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**Governor's Management
Improvement Program:
What We Have
Accomplished With
Your Help**

October 1989

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Executive Summary

The GMIP sought ways to improve the effectiveness of State Government's structure and of its budget process. State employees worked closely with private sector volunteers to improve management of New Jersey State government.

The process was conducive to vigorous, practical action. Many of the hundreds of recommendations were implemented promptly, because the responsible State principals participated in the recommendations.

The following is a synopsis of GMIP, including key recommendations implemented, and New Jersey actions that have resulted from the GMIP process. The effort did not end with GMIP's final report. Some of these improvements in State government have resulted from continuing work of legacy organizations such as OMB and its Division of Management Services, acting in the spirit of GMIP. These contributions are still being made to this day, as we continue to find ways to better manage State government.

- As a direct result of GMIP, budget functions have been coordinated under the State Office of Management and Budget (OMB) since 1985.
- Long Range Plans are now required from each executive agency to involve State policy planners of the highest level in the development of budget recommendations.
- Cost-saving streamlining of the State's organizational structure was implemented following timetables worked out in consultation with affected agencies. The ratio of management to staff was reduced, for more cost-effective management.
- Computer services throughout State Government have been greatly increased pursuant to plans submitted by each department, and approved by OMB. All computer services are now coordinated by the Office of Telecommunications and Information Systems (OTIS).
- OMB provides management consulting services to departments in order to continue the GMIP effort, through its Division of Management Services. Recently, the Division has helped DEP to improve workload priority setting in its Solid Waste Division, and helped its Division of Parks and Forestry to plan personnel needs for parks more efficiently. They also helped the ECRA Bureau to better administer its responsibilities, and they are in the process of providing similar assistance to the Bureau of Underground Storage Tanks, and the Hazardous Waste

cleanup program. The Division is now working with the Banking Department, the Board of Public Utilities and with the newly consolidated Department of Military and Veterans Affairs to manage their responsibilities more effectively.

- In Budget Operations, the Office of Monitoring measures the effectiveness and efficiency of a long list of New Jersey government projects using performance criteria. They also are responsible for monitoring the number of Full-Time-Equivalent employees in each department of State government, and approving increases in headcount only when justified by programmatic requirements new since the GMIP base year (1982).
- Treasury's Office of Financial Management was also formed in 1983 to provide a focal point for public finance expertise. It has enabled the State to negotiate effectively with Wall Street and with bankers to give us better terms for everything from bond financings to the management of payroll accounts. Competitive bidding was introduced for bond underwriting by the authorities as well as for banking services to the State. As a result, New Jersey has maintained a AAA bond rating and is recognized as among the most sophisticated state managers of tax-exempt debt and financial services.
- The Civil Service Reform Act of 1983 was passed to establish a Senior Executive Service, and to improve the way the Department of Personnel handles testing and other human resource matters. There are now close to 200 executives in the Senior Executive Service.
- The General Services Administration was formed within Treasury in order to better coordinate procurement, leasing, billing and capital services.
- Other changes have included improvements in policies to reduce the need for employee housing and the use of State automobiles, for better management of the pension fund, and the establishment of a team approach to long range budget planning.
- While it is difficult to estimate the savings that have resulted from GMIP, the FY 1984 budget was reduced \$100 million below earlier projections. This was the first fiscal year after the GMIP process began, and GMIP deserves some credit for this reduction.

GMIP has played an important part in ensuring that New Jerseyans derive the maximum benefit from each tax dollar. GMIP has played a part in helping to limit and reduce our tax burden. We have been able to substantially phase out the inheritance tax, which will be saving taxpayers \$200 million in 1989. We also phased out the corporate net worth tax, which saved the business community an estimated \$165 million in fiscal year 1989.

One GMIP recommendation, for an Unemployment Insurance surtax, was necessary to fund deficits in the fund before 1986, which ran as high as \$115 million. More recently, the surtax has not been necessary, as many who had been unemployed are working. Along with lower taxes and a booming national economy, effective State government helps explain why New Jersey's economy has prospered, and outperformed its neighbors'. GMIP deserves a good deal of the credit for effective and efficient government in New Jersey.

The following report summarizes GMIP's specific impacts on each of New Jersey's Executive departments, in addition to the general programs above, which affected all departments. The full text of each department's own report on GMIP impacts is available on request.

All New Jerseyans can thank the generous support of public spirited members of the private sector for the exhaustive investigation and creative assistance that were the foundation of GMIP's achievements.

I. DEPARTMENT OF AGRICULTURE

A. Employee Issues

Since GMIP, careful attention has been paid to employee growth by the Secretary and his senior management team. As a result of this scrutiny, employee growth has been eliminated outside of a few vital categories. In fact, the total number of positions is now lower than it was in 1982.

Continuing efforts to hold the line on personnel growth has put pressure on existing staff resources to work efficiently. No new organizational units have been added to the Department since the GMIP process was completed.

B. Revenue Handling

GMIP recommended action to consolidate and centralize revenue handling and related accounting controls. Personnel limitations have limited the Department's ability to segregate revenue and accounting functions within each line division, as recommended in the GMIP report. However, plans have been established to centralize revenue and accounting systems within the Department.

C. Fees for Programs

GMIP discusses fees as a way to defray State costs. With the support of legislation, the Department has increased licensing fees assessed by the Division of Dairy Industry, making the Division nearly self-supporting. Similarly, Plant Industry lab fees have been raised to cover rising costs, and legislation is pending to allow the Division of Animal Health to retain fees for expanded services.

D. Cross-Utilization

GMIP recommended action to increase the efficient utilization of field staff. Field inspectors were previously limited to single-function assignments from their own divisions. With planning help from Treasury's Division of Management Services, the Department has increased the productivity of field inspectors by having individuals perform a wider variety of inspections. Inspectors are cross-utilized by up to three agencies: the Divisions of Markets, Regulatory Services and Dairy Industry.

E. Automation

GMIP's organizational analysis identified the need to increase automation. Better management of information resources with increased use of personal computers is eliminating duplication, reducing the number of reports routinely produced, and helping to centralize functions such as revenue handling and accounting.

II. DEPARTMENT OF BANKING

Although GMIP did not make recommendations in this area, it suggested issues for further study, which contributed to subsequent policy changes:

A. Non-Tax Revenue Sources

1. Effective March 1, 1982, the Department revised its fee schedule for new and renewed licenses issued. The revision set forth minimum and maximum fees.
2. Effective September 1, 1986, the Department revised its per diem charge for the examination of all financial institutions under our jurisdiction. The fee was increased from \$125 to \$200 to better reflect current costs. The per diem charge is to be reviewed in a timely manner.
3. Effective July 22, 1988, the Department's statutory fee schedule was overhauled. The new fees reflect the true cost of providing numerous services such as filings, applications, reports and proceedings reviews.

B. Fee Setting Flexibility

Fee setting flexibility between a minimum and maximum enables the Department to respond to changing industry conditions. Additional revenues from a minimum of \$218,070 to a maximum of \$640,320 will be realized as a result of this change.

C. Operating Structure

The Department is now in the midst of a study of its operating structure for efficient use of existing resources. Recommendations for restructuring will be finalized soon, and an implementation schedule will then be developed.

III. DEPARTMENT OF COMMERCE, ENERGY AND ECONOMIC DEVELOPMENT

A. Short-term accomplishments resulting from the organizational analysis

1. Operating responsibility for all departmental functions was assigned to the Deputy Commissioner level, freeing the Commissioner to develop policy to accomplish departmental mission, strategic planning, and relations with the business community and Legislature.
2. Realignment of middle-management functions and structural improvements to the organization resulted in improved operating efficiencies.
3. Use of community development representatives was redirected to increase responsiveness to New Jersey's business needs and maintain closer contact between the divisions and the Economic Development Council.

B. GMIP recommended areas for further study, which resulted in the following management improvements

1. Coordination of Economic Development Policy at the State level was found to be achievable through the existing channels without employing a new inter-departmental committee.
2. Maintaining continuity of professional staffing in the Department has been achieved with effective recruitment and education and training for employees at all levels. The establishment of the Senior Executive Service will also help to encourage the professional development of a small number of senior executives.
3. Improved liaison with other agencies is being accomplished through participation in numerous advisory councils, task forces, boards, etc., for more cohesive State policy.
4. Additional in-house training for Departmental personnel is provided in business, management, and public communication through the Certified Public Managers Program, the Rutgers Executive Masters in Public Administration program and Department of Personnel courses. Partial tuition reimbursement is available for staff members who wish to pursue position-related college degrees.
5. The Department is studying consolidation of secretarial and clerical functions, and further expansion of office automation to reduce cost and increase service delivery.
6. The Division of International Trade and Rutgers University initiated a course at Rutgers to assist businesses in the culture of Far Eastern countries, as export markets. This is

an example of improved cooperation between the private sector and the Department.

7. The South Jersey Procurement Center was started to help New Jersey businesses to obtain Federal procurement contracts. This is an example of improved contact and interaction with the business community.
8. Conferences are regularly held by the Department to assist the business community in marketing, financing, procurement, and management services. These also help to answer the need for improved contact and interaction with the business community.

IV. DEPARTMENT OF COMMUNITY AFFAIRS

GMIP made no specific recommendations regarding DCA. However, the Department benefited short and long range from the activities of GMIP which affected all departments. Of immediate significance, the department's organization was modified, reducing the workforce by 61 employees, and reducing administrative overhead costs.

V. DEPARTMENT OF CORRECTIONS

The original GMIP report was produced when the adult inmate population hovered around 10,000. Since then even projected growth has been exceeded. The population approached 17,000 by the beginning of 1989. Parolee population has also grown proportionately, exceeding 17,000 by January 1989. In spite of somewhat favorable demographic trends, we find ourselves facing the possibility of substantial increases in prison admissions due to recent legislation and law enforcement initiatives pertaining to illegal drugs. Nonetheless, GMIP recommendations long- and short-term have been implemented to achieve cost containments.

A. Long-range recommendations and actions

1. The Department should reexamine plans to construct 500 bed institutions in favor of larger facilities in order to achieve economies of scale.

To the extent possible, new facilities since 1983 have been built in the range of 1000 beds (3 out of 4 facilities). In addition, approximately 1,400 additional bedspaces have been sited at existing facilities since 1984 in order to contain operating costs.

2. The Department should enhance its involvement with the State's Criminal Disposition Commission (CDC).

Since the addition of staff and the siting of one new CDC professional at the Department of Corrections, the CDC has played a more active role in criminal justice system planning efforts. Numerous impact studies and research reports have been completed on such subjects as the new drug laws and the Graves Act.

B. Short-Range Recommendations and Actions

1. Offenders should be diverted through alternative programs to reduce overcrowding.

More than 700 offenders have been removed from state facilities over the past four years through the Department's participation in the Intensive Supervision Program of the Administrative Office of the Courts. The Department has also initiated the Intensive Supervision and Surveillance Program in 1986 to help make certain offenders more parolable. Almost 750 offenders have been released from prison under this program including 200 who are actively involved with it today. The Department also is expanding its commitment to the use of halfway houses. During the current fiscal year, these will be providing 400 beds, three times the amount in 1983.

2. The ratio of parole officers to parolees should be reduced to about 1:80.

At present, the ratio is in the 1:75 range.

3. The backlog of untrained correction officers should be reduced/eliminated; and training facilities renovated and repaired.

These objectives have been achieved.

4. The State Police model for training of correction officer recruits should be implemented.

It is likely to be some time before this can be accomplished, due to the large staff requirements that will be needed to support increased hiring of recruits to staff new and expanded facilities.

VI. DEPARTMENT OF EDUCATION

GMIP presented action alternatives in three strategic areas: quality, funding and resource allocation. The Department acted on the recommendations concerning quality. The GMIP report included action alternatives in funding/resource allocation, but acknowledged (p. 744) the State has less administrative flexibility in these areas. In fact, the recommended changes in funding/resource allocation were either already in progress prior to the GMIP report, or were made infeasible by subsequent legal and policy developments.

A. Quality

1. Support initiatives already started to improve student learning:

a. Install a high school graduation examination based on higher order learning skills.

- In 1983 the State Board of Education replaced the earlier Minimum Basic Skills Test with a more demanding High School Proficiency Test.
- The Department is working to comply with a Legislative mandate to move from present ninth-grade administration to grade 11.

b. Implement a local district planning model.

- The Department developed a model planning procedure, with minimum requirements. The Department requires evidence of a coherent planning process in every district.

c. Provide a curriculum delivery system.

- Department, regional and district staff now develop curriculum materials, teaching strategies and training packages.

d. Provide a new local district monitoring process.

- Since 1984, the performance of every district has been monitored against such indicators as student performance and absentee reduction. Successful districts receive a five-year certification, while failure exposes a district to more rigorous review.

e. Target limited department resources to major needs.

- A district monitoring and review process identifies regional or recurring district level needs. The Governor, Legislature, State Board or the Commissioner generate specific initiatives.

2. Consider additional initiatives to upgrade the quality of learning:

a. Implement a merit salary program for classroom teachers in a few pilot school districts.

- When the department initiated a pilot program to test the feasibility of a merit pay system, the program met strong opposition from teacher labor unions. However, the Department has initiated other programs to recognize, reward and encourage exemplary classroom teachers:

- (1) **Teacher Grants-** The State offers grants of \$15,000 to teachers or groups of teachers who have designed innovative, effective classroom strategies.
- (2) **Governor's Teacher Recognition Program-** Approximately 4,700 outstanding teachers were honored at annual Governor's Convocations on Excellence in Teaching, held in 1986, 1987 and 1988. Each teacher's district was awarded \$1,000 to be used for educational purposes designated by the teacher.
- (3) **Teacher Symposium-** 100 of the Teacher Recognition Program winners are also honored with invitations to a three-day symposium with colleagues and prominent educational leaders.
- (4) **Information Campaign on Teaching-** In 1987, the Department launched a campaign with the theme "Teaching . . . It's a Vital Profession," with information packets and public service messages developed for mass media.

b. Consider programs to help urban districts implement research on exemplary schools.

A two-pronged initiative, launched in 1985, consists of the Broad-Based Component, to offer pilot improvement programs to urban school districts, and Operation School Renewal, to achieve specific goals in three urban districts.

c. Consider programs to increase the quality of new teachers.

- (1) **Minimum Starting Salary-** By enacting a minimum salary law, Governor Kean and the Legislature brought beginning teacher salaries into competition with other professions.

(2) **Governor's Teaching Scholars-** The State is attracting top high school students to teaching with college tuition loans to future teachers.

(3) **Teacher Certification-** Academic standards for certification have been raised, and the proportion of required education courses has been reduced to allow more time for the subjects that are to be taught. The Provisional Teacher Program has opened the classroom to college-educated professionals who want to teach but do not yet have credentials in education theory. All certification applicants are required to hold bachelor's degrees and pass subject-area competency tests. Standards have been further raised by the virtual elimination of substandard "emergency certification" procedures.

d. Consider programs to ensure time devoted to academic subjects is better used.

The Academy for the Advancement of Teaching and Management endeavors to improve teaching through workshops and programs in such areas as improving classroom management, supervision of instruction and translating instructional theory into practice.

e. Consider programs to increase the amount of instructional time.

Internal reviews have examined either extending the length of the school year or extending the length of the school day. Both were found to be too costly in the present economic environment.

f. Consider programs to ensure a classroom environment conducive to learning.

Codes of conduct, grants for reducing disruption, and programs for special education students (emotionally handicapped) have each been implemented, and a high level debate has been initiated among diverse leaders to identify core values that can be supported in the schools.

g. Consider programs enhancing meaningful parental involvement.

The Partners in Learning campaign was launched with television messages, brochures and posters, and the selection of model schools for parental involvement. Finally, 30 schools will receive grants to develop these programs.

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- h. Consider programs to encourage cooperation between industry and schools.

The "10,000 Graduates . . . 10,000 Jobs" program aims to link existing jobs and students by establishing school-business partnerships for urban school districts. As part of ongoing adult literacy campaigns in the region, 100 Department employees have been recruited, and join others from the private sector to be trained as volunteer tutors for adults. Elementary school science teachers and administrators are trained in a variety of programs, with support from New Jersey business and industry. The Management Training for Educators project, with the support of the Partnership for New Jersey, offers seminars to teachers and administrators who attend with corporate personnel.

- i. Consider promoting exemplary academic programs.

The Department assists districts in the replication of programs with demonstrated effectiveness through (1) grants used to defray costs of adoption, (2) grants to prepare instructional programs usable elsewhere, and (3) dissemination of information about effective programs.

- j. Consider use of financial incentives.

The Incentives for Basic Skills Improvement Project was designed to reward schools for improving the basic skills performance of their students, instead of cutting off funds when basic skills performance of remedial students improves. This program was discontinued in 1989 for budgetary reasons.

3. Develop programs to improve competency of teachers and administrators:

- a. Implemented Academy and Staff Development Leaders Program.

The Academy for the Advancement of Teaching and Management has trained over 4,000 educators, and supplements local staff development.

- b. Revising Principal Certification Rules.

Under a plan adopted in 1988, each school principal will be required to hold a master's degree in a field of management science, and other changes are being phased in.

c. Revision Proposed for Certification of School Business Officials and Superintendents.

Governor Kean called for a comprehensive evaluation of the certification requirements for school business officials, and, more recently, for district superintendents.

B. Funding/Resource Allocation

The GMIP recommended using the State funding mechanism to focus district management attention on cost reduction, bringing teacher pension system more in line with other states, and using financial incentives to encourage districts to regionalize services, facilities and personnel.

These recommended changes, affecting both resource allocation and funding, have been rendered infeasible by external forces, including ongoing judicial review of Abbott v. Burke, and other legal and policy considerations described in the Department's report, attached as Appendix VI.

In the area of resource allocation, the Department had already undertaken a comprehensive study of its own mission, organization design and staffing pattern prior to the GMIP study. Based on the independent Maher/Hoy report, a 10% reduction of staff was achieved. The GMIP study endorsed both the Department's study and its reduction plans.

VII. DEPARTMENT OF ENVIRONMENTAL PROTECTION

Although no recommendations were directed specifically at the Department, the organizational analysis provided a catalyst for accomplishments consistent with the broad goals of GMIP.

A. Centralization of Functions

The department examined the merits of the centralization of functions such as accounting and personnel, and moved to accelerate processing of invoices and to reduce the number of personnel required.

B. Field Offices

Four field offices were established, each with a variety of enforcement units, as part of its effort to assess the merits of regionalizing the Department's enforcement activities.

C. Capital Improvement

Low-maintenance and energy-efficient materials were used in the construction of all new facilities under the Division of Parks and Forestry's Capital Improvement Program.

D. Worker/Manager Ratio

The department identified ways to increase the ratio of workers to managers by 29 percent and to reduce the cost to manage by 20.5 percent in an approach that would also use more accurate job titles for scientifically specialized personnel who are not managerial; since 1984, the ratio of workforce to managers has increased from 3.8 to 4.25, steadily approaching the GMIP goal of 4.5.

E. Fees

The department has made increasing use of user fees to cover program costs. The budget share covered by user taxes and fees increased from 19 percent in fiscal 1982 to 33 percent in fiscal 1989.

F. Division of Financial Management

The department has realized improved results and lower costs by consolidating clerical accounting functions in the Division of Financial Management.

G. Vehicles

Opportunities for further savings through leasing instead of purchasing agency vehicles have been identified.

VIII. DEPARTMENT OF HEALTH

Although GMIP did not make recommendations to the Department of Health, the Department was encouraged to pursue various ongoing strategies, utilizing elements of GMIP methodology. These are some examples of these departmental strategies, which continue to produce positive outcomes within the Department:

A. Creation of New Divisions

The Divisions of AIDS Prevention and Control; Research, Policy and Planning; and Occupational and Environmental Health were newly created, reflecting departmental priorities.

B. Administrative Improvements

1. Alcohol and narcotics administrative functions were combined;
2. Better, more flexible management structure was applied in the Public Health and Environmental Laboratories;
3. Duties and responsibilities in the Statewide Health Coordinating Council were realigned, so the Council now places greater emphasis on efficient cost containment in the health care system; and
4. The Business Systems Plan was completed in 1988 to provide mechanisms to budget objectively and to keep office automation planning current, acting on specific opportunities identified for the department by GMIP.

C. New Initiatives

1. Governor Kean initiated plans for the HealthStart Program in 1985, and it became a reality in 1987. HealthStart offers maternal and child health services for low-income pregnant women and children, to reduce the incidence of low birth weights and infant mortality and to improve child health.
2. Health cost containment activities, with New Jersey's pioneering DRG-based reimbursement system at the centerpiece, are assuring that healthcare delivery in New Jersey remains one of the most efficient in the nation, with one of the lowest costs per hospital admission.
3. The Department has implemented various educational campaigns to encourage citizens to stay healthy, as a way to contain medical costs in the long run, while improving the quality of life. Educational campaigns are in the areas of occupational and environmental health, and in the form of chronic disease services.

IX. DEPARTMENT OF HIGHER EDUCATION

A. Personnel Reclassification

The following results were obtained from departmental personnel reclassification:

1. Reclassification of 271 managers as workers (redesignation occurred primarily in the Division of Student Assistance, where seven levels of management were reduced to four, the number of managers was reduced by 25 percent, and the ratio of managers to workers went from 1:4.3 to 1:5.6); and
2. Over \$1 million in redesignation-related cost reductions have been redirected to the improvement of support services.

B. GMIP Recommendations Under Consideration

The following areas recommended for change by GMIP are under consideration:

1. Rutgers University

- a. Reallocation of payroll dollars from lesser to higher priority areas;
- b. Development of information systems to improve services or realize economies;
- c. Streamlining of the administrative process by eliminating unnecessary levels of reporting;
- d. Improvement of services for students and reduction of fragmentation of responsibilities of managers and faculty; and
- e. Management training.

2. University of Medicine and Dentistry

GMIP was viewed by UMD as the beginning of a planning process that the University might adopt, but not as an opportunity for immediate action. Specifically, although the University recognizes that the State has a legitimate concern that its payroll costs be reduced, it perceives its management structure as being the concern of its board of governors.

3. New Jersey Institute of Technology

NJIT recognizes that the consultative nature of collegiate decision making prevents it from immediately realizing the full potential of the GMIP

4. State Colleges

Because managerial control of each state college rests with its president and board of trustees, the GMIP analysis was viewed by the state colleges more as a beginning of a planning process than as an occasion for immediate restructuring.

X. DEPARTMENT OF HUMAN SERVICES

As a result of GMIP, the Department of Human Services has undertaken a series of initiatives, including the following:

A. Division of Medical Assistance and Health Services (DMAHS)

1. Development of Medicaid Third Party Liability Subsystem to maximize cost avoidance and paid claims recoveries;
2. Development of an On-Line Eligibility System-Rapid Eligibility Data Inquiry to provide on-line eligibility verification for New Jersey's Medicaid population;
3. Implementation of the Automated Nursing Home Rate Recalculation to allow the Division to settle nursing home audits more quickly and to accelerate recoveries;
4. Implementation of the Lock-In program, through which known overutilizers of Medicaid services (i.e., pharmacies and physicians) are restricted to a specified provider of service;
5. Implementation of the Physician Demonstration Project, through which Medicaid clients will voluntarily select physicians who will serve as at-risk case managers to effectively manage their health services, including physician specialists, hospital emergency rooms and pharmacies;
6. Implementation of Professional Standards Review Organizations. These organizations are under contract with the Division to conduct hospital utilization review. A more aggressive position on issues--such as concentrated admission and continued stay reviews--has been implemented;
7. Maximization of Medicaid entitlement by maintaining Federal fiscal expenditures below mandated target amount;
8. Improved monitoring by the Division of the maintenance of the Eligibility file resulting in more timely terminations;
9. Placement of liens on real property of long term facility residents likely to remain in the nursing home and denying of eligibility to anyone who has divested of assets for less than fair market value within the past 24 months;
10. Continue project in which the Medicaid Eligibility File is matched against the Blue Cross private insurance file to identify Medicaid recipients with other coverage; and
11. Acceleration of the schedule for income audits to increase the potential for program recovery.

B. Division of Public Welfare (DPW)

1. Development of a more efficient Child Support Program through implementation of the wage garnishment law the Omnibus Reconciliation Act (which allows interception of federal income tax returns), and the Set Off of Income Tax Liability (SOIL) law (which allows for interception of State income tax returns and homestead rebates); and
2. Identification of unearned income to determine continuing eligibility of current and future food stamp recipients and to recover overpayments.

C. Division of Developmental Disability (DDD)

1. Extension of the Institutional Care for the Mentally Retarded certification program, consistent with the Department's long-term plan to shift from an institution-based care system to a community-based care system; and
2. Providing home- and community-based care through Title XIX.

D. Division of Mental Health and Hospitals (DMH&H)

1. Appropriation to salary and wage accounts at the State hospitals of \$2 million in additional federal funds resulting from the accreditation of the Brisbane Child Treatment Center and the Hagedorn Center for Geriatrics by the Joint Commission on Accreditation of Hospitals; and
2. Trenton Psychiatric Hospital being phased down from existing capacity to create a small specialized facility serving geriatric mentally ill individuals from throughout the State.

E. Division of Youth and Family Services (DYFS)

Achievement of \$5.3 million in savings through redirection of resources to direct services, reorganize overall structure and improve programmatic and fiscal goals.

F. Budget, Finance and Administration, Department of Human Services

1. Improving control over purchasing functions and achieving economies through bulk purchasing and less duplication of staff time;
2. Developing a system for claiming Medicare "B" payments for clients in Department institutions;

3. Continuing the Productivity Improvement Program, designed to increase productivity and efficiency and control operating costs while maintaining or improving service levels and quality; and
4. Reduction of 529 managers into worker titles through attrition.

G. Long-Term GMIP Objectives and Accomplishments

As part of its effort to contain costs while providing a high level of health services, the Department has developed programs designed to reduce reliance on hospitals and nursing homes. Continuation and expansion of these programs is a major part of the Department's long-term GMIP effort. These programs include:

1. Nursing home care for the elderly and disabled -

Five waiver programs have been implemented which are expected to continue to produce savings by providing medical services to individuals in the community who might otherwise require institutionalization. Adult day care services have been included as part of one of the waiver programs, and the Department is conducting a demonstration respite care services project.

2. Inpatient hospital care -

The recently-initiated HealthStart program provides an enhanced service package for pregnant women, including presumptive eligibility, to make prenatal services more readily available. The goal of this initiative is the reduction of low birth weight babies. It is preventive in nature and should reduce future medical expenditures.

3. Hospital Ambulatory Care -

Fee increases for providers have been instituted, and, over a five year period, will put provider fees more in line with actual costs. Increased eligibility standards for pregnant women and children have been increased, and an enhanced service package and increased provider fees under the HealthStart initiative should encourage viable alternatives for hospital outpatient services. These will provide long-term gains in reduced inpatient hospital expenditures associated with high-risk infants. In addition, the State has begun to reimburse hospitals for outpatient dental treatment on a fee-for-service basis.

4. Eligibility determination and administration -

The Department is taking steps to compensate for the occasional Medicaid bias toward more expensive forms of care.

5. Impact of the physician on the health delivery system -

There has been a substantial increase in educational campaigns directed at the physician as well as the patient, and additional financial incentives have been developed to contain costs.

6. Coordination of State-wide health care policy -

The use of the existing State Coordination Council as a vehicle for the coordination of health care policy was recommended by GMIP. Because federal funding of the council has ceased, a substantial infusion of State funds would be necessary for this council to play a significant coordinating role.

7. Pharmaceutical Assistance to the Aged and Disabled (PAAD) -

GMIP recommended that the PAAD co-pay be increased to \$3 and that annual increases in the Lifeline program be limited. To this date, the PAAD co-pay figure has not been increased by the Legislature, and it is unlikely that it will be in the near future. Programs have been implemented, however, to make the program more cost efficient. In addition, a cap has been placed on the Lifeline benefit amount at its present level of \$225.

XI. DEPARTMENT OF INSURANCE

A. Organizational Study of the Department

As a follow-up to GMIP, the Department and OMB conducted a more detailed organizational study of the Department. The study identified several significant issues that had not surfaced during the GMIP study, including lack of clear lines of reporting, lack of clear delineation of responsibilities, an absence of management control, and the lack of a clear definition of goals and objectives. The Department has spent considerable time resolving these issues. It has changed the organizational structure to provide clear lines of reporting and to delineate areas of functional responsibility, and it has conducted management seminars and retreats to enhance the skills of top and middle managers.

B. Use of Revenues

All of the funding recommendations made by GMIP were related to the collection and use of revenues generated through license fees, fines and examination billings. As GMIP suggested, legislation has been enacted to increase these. In addition, the Department has instituted procedures as part of the annual planning process through which these fees, fines and billings will be reviewed periodically.

C. Renewal Cycle of Insurance Licenses

The renewal cycle has been staggered, on a quarterly basis, to smooth out the Department's workload.

D. Consolidation of Insurance, Estate Licensing and Regulatory Functions

The long-range GMIP recommendations called for the consolidation of the insurance, real estate licensing and marketplace regulatory functions. The Department is especially supportive of the licensing consolidation, but this has not been implemented primarily because real estate licenses are renewed annually while insurance licenses are renewed every four years, with renewal periods spread out quarterly each year. Legislation is pending to bring these licensing cycles into alignment. If this legislation is enacted, the Department will again consider consolidating the licensing functions.

E. Regulatory Trust Fund

The long-range GMIP recommendations also called for the establishment of a Regulatory Trust Fund to provide for "off-budget" funding of the Department based on its revenues. This recommendation has not been implemented, although the Department supports it.

XII. DEPARTMENT OF LABOR

A. Unemployment Insurance Trust Fund

One of the major strategic issues in the Department of Labor addressed by GMIP was the Unemployment Insurance Trust Fund deficit, which totaled \$444 million at the end of 1982. Though different in some specifics, the GMIP report made recommendations on this issue that were in line with those made by the Governor's Commission on Unemployment Insurance. These recommendations resulted in legislation, passed in 1984. Changes in law, combined with the State's strong economy, have resulted in the Trust Fund solvency, with a balance of over \$2.3 billion at the end of 1988.

B. Organizational Changes

1. 123 positions were abolished, and nine new positions were created to accommodate new organizational structure demands. The decrease in staff resulted in the reduction of \$2.154 million in salaries, of which \$147,000 were State funds.
2. 165 manager positions were converted to worker positions, and management levels were reduced by 25%, from eight to six. The cost of managing one dollar's worth of worker salary fell 23%, from 35 cents to 27 cents, and the ratio of workers to managers rose from 4.8 to 6.3. Finally, the percentage of middle managers dropped from 38 to 28, and four organizational units were abolished.

XIII. DEPARTMENT OF LAW AND PUBLIC SAFETY

A. State Police

1. Managerial responsibilities were reassessed and management structures were streamlined in the areas of investigations, laboratories and administration. Changes were also made to the administrative reporting and assignment channels between State Police units concerned with gaming enforcement and civilian staff operating under the Division of Gaming Enforcement.
2. Reporting systems have been streamlined to allow troopers in the field to spend more time on police work and less on report writing.
3. Increased automation of the Administrative Section at the Division Headquarters has improved efficiency for the interstate identification processing of criminal history for the entire criminal justice system.

B. Division of Motor Vehicles

In the process of the Division of Motor Vehicles reform efforts, Motor Vehicle Services has, among other things, centralized its computerized telephone answering system for all motor vehicle information; consolidated the automated accounting and rehabilitation functions of the bureaus of alcohol countermeasures, probationary driver and driver improvement; reoriented the objectives of the Bureau of Agencies to emphasize quality assurance at each local agency through document verification at the Division Central Office; eliminated the Bureau of Count Reports and Fines; transferred the Bureau of Compulsory Insurance and Accident Reporting to the Driver Improvement Service; reorganized the vehicle inspection and driver testing efforts; redesigned the computerized database to permit integration of the registration file, enhancement of the violation data file and complete the agency automation process.

C. Division of Law

The Division of Law increased its use of word processing to better enable its staff to produce legal documents with fewer clerical employees.

D. Division of Alcoholic Beverage Control

The Division reassigned selected functions from the Licensing Bureau into the Bureau of Trade Practices (now Trade Relations) to permit better supervision the industry with the potential to increase revenues.

E. Division of Consumer Affairs

The Division reviewed the possible consolidation of the Charities Registration Section with the Bureau of Securities to maximize the effectiveness of their resources. It was determined that such consolidation was not feasible, however.

F. Division of Gaming Enforcement

Based on analysis of functions and grouping of related units, the Division reassigned several sections from operations to investigations. This has resulted in the reduction of management positions and the placement of the administrative and trial functions under the personal supervision of the Director.

G. Division of Civil Rights

The Division of Civil Rights consolidated its bureaus of Administration and Research, Planning and Program Development and restructured the Enforcement Bureau on functional rather than geographic lines to reduce levels of management and streamline internal reporting channels.

H. New Jersey Racing Commission

The Racing Commission eliminated one level of management to streamline its internal operations.

I. The Office of the Attorney General

The A.G.'s office was restructured along functional lines, one middle-management level was eliminated and many administrative functions were consolidated. An intradepartmental task force was commissioned to coordinate the implementation of the GMIP recommendations, especially with regard to administrative activities at the Justice Complex that were not program related. The task force has continued to operate, and its review process will be ongoing.

J. Departmental Reorganization

The GMIP recommendations led to the reorganization of the Department of Law and Public Safety in 1986. Authority was placed in the hands of line managers, but central points of control were maintained. Centralization of administration has eliminated conflict of priorities within the department, as has the centralized budgeting process.

XIV. DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

In January 1988, the Department of Military and Veterans' Affairs was created. Because the GMIP study preceded the creation of the present department, the GMIP recommendations referred to here are those made for the former Department of Defense.

A. Organizational Reform

1. All administrative services functions were consolidated under one major division.
2. All activities related to mobilization and planning were centralized.
3. Facilities-oriented functions were centralized in the Installations Division.
4. Central administrative responsibilities were reassigned to reduce the span of direct control of the chief of staff.
5. Management costs were reduced from 63 cents to 26 cents per worker dollar.
6. The percentage of middle managers was reduced from 23.8 to 19.2.
7. The ratio of managers to workers increased from 1 to 3 to 1 to 5.3.

XV. DEPARTMENT OF PERSONNEL

Civil Service was identified as one of three key process issues by the GMIP long term Program, along with budget & planning, and the State Division of Purchase and Property issues. The GMIP Alternatives and current status of efforts to address them are presented below. The principal thrust is to substantially delegate the personnel function of State government from the Department of Civil Service (now the Department of Personnel) to the State agencies.

A. Responsibility for Employee Performance

GMIP called for the head of each unit of State government to be responsible for employee performance in that unit, using both collective and individual performance measurements. The performance evaluation system for State employees has undergone revision in order to strengthen accountability, and is undergoing yet another review with the goal of further enhancing its effectiveness. A possible proposal for a statewide pay-for-performance program is also under study, in a pilot merit-pay program over the past five years. The new Senior Executive Service also incorporates pay-for-performance as a key component.

B. Delegating Civil Service's Personnel Functions to State Agencies

GMIP's recommendation has been implemented substantially, with the passage of N.J.S.A. 11A, which authorizes the delegation of these functions to appointing agencies. The Civil Service Reform Act has also made possible delegation of personnel functions to municipalities and counties. The Department has created a Delegation and Pilot Projects Auditing Unit for coordination and monitoring of these moves. Costs are being reduced due to improved processing and performance. Processing time for many actions have been reduced to one third of what was required in the centralized structure.

C. Reallocating Functional Responsibility between the Department of Personnel and Agencies

1. GMIP recommended that agency classification of positions without prior approval from Civil Service (now the Department of Personnel) be allowed, but that the Department should still approve the creation of new titles.

The Department of Personnel has declared a moratorium on the creation of new titles at the State and local levels. Local jurisdictions have the authority to classify their positions, and State agencies may be granted this authority pending the outcome of the Job Analysis Project.

2. GMIP recommended that agencies prepare and administer examinations for hiring and promotion, and that the Civil Service Commission (now the Department of Personnel) should investigate any

complaints related to these examinations, issue guidelines and offer technical assistance.

Processing and administering exams has been delegated successfully to some agencies and local governments, but economies of scale in exam preparation have kept this function centralized.

3. Dissolve Job Content Evaluation and Reclassification Committees, and consolidate these functions in Civil Service.

The Job Content and Evaluation Committee was disbanded, but Reclassification has been found to be necessary, and has been made more efficient within the Personnel Department.

D. Strict State Government Cost Controls over Reclassifications, Range Revisions and New Titles

State agencies should be permitted to reclassify positions only when change does not result in additional operating unit costs. The number and level of positions should not change unless the workload is substantially changed and a higher cost is approved by the State budget officer.

The Department is in substantial agreement, but more work is needed to seek the proper balance between market pressures on salaries, client service demands and cost consciousness. This was not fully addressed in the GMIP report.

E. Relating Performance and Salary Increments

For higher salaried positions, pay should be increasingly sensitive to performance. GMIP also recommended a merit fund for rewarding exemplary performers each year.

Major changes in compensation policy affecting middle and upper level positions have been initiated, and continue to evolve. These are making salary increases less automatic in the upper ranges, and more sensitive to merit evaluations.

F. Hearings on Employee Suspensions and Dismissals

GMIP recommended hearings should be held at the departmental level, chaired by a hearing officer assigned by the Civil Service Commission.

While this policy has not been adopted, several initiatives have been implemented to improve the Merit System Board procedure, allowing union representation, removing extraneous formalities, and creating an enforcement unit to assure compliance with orders and regulations in effect.

G. Accountability for Sick Leave

GMIP proposed abandoning the previous standard which amounted to an entitlement for a certain number of days, to a system that would hold employees accountable for time off.

Although the Civil Service Reform Act continued the prior practice of granting 15 days per year of sick leave, the Department of Personnel strongly encourages State agencies to closely monitor sick leave, and to use available tools to identify and minimize abuse.

H. Adequate Funding for Mandated Programs

GMIP suggested funding was inadequate as the budget has declined even as responsibilities increased. The Department has managed to increase its budget, principally to increase efficiency through automation, but budgetary constraints have not allowed increases to the extent suggested by GMIP.

I. Basic Data on Civil Service Departmental Programs

A variety of recommended studies and surveys of civil service data have been performed, and some of these analyses have been made routine. Serious faults in the classification and compensation systems were delineated, which called for further, more detailed studies which are aimed at reducing the total number of titles and a more equitable job evaluation system and improved job specifications.

J. Need for Improved Management Skills among State Managers

GMIP indicated Civil Service executives should delegate authority and responsibility to state agencies to streamline what in the past may have been cumbersome personnel procedures, and to simplify communication channels between agencies and the Civil Service authorities.

The Certified Public Manager Program was formed to improve management ability of career State employees. Many of the graduates have advanced to higher level supervisory and managerial jobs, and their contributions are expected to bring greater efficiency to government in the coming years.

The Senior Executive Service also has a developmental component that will focus on sharpening managerial skills through training programs. These programs should yield substantial returns in increased government efficiency in the coming months and years.

XVI. DEPARTMENT OF THE PUBLIC ADVOCATE

A. Reorganization of Public Defender and Public Advocate Units

1. A reorganization of the Public Defender's chain of command limited the number of Deputy Public Defenders reporting to Assistant Public Defenders.
2. The Division of Administration was reorganized into four units, each with a specific function and each run by a bureau chief. Operational responsibilities are now clear, communications have been improved, and delays in processing purchase orders and delivering support services have been reduced.
3. Monthly Docket Review meetings have been instituted to review division caseloads and to discuss strategies for reaching goals.
4. Division priorities are submitted to the Commissioner for review and evaluation prior to their inclusion in the budget. Division Directors are responsible for preparation of their budgets and for providing justification for increases in staff size or division funding.

B. Regional Office Management Responsibilities of Deputy Public Defenders

1. As a result of the GMIP recommendations, deputy public defenders in charge of regional offices were given full authority for the management of their staffs, including matters of interviewing, hiring, salary, salary adjustments and promotions. To allow time for managerial responsibilities, the DPD's caseloads were reduced.
2. The management of investigators in regional offices is included in the new management authority delegated to deputy public defenders. As a result, two of the five positions that were allotted to the investigator management section in the Department headquarters have been eliminated, with a savings of \$90,000. The remaining positions have been designated as staff, rather than as line positions.

C. Reorganization of the Appellate Section

The Appellate section has been reorganized. The title of Managing Attorney was created to reduce the number of employees reporting directly to the deputy public defenders. Under this new structure, the deputy public defender has direct control over three deputy public defender II's who supervise managing attorneys, who in turn supervise staff attorneys. This system has effectively limited each supervisor's span of control and provides employees with greater access to them.

D. General Organizational Changes

1. GMIP recommended that some middle management positions in the public advocate divisions be designated as lead worker positions. The concept of a lead worker title in these divisions was considered but not pursued because of difficulties in creating job titles with commensurate pay ranges at management levels.
2. Division Directors are responsible for the efficient and effective management of their units. The Commissioner evaluates each Division Director's performance on a continuing basis and formally rates each Director annually.
3. The Department has instituted a formal evaluation system for all employees. Annual increments and salary adjustments are based in whole or in part on employee performance evaluations.
4. The Department has actively sponsored in-house training programs for attorneys, investigators and clerical personnel.
5. A manual of policies and procedures has been created as a result of the GMIP report. The manual is now being revised and updated.
6. The Office of the Public Defender's statistical retrieval section was abolished and replaced with a computerized system.
7. A Management Information System has been created for the Department, and computers have facilitated the creation of such things as a case management system for the Public Defender's regional offices, word processing in each Public Advocate's division, and a case management system (now being developed) for the Appellate Section.

XVII. DEPARTMENT OF TRANSPORTATION

Recommendations were developed with the GMIP both for Department-wide policies and for policies within New Jersey Transit (NJT). Most were implemented and continue to influence the management of both agencies.

A. Department-wide

In the Department of Transportation itself, recommendations included calls for streamlining of data base generation, proper delegation of responsibility for bus inspection, clerical support, local aid projects, centralized data processing, and management improvements in various other areas. In each case, the recommendation was implemented, an alternative was found and implemented (or is ongoing), or the recommendation was refined and altered as a result of further study.

B. New Jersey Transit

1. In NJT, organizational changes as a result of the GMIP were designed to clarify lines of responsibility, eliminate overlaps, establish more realistic spans of control for each manager, and to increase the overall operating efficiency of NJT. At headquarters, these organizational changes included the reorganization of the Finance Department, changes in the structure of the Corporate Communications Department, and the consolidation of all quality assurance activities at headquarters rather than at the rail and bus subsidiaries. Several additional management reorganizations have been implemented since then, in order to improve efficiency still further.
2. The reorganization of NJT resulted in
 - a. elimination of 30 positions, saving about \$670,000 annually,
 - b. reduction of management's cost share from 12 percent to 7 percent,
 - c. reduction in the manager to worker ratio from 1:11 to 1:20,
 - d. reduction of middle managers from 27.3 percent to 19 percent,
 - e. 40 percent reduction in the number of managers (to 239), and
 - f. reduction of the maximum number of management levels to 5.

XVIII. DEPARTMENT OF THE TREASURY

A. Office of Management and Budget

1. The Office of Management and Budget (OMB) was created as a direct result of the GMIP recommendation to combine planning, management and budget functions into one organization to insure a unified, comprehensive overall management and budget strategy.
2. OMB has implemented the GMIP recommendation that agency-initiated budget requests be replaced by clear policy guidelines from the Chief Executive. Implementation of this recommendation has been achieved through the development of the Integrated Planning and Budgeting process, which commences with the establishment of the overall planning framework. This framework consists of revenue estimates, program trends, the Governor's program priorities and continuation budget targets.
3. Through the development of the Integrated Planning and Budget process, OMB has also implemented the GMIP recommendation that agencies be provided with fiscal projections and firm departmental spending targets as they begin their budget preparation.
4. Long-term and strategic planning have also been implemented through the Integrated Planning and Budget process, and have been designed to meet long-term needs over time with available resources without sacrificing current services.
5. OMB has implemented the GMIP recommendation that the budget process include a mechanism for periodic program review and evaluation. Such review and evaluation is the responsibility of the Program Monitoring Operations Unit, which provides an ongoing evaluation service to management by identifying the degree to which State agencies are meeting their goals and objectives.

B. Office of Financial Management

1. The Office of Financial Management (OFM) was created in response to GMIP's recommendation that various debt management and other Treasury functions be consolidated in a line division in Treasury.
2. A small professional staff has been developed to administer all State general obligation bond sales, master lease financings and real property financings secured by leases.
3. Monitoring of the financing activities of the State's authorities has been centralized in OFM, and complements the more general policy and operational oversight provided by the Authorities Unit in the Governor's Office.
4. A Cash Management Unit has been developed and is responsible for all banking services.

5. OFM has successfully introduced competitive bidding for major categories of banking services (State payroll account, lock-boxes for various State agencies, etc.) and, as a result, commercial banking fees paid by the State have been reduced by at least \$500,000 annually.
6. OFM has completed the deposit reporting system for virtually all State bank accounts.
7. Debt service procedures have been improved.
8. OFM has identified all non-tax receivables generated by all State departments and has initiated a quarterly reporting system for such receivables.

C. Division of Taxation

1. The GMIP recommendations to change the homestead rebate program to either a direct credit system at the local level or to a credit built into the gross income tax system have not been implemented primarily because there is a concern that both of these changes could have an adverse effect on the State and municipalities in federal funding issues.
2. The State's role in monitoring the administration of the local property tax base is being analyzed continuously. To improve this function, the Division has begun the development of the Comprehensive Assessment Administration System.
3. Although the Wage Reporting Program has been transferred to the Department of Labor, it is the Division's opinion that massive public and private sector costs savings would result from consolidation of various reporting requirements imposed on employers.
4. GMIP suggested that the SOIL Program be expanded to include some kind of debt collection operation using the existing program as the centerpiece. This recommendation has not been implemented, although the Division does not necessarily disagree with it.
5. As a result of GMIP, the Division has revised existing and implemented new data systems designed to improve taxpayer services and division productivity.
6. Out-of-state audit offices have been established in Chicago, Illinois, Anaheim, California and Dallas, Texas.

D. Division of Administration

The entire State mail and delivery process has been reviewed and revised for better and more efficient service.

E. Office of Telecommunications and Information Systems (OTIS)

In response to GMIP, the Office of Management and Budget commissioned a study to define the best organizational structure for providing information processing services to State agencies. As a result of this study, Governor Kean established OTIS to develop information processing policy; effect the most practical consolidation of information processing facilities; and coordinate the information processing activities of the Executive Branch. OTIS has laid a new electronic infrastructure and at the same time has consolidated, better utilized and standardized existing resources.

F. Division of Building and Construction

Although DBC was not targeted specifically by GMIP, there have been a series of management improvements and initiatives that were implemented in the spirit of GMIP. These include: formation of the General Services Administration to consolidate the procurement, property and central service functions performed by the Division of Purchase and Property and DBC; staff consolidation; and privatization of various custodial and preventive maintenance functions; and an increase in the bidding threshold to \$25,000.

G. Division of Purchase and Property

1. GMIP recommended a six-month pilot program with the Department of Human Services to reduce the number of multiple vendor contracts, analyze purchase volume, data, set cost reduction goals and document the cost effectiveness of these efforts. DPP completed this program successfully and has extended it to include all State departments. This program illustrated the need for automation of the procurement process -- an effort that is presently in the implementation phase.
2. GMIP recommended that the advertised bid threshold be adjusted to \$10,000 and indexed to inflation. In 1985, the Legislature increased the threshold to \$7,500 and directed the Governor to readjust it no later than March 1 of each odd-numbered year. The present threshold is \$8,000.
3. Agencies are no longer required to submit individual Direct Purchase Authority requests up to the advertising threshold. This change has eliminated the processing of at least 20,000 documents annually.
4. The amount of technical assistance provided to agencies has been increased.
5. The Management Acquisition Control System has been designed to provide data that can be used to make more efficient and cost-effective purchasing decisions.
6. Commodity codes have been restructured to more accurately reflect the state of the vendor community and the market.