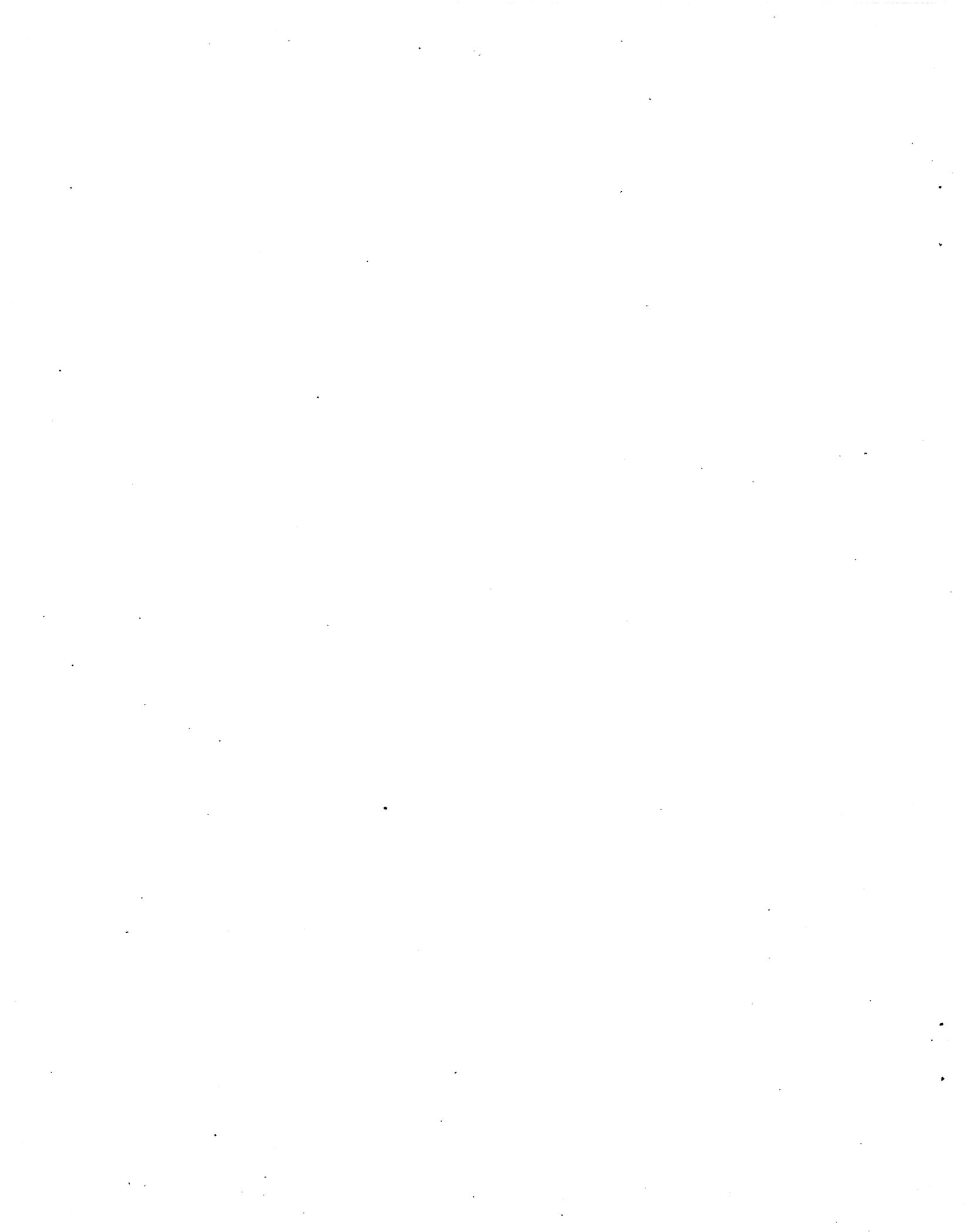
ASSEMBLYMAN FOY: I'm not sure, but my surmise with respect about exempting the Department of Defense is, they have guns. (laughter) We don't want to take a chance with them.

MS. McCALLUM: The Treasury has the money, right? You don't want to offend them.

ASSEMBLYMAN ALBOHN: Okay, I'm not sure what our procedure will be here on this. I guess we'll wait first for the transcription of the record, and in the meantime at our next Committee meetings we'll probably go back to, of all things, reviewing new bills. So we'll see if we can be a little more efficient in that, too, and perhaps have a little bit of self-inspection ourselves.

With that, unless someone else has anything further for the Committee-- Well, I would suggest we adjourn until our next regularly scheduled meeting. Thank you.

(HEARING CONCLUDED)



APPENDIX

THE PUBLIC ADVOCATE THANKS THE MEMBERS OF THE ASSEMBLY GOVERNMENTAL EFFICIENCY AND OVERSIGHT COMMITTEE FOR THE OPPORTUNITY TO COMMENT ON ASSEMBLY BILL 1824, WHICH WOULD CREATE A "JOINT POLICY, PROGRAM AND PERFORMANCE REVIEW COMMITTEE" IN THE NEW JERSEY LEGISLATURE. NO ONE WOULD DISAGREE WITH THE SPIRIT OF THE INTRODUCTORY LANGUAGE OF THE BILL, WHICH URGES THE MAINTENANCE OF RESPONSIVE AND EFFICIENT GOVERNMENT. THE PUBLIC ADVOCATE HAS CONCERNS, HOWEVER, REGARDING THE POTENTIAL PRESENTED BY THE BILL FOR THE INTERPOSITION INTO THE LEGISLATIVE-REGULATORY PROCESS OF A MECHANISM THAT COULD DECREASE, RATHER THAN INCREASE, THE EFFICIENCY OF THE ADMINISTRATIVE PROCESS IN NEW JERSEY.

THE BILL WOULD CREATE A 10 YEAR CYCLE OF REVIEW OF AGENCY ACTION BY A JOINT LEGISLATIVE COMMITTEE. IT WOULD REQUIRE A DEEP AND DETAILED MANAGEMENT AUDIT, FOLLOWED BY A TWO YEAR PROCESS OF REVIEW AND INVESTIGATION OF THE INNER WORKINGS OF EACH AGENCY, AND OF EACH AGENCY'S FIDELITY TO ITS LEGISLATIVE MANDATE.

THE UNDERTAKING PROPOSED BY THIS BILL WOULD SURELY ENTAIL SUBSTANTIAL STAFF INCREASES .IN THE OFFICE OF LEGISLATIVE SERVICES AND THE AUDITED AGENCIES, AS WELL AS THE CREATION OF A STAFF FOR THE NEW JOINT COMMITTEE. IT APPEARS, HOWEVER, THAT THESE STAFF INCREASES WILL BE UNDERTAKEN MERELY TO DUPLICATE FUNCTIONS CURRENTLY PERFORMED BY THE OFFICE OF LEGISLATIVE SERVICES AND THE DEPARTMENT OF TREASURY'S OFFICE OF MANAGEMENT AND BUDGET. THE ENERGY EXPENDED TO COMPLY WITH THE AUDIT REQUIREMENT, THEN, WILL NOT ONLY TAKE AWAY FROM THE AGENCIES' ABILITY TO FURTHER THE HEALTH AND WELFARE OF THE PEOPLE OF NEW JERSEY, IT WILL ALSO BE EXPENDED TO NO APPARENT PURPOSE.

THE EXPERIENCES OF THE DEPARTMENT OF THE PUBLIC ADVOCATE MAY BE INSTRUCTIVE IN VIEWING THE POTENTIAL EFFECT OF THIS BILL. CURRENTLY, THE PUBLIC ADVOCATE IS AUDITED EVERY TWO YEARS BY THE OFFICE OF LEGISLATIVE SERVICES, TO DETERMINE WHETHER THIS DEPARTMENT IS ADHERING TO ITS LEGISLATIVE MANDATES. WE SUBMIT EXTENSIVE PLANNING AND ORGANIZATIONAL DOCUMENTS TO THE OFFICE OF MANAGEMENT AND BUDGET. THIS YEAR, WE COMPLETED A "FIVE YEAR PLANNING DOCUMENT," A "FISCAL YEAR '90 PLANNING DOCUMENT" AS WELL AS OUR ANNUAL BUDGET SUBMISSION. OUR DIVISION OF ADMINISTRATION PREPARES 440 ADDITIONAL INTERNAL AND EXTERNAL PLANNING AND FISCAL DOCUMENTS.

ACCOUNTABILITY IS ESSENTIAL IN GOVERNMENT. ALL EXECUTIVE AGENCIES COMPLY WITH THE ABOVE PLANNING AND FISCAL REPORTING FULLY AND OPENLY. AT SOME POINT, HOWEVER, DUPLICATION IN REVIEW AND OVERSIGHT WILL CUT INTO THE ABILITY OF AGENCIES TO EXECUTE THE DUTIES FOR WHICH THEY WERE CREATED.

THE ADDITIONAL PERSONNEL EXPENSES THAT WOULD BE REQUIRED OF THE PUBLIC ADVOCATE UNDER THIS BILL ARE, BY VIRTUE OF THE SIZE OF THIS AGENCY, NOT EXTRAORDINARILY LARGE. THE COSTS FACED BY THE LARGER REGULATORY AGENCIES MAY WELL BE SUBSTANTIAL. IN LIGHT OF THE ALREADY EXTENSIVE AUDIT PROCEDURES PERFORMED BY THE OFFICE OF LEGISLATURE SERVICES, THE OFFICE OF MANAGEMENT AND BUDGET, AND BY THE LEGISLATURE ITSELF AT APPROPRIATIONS, WE BELIEVE THAT THE SUBSTANTIAL EXPENSE IN MONEY AND ENERGY COULD BE BETTER SPENT ELSEWHERE. SURELY, THE DEPARTMENT OF HUMAN SERVICES COULD USE ADDITIONAL PERSONNEL AND MONEY TO ADDRESS THE PROBLEMS OF THE HOMELESS; THE DEPARTMENT OF ENVIRONMENTAL PROTECTION COULD USE MORE RESOURCES TO ADDRESS OCEAN POLLUTION, AND THE DEPARTMENT OF LAW AND PUBLIC SAFETY COULD USE ADDITIONAL STAFF IN ENFORCEMENT OF THE LAW AGAINST DISCRIMINATION.

THIS COMMITTEE MIGHT DO WELL TO REVIEW THE NEED FOR YET ANOTHER AGENCY OVERSIGHT VEHICLE IN LIGHT OF THE BUDGET CONSTRAINTS CURRENTLY FACED BY AGENCIES STRUGGLING WITH CRITICAL HEALTH AND WELFARE PROBLEMS. IF THE OVERSIGHT PURPOSE IS BEING SERVED BY CURRENT AUDITS OF AGENCIES, WE ASK THAT THE ENERGIES AND PERSONNEL REQUIRED BY THIS BILL BE TURNED TO IMPROVING THE LOT OF THE PEOPLE OF NEW JERSEY.

WE ARE CONCERNED THAT THE AUDITS REQUIRED UNDER THIS BILL DUPLICATE ONGOING AND COMPREHENSIVE EFFORTS ELSEWHERE IN GOVERNMENT, THE RESULTS OF WHICH ARE NOW AVAILABLE TO THE LEGISLATURE. THE COMMITTEE OUGHT TO RECONSIDER WHETHER THE GOAL OF EFFICIENCY IS SERVED BY REQUIRING AGENCIES TO DUPLICATE, AT UNKNOWN EXPENSE, TASKS PREVIOUSLY PERFORMED IN ORDER TO GENERATE INFORMATION PREVIOUSLY AVAILABLE.

THANK YOU.

