

Report of  
The Transition Subcommittee on  
The Department of Law and Public Safety  
And the Office of the Public Defender

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## **Executive Summary**

This Report provides an overview of the Department of Law and Public Safety (the “Department”) and the Office of the Public Defender and outlines the significant challenges to the Department’s ability to carry out its core functions. Severe staffing attrition and competitively-unfavorable salary issues have forced the Department, like much of New Jersey State government, to do more with less and have seriously affected morale. Although the efforts of the dedicated employees of the Department have allowed it to maintain core functions, those efforts may not be enough sufficient to sustain the Department over the long run. Staffing and salary issues across the Department should be reviewed with an eye toward developing strategic and systemic changes so that the Department can be competitive with other comparable agencies. Coupled with the cost-saving and revenue-generating measures identified herein, the Department will be better able to meet its responsibilities.

In addition to the need to address staffing and salary issues, the flow of information within the Department must be improved. Specifically, time-sensitive and confidential information must be conveyed to the Attorney General to allow for timely decision-making. To that end, the organizational structure and responsibilities of the Office of the Attorney General, vis-à-vis the roles of the Directors of the various Divisions, must be re-examined in order to assure proper allocation of responsibilities and related reporting within the Department.

The Department performs certain functions which are unnecessary or, alternatively, better handled by other departments and agencies. Modification to these functions will enable the Department to perform its essential functions and at the same time reduce cost. In some cases, these modifications should not require legislative revisions.

### **I. Office of the Attorney General**

#### **A. Organizational Overview**

The Office of the Attorney General (“OAG”) is the operational center of the Department of Law and Public Safety. It handles key functions including administration of the Department, legislative affairs

and press communications. The OAG staff should deal promptly with issues requiring decisions by the Attorney General.

## **B. Analysis/Recommendation**

Issues which require attention include:

1. *Budget Preparation:* OAG is responsible for preparing the Department's budget and handling the flow of money in and out of the various Divisions. Given the complexity of the Department's budget, and the interactive-functionality of the Divisions, preparation of the next budget must begin immediately after Inauguration. This will require a collaborative effort among the Attorney General, senior executive staff within OAG and the Directors of the various Divisions. Legislative hearings on the budget will be held in April and May at which the Attorney General will be expected to testify in support of the Department's proposed budget; it is therefore critical that budget issues be addressed as soon as possible.
2. *Legislative Matters:* OAG is currently monitoring numerous legislative proposals which may impact the Department, the most immediate of which would permit Deputy Attorneys General to bargain collectively and would eliminate existing statutory provisions which have them serve at the pleasure of the Attorney General. Should these changes occur, the Attorney General's authority to assign, discipline, and set terms and conditions of employment for those individuals would be constrained.
3. *Outside Counsel:* OAG has appointment authority and oversight responsibility for outside counsel who typically work in consultation with the Division of Law. For FY 2010, the approved budget for outside counsel will exceed \$20 million. OAG should examine the process by which outside counsel are selected, and re-evaluate both the current list of approved counsel and the amount of legal fees generated, including the possibility of alternative billing arrangements as a cost-saving measure.

## **II. Division of Law**

### **A. Organizational Overview**

The Division of Law ("DOL") handles the legal matters (including agency advice) related to the operations of all the Executive Branch, the Judicial Branch and more than 400 State agencies. It manages all court proceedings brought against the State of New Jersey and all actions initiated by the

State to enforce its statutes and regulations, as well as to protect the State's interest in contractual matters. On an annual basis, the DOL handles over 39,000 matters in federal and state courts. The DOL has approximately 883 employees of which approximately 500 are Assistant and Deputy Attorneys General. The budget for FY 2010 is \$79,225,000, of which \$13,588,000 is anticipated in the form of Direct State Services while the balance (\$65,637,000) is through Client Services Agreements with and payments from the various departments, agencies and entities the DOL represents.

## **B. Analysis/Recommendation**

Issues requiring immediate attention include compliance with existing court orders, pending and threatened litigation and selection of outside counsel.

### **Compliance with Existing Court Orders**

1. *Housing Of Sexually Violent Predators*: The Department of Corrections currently houses sexually violent predators at a Hudson County facility. A trial court order, recently affirmed by the Appellate Division, mandates that those individuals be removed by May, 2010. The only other facility in the State which is capable of housing sexually violent predators is in Kearney, and is at or near capacity. If alternative housing cannot be found, the issue will need to be addressed in the pending litigation.
2. *Attorneys Dedicated to Division of Youth and Family Services*: The consent decree entered into in *Children's Rights, Inc. v. Corzine*, required the State to address claimed deficiencies in DYFS; a federal monitor has been appointed to ensure the State's compliance. Included in the consent decree was a requirement that the DOL maintain at least 142 Deputy Attorneys General to work exclusively on DYFS matters. Since compliance with the consent decree entitles the State to more than \$70,000,000 in annual reimbursements from the federal government, staffing levels must be monitored to ensure compliance and continuation of the federal funding. Consideration may be given to seek modification of the decree to reduce the number of Deputy Attorneys General assigned to DYFS matters, a move which could permit more effective allocation of DOL's resources.

### **Pending and Threatened Litigation**

1. SEC – State Bonding: DOL is currently engaged in settlement discussions with the Securities and Exchange Commission regarding disclosures made in connection with State bond offerings going back to 2002. One critical issue is whether a consent decree with the SEC will require inclusion of certain information in official statement disclosures concerning the State's pension liabilities, both prospectively and possibly for past bond issues. Attention must be focused on the impact of such disclosures. In addition, the legal costs associated with the matter are material and require review. It is worth noting that, to date, the New York law firm of Fried, Frank has been paid \$3,800,000 in legal fees for 2008 and 2009; another \$1,900,000 is expected to be paid in January 2010. Additionally, that firm has submitted bills in the amount of \$2,200,000 for payment in the early part of 2010. Thus, the total amount of fees incurred to date on this matter will approximate \$8,000,000. Management of this matter should be reviewed.

2. US Department of Justice - Ancora Mental Facility: Ancora is a State-operated acute mental health facility located in Atlantic County. In late 2008, the Department of Justice inspected the facility and questioned the quality of care provided and alleged violations of patients' constitutional rights. In November, 2009, the Justice Department threatened litigation if these issues were not addressed. There has been no resolution and litigation may result.

3. ENCAP: There is significant litigation surrounding the ENCAP project and the plan to remediate and develop portions of the Meadowlands. The bankruptcy of ENCAP has further complicated this matter. There are a number of issues to be resolved including: (1) whether ENCAP's bankruptcy results in the reversion of the subject property to the State; (2) whether there is entitlement to the proceeds of the \$148 million in performance bonds issued by insurance companies; and (3) if those bonds are available, which entities are entitled to the proceeds and for what purpose. Finally, it must be determined what role, if any, the State will play in the on-going management of the project.

4. Council on Affordable Housing: The most recent COAH regulations have been challenged by municipalities, developers and various other interested parties. If any of the numerous lawsuits are

successful, the State will be unable to comply with the dictates of the *Mount Laurel* line of cases. The policy positions taken by the previous Administration should be reviewed.

5. Arbitration of State's Compliance with Terms of Tobacco Settlement: New Jersey entered into a Master Settlement Agreement, which required the State to collect certain monies from tobacco company defendants which did not participate in the Master Settlement. Those monies were to be used to offset payment obligations by the settling tobacco company defendants. The settling tobacco companies have commenced an arbitration proceeding alleging that New Jersey has failed to collect those monies. The State is represented by the law firm of Kaplan Friedman. If it is determined that New Jersey has failed to collect the required monies, the State could face substantial damages. Since the State securitized the anticipated receipts under the Agreement, should the State not receive future payments as a consequence of the arbitration, the revenue source backing the bonds may be affected.

### **Selection of Outside Counsel**

For many years legal work has been outsourced to private law firms, and in many instances to firms without a presence in New Jersey. This process should be re-evaluated, as should the firms on the list of approved counsel. For FY 2010, the cost of outside counsel is expected to exceed \$20 million; accordingly, the hourly billing and alternative billing arrangements should be reviewed.

## **III. Division of Criminal Justice**

### **A. Organizational Overview**

The Division of Criminal Justice was created by the New Jersey Criminal Justice Act of 1970 to function as the primary investigative, prosecutorial and training law enforcement agency in the State. The Division promulgates policies relating to all aspects of law enforcement in New Jersey, and it coordinates the 21 county prosecutors' offices and other law enforcement agencies in order to promote uniformity in criminal investigations and prosecutions across the State. The Division is divided into seven bureaus: Corruption, Gangs/Organized Crime, Office of the Insurance Fraud Prosecutor, Major Crimes, Appeals, Prosecutorial Supervision and Training. Its budget for FY 2010 is \$63,528,213: State funding is \$31,437,313; \$6,115,900 comes from federal grants and programs; \$25,975,000 is funded by projected

revenue accounts (including funding from the insurance industry for insurance fraud prosecutions). There are 703 employees in the Division, of which 124 are attorneys; the 579 remaining employees are criminal and civil investigators, professionals and clerical staff.

## **B. Recent Initiatives**

In October of 2007, a statewide violence reduction initiative, the Strategy for Safe Streets, was launched. This collaborative effort across all levels of law enforcement targets street gangs, drug trafficking and gun violence. The Attorney General established a Violent Crime Task Force to concentrate primarily on crime reduction in Camden and Irvington; detectives from the DCJ were assigned to the Task Force to assist with this effort. Although complex criminal investigations were contemplated, most arrests have been for low-level street crimes which have been referred to the Gangs & Organized Crime Bureau. Participation in the Task Force has stretched the resources and affected the mission of the Division, contributed to staff shortages, and created conflicts between DCJ and the county prosecutors.

## **C. Analysis/Recommendations**

The incoming Administration should focus on:

1. Compliance with the Sex Offender Registration & Notification Act (SORNA): SORNA, also known as the Adam Walsh Child Protection & Safety Act, 42 U.S.C. § 16911 et. seq. established a new sex offender registry standard with which each state must comply. New Jersey has been granted a one-year extension for compliance until July 2010. This may require a complete revision of New Jersey's sex offender registration program. Failure to comply will result in an annual 10% reduction in federal Byrne Grants.
2. Erosion of Identity/Mission: There is considerable overlap with county prosecutions which has created conflicts with county prosecutors' offices, taxed already limited resources and the eroded the clarity of the DCJ mission. Complex and pro-active investigations have not been carried out due to lack of resources and staff. An evaluation of the jurisdictional balance and priorities between DCJ and the county prosecutors' offices is in order. Focusing on complex criminal prosecutions would restore the identity of

the Division. In addition, to alleviate staffing issues, all non-complex cases, including the Task Force prosecutions (with the exception of multi-jurisdictional or high profile cases), may be referred to the county prosecutors' offices.

It has been reported that the Corruption Unit has been unable to undertake certain high profile and complex corruption prosecutions because, allegedly, attorneys and investigators have feared political reprisal and breaches in confidentiality. If this is confirmed, it raises crucial integrity concerns that go the heart of the Department's mission and its professional credibility. Accordingly, these reports should be fully investigated and resolved immediately. Also, a joint task force of State and federal law enforcement to work independently to combat corruption should be evaluated.

3. Underutilization of the Office of the Insurance Fraud Prosecutor: The OIFP has the potential to generate substantial revenue for the State because insurance fraud prosecutions are funded by the private insurance industry at approximately \$25,000,000 annually. All the revenue generated inures to the benefit of the State. Due to staff shortages, the OIFP is unable to fully utilize the funding so, as a result, approximately \$1,000,000 annually is returned to the industry. The prosecutions have been uneven, focused primarily in North Jersey; areas such as Camden, Atlantic City, Cape May and Trenton have been largely ignored. In addition, because of current statewide policy, the OIFP is unable to use the additional funding for equipment, training or other resources which would assist prosecutions.

The Medicaid unit also is also capable of generating significant revenue for the State, but it cannot reach full potential because of staffing shortages. This unit is funded 75% by the federal government and 25% by State funding. It is worth noting that False Claims Act prosecutions have generated tens of millions of dollars for the State, with only one attorney and three support staff handling the prosecutions.

4. Consolidation/Restructuring of Training Division: The DCJ houses the DCJ Training Academy and the Police Training Commission established pursuant to N.J.S.A. 52:17B-66 et seq. These two training units account for about \$2,000,000 per year in staff salaries alone. There appears to be significant overlap



with local and county police training and with the State Police Training Academy. Consolidation and/or reduction in staff should be considered.

5. Medical Examiners and Toxicology Laboratory: The Toxicology Laboratory and offices of the Medical Examiner and Regional Medical Examiner are matters of concern for DCJ leadership. The Office of the Medical Examiner has had recurring problems, including the inability to select a qualified candidate for Medical Examiner, a clash of priorities with law enforcement, and inadequate staffing. In addition, having the Medical Examiner's Offices under the direction of State prosecutors may compromise prosecutions and create an appearance of impropriety. The Regional Medical Examiner's office has also been problematic; the 21 counties pay for the services of the Regional Medical Examiner, however, there has been difficulty performing the work due to staffing problems. An immediate review should be undertaken to determine whether these offices should be consolidated and/or transferred to the Department of Health.

Further, DCJ maintains a toxicology laboratory, although one already exists in the New Jersey State Police Office of Forensic Sciences. Consideration should be given to consolidation of laboratory functions.

#### **IV. Division of State Police**

##### **A. Organizational Overview**

The Division of State Police is the primary law enforcement agency in the State with authority to enforce any laws, including criminal, motor vehicle, marine and alcoholic beverage control laws. In addition, the Division conducts investigations for the Division of Gaming Enforcement and provides general police services on a contract basis for the Turnpike, Garden State Parkway and Atlantic City Expressway. There are more than 3000 State Troopers. The Division is headed by the Superintendent, who is the executive and administrative head of the State Police. The Division of State Police is comprised of four branches: Administration, Investigation, Homeland Security and Operations, each of which is divided into multiple sections and bureaus.

## **B. Recent Developments**

In February, 2009, the New Jersey Supreme Court ruled in State v. Pena-Flores, 198 N.J. 6 (2009) that a police officer with probable cause for a stop may not search a vehicle without consent unless exigent circumstances exist. This decision and the resultant legal advice from the OAG require management review of almost all motor vehicle searches, a review that has caused significant increases in workload for State Police management.

## **C. Analysis/Recommendations**

Issues that should be considered include:

1. Imminent Retirement/Personnel Issues: There is justifiable concern that staffing levels (troopers and support staff) have not kept pace with the increasing responsibilities charged to the State Police. It is likely this problem will intensify because the Division anticipates the retirement of some 1000 Troopers over the next few years, and this number of retirees far exceeds the number of new recruits. It is recommended that the new Administration focus on this concern.
2. Authority/autonomy of State Police leadership: The relationship between the Attorney General and the Division, particularly with respect to personnel issues, has been uneven. There are concerns that State Police leadership lacks full authority to manage the Division, including hiring, promotions, management and disciplinary action. A careful review of the allocation of management responsibilities between the Superintendent and the Attorney General is appropriate.
3. Upgrades for facilities, vehicles and /hardware/technology: Police facilities are aging and critical repairs have not been made due to lack of funding. Certain elements of the State Police vehicle fleet have deteriorated to the point where safety is an issue. In addition, computer system hardware is obsolete and inefficient. An analysis of what upgrades should be made, and how such upgrades are to be funded, is appropriate.

## **V. Division of Highway Traffic Safety**

### **A. Organizational Overview**

The Division of Highway Traffic Safety ("DHTS") is responsible for promoting traffic safety throughout the State by developing and implementing the New Jersey Highway Safety Program in

coordination with State and local agencies in an effort to reduce fatalities, injuries and property damage resulting from automobile accidents. DHTS procures and administers federal highway traffic safety funds and processes approximately 800 grants per year to State, county and local entities. \$13,000,000, or 95 percent, of the funding for DHTS comes from the federal government; the State provides \$600,000 per year in matching funds. This covers all operating costs including salaries and benefits for the 22 full time employees. To further its mission, DHTS has partnered with AAA, D.O.T., M.V.C., Safety Council, State Police, Traffic Engineering, County Sheriff's, M.A.D.D., Partnership for a Drug Free New Jersey and the Prevention Community. DHTS's successful education and prevention initiatives have contributed to the decrease in traffic fatalities in recent years.

**B. Analysis/Recommendations**

S.A.G.E. Software: DHTS has no computerized system for processing grant applications; all processing is done on paper. Although software is available (Systems for Administering Grants Electronically or S.A.G.E.) at a cost of approximately \$200,000, and federal funds are available to cover this expense, DHTS has been unable to purchase the software due to the State's current fiscal crisis. It is recommended that this decision be re-evaluated.

**VI. Division of Civil Rights**

**A. Organizational Overview**

The Division of Civil Rights ("DCR") is mandated by the New Jersey Law Against Discrimination ("LAD"), N.J.S.A. 10:5-1 et seq., to accept and resolve complaints of discrimination in employment, housing, public accommodations, the provision of services, and the terms and conditions of contracts. It is also required to educate the public of rights protected under the LAD and to implement human relations programs to prevent discrimination and promote conciliation. DCR enforces the Family Leave Act ("FLA") and processes complaints involving Medicaid recipients who are denied admission to nursing homes. DCR also maintains work-sharing agreements with the federal EEOC and HUD regarding charges of discrimination. The FY 2010 appropriation for DCR is \$5,065,000; federal funding in the amount of \$702,400 is received pursuant to the work-sharing agreements. DCR has five regional offices located in Trenton, Newark, Paterson, Camden and Atlantic City and presently employs 67 people.

DCR consists of three bureaus (Centralized Intake Bureau, the Bureau of Enforcement, and the Bureau of Policy) and has three Units (the Mediation Unit, Affirmative Litigation Unit and the Information Systems Unit). As of June 30, 2009, DCR had 908 open cases, the majority of which are employment related. DCR has a contract with Indus Consultancy Services which provides for maintenance of the DCR's Case Management System; this contract is due to expire on January 23, 2010.

## **B. Analysis/Recommendations**

Several issues should be reviewed for significant cost savings:

1. Closure of Offices: The Paterson, Camden and Atlantic City offices carry relatively small caseloads. The three offices employ approximately 22 staff members and have state vehicles and office expenses. These offices can be eliminated or replaced with smaller, less costly intake offices.
2. Elimination of Positions: Certain highly-paid management positions may be unnecessary. A review of the continuing need for these positions should be considered.
3. Elimination Vehicle Fleet: DCR vehicles are primarily used by employees for commuting to and from work; there are at least 12 vehicles in the fleet which could be eliminated as a cost-saving measure.
4. Regulatory Consolidation - EEOC: Numerous state departments and agencies have their own EEO staff. A review of whether the work done by those offices could be accomplished by DCR is appropriate. Consolidation of this function within DCR could result in significant savings.
6. Regulatory Consolidation - Family Leave Act Investigations: FLA investigations and prosecutions could be undertaken by the Division of Labor or by private right of action. Evaluation of whether to remove FLA investigations from the jurisdiction of the DCR is appropriate.
7. Regulatory Reduction: DCR should consider adopting measures to reduce intake of unnecessary cases, including the adoption of both written intake procedures and a minimum damages requirement for complaints. DCR should be given the authority to issue "right to sue" letters consistent with these requirements, so that low damage cases can be privately prosecuted. In addition, DCR can retain a certain number of cases for hearings at DCR to reduce OAL backlog.

## **VII. Division of Alcoholic Beverage Control**

### **A. Organizational Overview**

The Division of Alcoholic Beverage Control (“ABC”) regulates the manufacture, distribution, sale and transportation of alcoholic beverages within the State. It investigates applicants and issues licenses and permits to manufacturers, wholesalers, transporters and warehouses. ABC also supervises municipal control over retail liquor licensing and enforcement. The Director of ABC is appointed by the Governor with the advice and consent of the Senate. ABC is divided into four bureaus, Office of Counsel to the Director; Licensing Bureau; Enforcement Bureau; and Investigations Bureau, and currently has 60 employees on its payroll (8 of those employees do not work for ABC, but are assigned to other divisions in the Department). ABC is a revenue-generating Division; it received no direct State appropriation for FY 2009 or for FY 2010. ABC generated approximately \$9,500,000 in FY 2009 (a decrease of approximately \$700,000 from FY 2008); ABC’s expenditures for FY 2009 approximated \$4,900,000 (a decrease in expenditures of \$500,000 from FY 2008).

### **B. Analysis/Recommendations**

The most significant issue facing ABC is its staffing level which limits its ability to perform many of its core functions and to raise revenues. In addition, ABC’s current staff is aging to the point where a significant number of senior staff will be eligible to retire during the next four years. Due to the State’s hiring freeze, ABC has been unable to promote its current staff or backfill vacancies created by attrition. The hiring of additional investigators could result in an increase in revenue in excess of the cost associated with the new employees.

## **VIII. Division of Consumer Affairs**

### **A. Organizational Overview**

The Division of Consumer Affairs (“DCA”) administers and enforces the laws intended to make New Jersey’s commercial marketplace a fair place to do business. DCA seeks to protect consumers against illegal and unscrupulous business practices through enforcement proceedings against those who violate applicable laws and regulations, as well as through its public awareness efforts. DCA consists of six separate bureaus: Office of Consumer Protection; Enforcement Bureau; Bureau of Securities; Office of Weights and Measures; Charitable Registration Unit; and Legalized Games of Chance Control Commission. In addition, DCA has 45 professional and occupational boards regulating 80 occupations. More than 500,000 individuals and businesses are licensed, regulated or certified by these professional

and occupational boards. DCA has 373 employees in its bureaus with total annual salaries of \$23,285,311. In addition there are 216 employees with total annual salaries of \$10,321,193 on the 45 professional and occupational boards. The total budget for DCA is \$94,295,000 which includes \$47,447,000 for the operation of the professional and occupational boards.

## **B. Analysis/Recommendations**

Certain legislative and regulatory proposals should be scrutinized. In addition, there are significant cost savings that can be accomplished through a re-organization or elimination of certain of DCA's regulatory functions. Finally, through strategic spending there is an opportunity for increased revenue.

1. Proposed Legislation: A proposal to amend the Contractor's Registration Act, N.J.S.A. 56:8-136 et seq., should be reviewed and discussed with the Governor's Office as a matter of policy.

2. Proposed Regulations: The Attorney General issued a report on December 3, 2009, regarding physician compensation and the financial relationship between physicians and the pharmaceutical industry. If adopted, the recommendations in this report would result in substantial changes in these relationships. This proposal should be reviewed and discussed with the Governor's Office as a matter of policy.

3. Duplication of Regulatory Functions: Some regulatory functions of DCA and its boards are duplicative of regulatory functions performed at the county level. For example, the Bureau of Weights and Measures, which has a budget in excess of \$5,000,000, performs a regulatory function that is largely duplicative of work performed at the county level or by DCA's Office of Consumer Protection. Consideration should be given to elimination of the Bureau of Weights and Measures or its consolidation with the Office of Consumer Protection. The variety of professional and occupational boards presents the same issue and should be considered for elimination or consolidation.

4. Revenue Generation: Strategic deployment of financial resources and personnel can generate additional revenue for the State. As an example, the Bureau of Securities, particularly in light of the recent national financial scandals, can provide closer scrutiny in the brokerage and capital markets, and since enforcement in this area has generated significant revenues, redeployment of resources to this Bureau should be considered.

## **IX. Division of Gaming Enforcement**

### **A. Organizational Overview**

The Division of Gaming Enforcement (“DGE”) is a law enforcement agency and the investigative arm of the casino regulatory system. It is charged with enforcing the terms of the Casino Control Act, N.J.S.A. 5:12-1 et seq. DGE is staffed with a multi-disciplinary and specialized work force consisting of attorneys, investigators, accountants, members of the Division of State Police, members of the Division of Criminal Justice and support personnel. DGE investigates, issues reports and, when necessary, challenges the qualifications of individual and corporate applicants for casino and casino-related licenses. In addition, it reviews and audits casino-hotel operations, investigates and prosecutes all casino related crimes and is responsible for testing all casino slot machines and systems prior to use. DGE is funded through taxes imposed upon casino revenues. The budget for FY 2010 is \$43,990,000. DGE currently employs 297 individuals; of that number, 224 are assigned to the Division of Gaming Enforcement, 63 are assigned to the Division of State Police and 10 are assigned to the Division of Criminal Justice. Although current staffing levels represent a 15% decline in staffing over the past five years, current staffing appears to be appropriate.

### **B. Analysis/Recommendation**

There are several issues which require the immediate attention of the Administration. Due to the confidential nature of those issues, it is recommended that the Governor’s Office address these as soon as practicable. In addition to those confidential issues, other issues facing DGE must be reviewed to promote cost-saving measures.

1. Sports Betting: In November of 2009, Governor Corzine was granted leave to intervene as a party in a lawsuit filed in federal court by Senator Lesniak arguing that the Professional and Amateur Sports Protection Act 28 U.S.C. 3701, et seq., which prohibits any state from authorizing sports wagering after January 1, 1993, is unconstitutional. The Governor’s Office has been granted an extension until March 10, 2010 to file a complaint in the matter.

2. Consolidation of Regulatory Functions: DGE and the Casino Control Commission (“CCC”) perform a number of duplicative and, in the case of CCC, unnecessary functions. A review of these functions suggests that, to the extent they are necessary, DGE may be better suited to perform most of them based upon its classification as a law enforcement agency and its more specialized and better-trained workforce. It is recommended that serious consideration be given to elimination of a number of duplicative and unnecessary functions performed by CCC; this would result in the return of CCC to its traditional role as an adjudicatory body and would consolidate the investigatory and enforcement functions in DGE. On the other hand, it is also suggested the entire investigative and enforcement structure be reviewed to determine if there remains a need for two separate bodies, DGE and CCC, or whether the investigative functions of DGE can be consolidated with and performed by CCC. It is estimated that any variation of consolidation of regulatory functions could result in substantial savings.

## **X. Juvenile Justice Commission**

### **A. Organizational Overview**

The Juvenile Justice Commission (JJC) was created in December 1995, pursuant to N.J.S.A. 52:17B-169, et seq. The JJC serves approximately 2,000 young people each year in its secure, residential and day programs and more than 1,100 parolees. The JJC, as of October 2009, had a staff of 1,650 and an appropriation for FY 2010 of \$128,257,000. The Commission also receives funding through the State’s Facilities Education Act (SFEA) in the amount of \$28,846,000. The JJC administers 4 secure care facilities, 14 residential community homes/transitional living facilities, 4 day programs, and 7 parole and transitional service locations. Its central office is located in Ewing Township.

### **B. Analysis/Recommendations**

There are substantial opportunities for significant cost savings and increased efficiencies at the JJC.

1. Removal of Uniform Custody Staff from all but the most restrictive housing units: Replacement of uniform staff with social and civilian youth workers could result in annual savings of more than \$4,500,000.

2. Relocation of the residential, operational and counseling components currently located in the Juvenile Medium Secure Facility: Relocation of these components to the Juvenile Reception and Assessment Center could result in annual savings of approximately \$3,300,000.



3. Elimination of 10 site education supervisors and half of the substitute teacher/ teaching assistants:

There are currently 44 teachers with salaries of \$2,300,000, 11 teaching assistants with salaries of \$450,000 and 18 site education supervisors with salaries of \$1,400,000. This proposal could result in annual savings of approximately \$2,150,000.00.

4. Elimination of 49 teachers and implementation of a Virtual School Hybrid Program in the JJC

community and residential programs: Currently there are 85 teachers assigned to these programs. The Virtual School Hybrid Program could be supported by 36 teachers (2 per site). This could result in annual savings of approximately \$3,500,000.

5. Outsourcing of in house medical treatment to UMDNJ:

A similar initiative with UMDNJ resulted in a savings of approximately \$360,000 in pharmacological costs. Current medical personnel consisting of 36 full time employees and contracted agency nurses could be eliminated. This could result in annual savings of approximately \$500,000.

6. Review and modification of regulations to increase juvenile to staff ratios: There are no nationally accepted staff-to-resident ratios. The New Jersey Juvenile Justice Commission Manual of Standards has certain mandates that should be reviewed and modified, and which could result in substantial savings.

7. Review programs that overlap with DYFS programs. There may be areas of overlap between the JJC and DYFS. A review of programs should be undertaken for additional savings and increased efficiency.

## **XI. New Jersey Racing Commission**

### **A. Organizational Overview**

Pursuant to the New Jersey Racing Commission Act of 1940 and 1974 (N.J.S.A. 5:5-22 et seq.), the Racing Commission has jurisdiction over New Jersey's thoroughbred and standard-bred permit holders and the authority to regulate racing at New Jersey's four race tracks. It also has jurisdiction over the simulcasting of horse racing at New Jersey race tracks and casinos, and regulates all activities associated with off track wagering. By law, the Commission consists of 9 unsalaried members who serve for 6 years. It appoints an Executive Director and all personnel necessary to administer Commission matters. The Commission currently has 63 full-time employees. There are also 11 part time/seasonal

employees. This evidences a significant reduction of staff since the 1990's when staffing levels were up to 125 employees. The Commission is supported by penalties and fees paid by the industry; no revenue is received from direct State appropriations. The total operating budget for Fiscal Year 2010 is \$9,806,470 which includes industry-reimbursed expenditures and Commission-generated revenue. Approximately \$1,400,000 is generated from license fees and expired pari-mutuel tickets, with the remaining \$8,406,470 generated from the industry. It is reported that the Racing industry generates over \$1,000,000,000 in revenue for the State.

There are presently three off-track wagering sites located in Woodbridge, Toms River and Vineland. Woodbridge and Toms River generate significant revenues, while Vineland is break-even. A new site in Bayonne has been approved by the Commission and is awaiting approval.

**B. Analysis/Recommendations:**

Steroid Testing: A high-priority issue requiring evaluation involves steroid testing for horses. Equine steroid testing is necessary to maintain the credibility and integrity of the sport. The Commission approved regulations which are to take effect on February 10, 2010. Although a state-of-the-art facility at the Meadowlands Racetrack has been constructed, testing cannot begin until there is approval for the employment of chemists to administer the test and for the purchase of equipment; approvals have been pending since May of 2009.

Purses and Video Lottery Terminals (VLTs): Unlike neighboring states, New Jersey law does not permit the operation of VLTs at the racetracks. This results in comparatively lower revenues. Hence, New Jersey horserace purses are not competitive. Neighboring states offer larger purses and attract better quality horses. This in turn adversely affects the racing industry in New Jersey, impacts the horse farm industry, employment, open space and the State's economy as a whole. The impact of VLTs on the New Jersey racing industry as a whole should be analyzed, not just concerning racing, but as a component of an overall State gaming policy.

**XII. State Athletic Control Board**

**A. Organizational Overview**

The State Athletic Control Board (SACB) was established pursuant to N.J.S.A. 5:2A -1.1 et seq. to control and regulate all public boxing, mixed martial arts, kick boxing, muay thai and extreme wrestling

events in New Jersey. SACB ensures compliance with statutes and licenses promoters, managers and contestants. It oversees drug testing and medical requirements, monitors trainers and training facilities and penalizes regulatory violations. SACB is fully self-supporting from revenues, and typically generates a surplus. The major sources of revenue are ticket taxes, licensing fees and disciplinary fines. Over the past five years, SACB has been able to support itself through revenue and carry forward funds from the previous year; revenue generated in 2008 totalled \$ 1,050,388.

#### **B. Analysis/Recommendations**

Internet Payments: Currently, the SACB cannot collect fees via internet credit card payments. There may be software already utilized by other departments in the State government that would be applicable. Purchase of this software should be considered.

### **XIII. Victims of Crime Compensation Office**

#### **A. Organizational Overview**

The Victims of Crime Compensation Office (“VCCO”) is dedicated to providing immediate financial assistance to victims of violent crimes occurring in New Jersey.

#### **B. Analysis/Recommendation**

Initiatives which could result in significant cost savings include:

1. Technology Improvements: Existing equipment is outdated. VCCO could improve its efficiencies with improved hardware and software. A paperless system would result in significant cost savings.
2. Modification of Processing Methodologies: VCCO’s existing method for processing claims is inefficient. Consideration should be given to a county-based model which would give county law enforcement officials access to VCCO’s claim processing system.

### **XIV. Office of the Public Defender**

#### **A. Organizational Overview**

The Office of the Public Defender (“OPD”), an agency “in but not of” the Treasury Department, was created in 1967 and is constitutionally and/or legislatively required to provide the legal and related support services which comprise its mission. The OPD, with a roster of just over a thousand attorneys, investigators and clerical support staff, and a FY 2010 budget of \$113,600,000, operates 22 Regional Offices (and 12 other offices) distributed throughout New Jersey’s 21 counties. Each of the Regional

Offices is headed by a Deputy Public Defender (who reports directly to one of the Assistant Public Defenders) and is staffed by Assistant Deputy Public Defenders, investigators and clerical employees. In addition to its regular staff, OPD employs 106 per diem attorneys and 99 temporary contract clerical employees. OPD also retains private or “pool” attorneys on an as-needed basis, particularly, but not solely, in conflict situations. More than one quarter of OPD’s budget each year is spent on non-permanent staff. Per diem attorneys are paid at the rate of \$252 per day. For fiscal year ending June 30, 2010, the estimated total cost for per diem attorney services is \$5,792,000. Pool attorneys are paid at a rate of \$50/hour for out-of court work and \$60/hour for in-court work. For fiscal year ending June 30, 2010, the estimated cost for pool attorney services is \$20,929,000. For the same fiscal year, the estimated cost for temporary clerical services is \$2,837,000.

## **B. Initiatives**

OPD has recently instituted an electronic online billing and timekeeping system called Pool Attorney Timekeeping System (“PATs”) which is expected to generate significant savings. The system pre-audits pool attorney bills, ensures against duplicate or excessive billing, and allows greater control over pool attorney services and also prompt processing and payment.

## **C. Analysis/Recommendations**

Attention should be given by the incoming administration to improvements in efficiency and management which could result in significant savings.

1. Enhancement of Revenues: OPD is permitted to charge its clients a \$50 administration fee and to bill them for services provided when the matter is concluded. Those revenues could be enhanced by: (a) allowing the administrative fee to be collected at the outset when collection is most likely, (b) ensuring that files are closed promptly when a matter is concluded so that a bill can be immediately generated, and (c) ensuring that attorneys fully and accurately enter the time spent on each matter.
2. Improvement of Case Management/Reduction of pool and per diem attorneys: There is evidence of wide-spread inefficiency, with attorney caseloads varying (sometimes significantly) from region to region and between divisions or units within the office. Attorney assignments and caseloads should also be

evaluated and monitored to ensure maximum efficiency. This could result in significant savings by increasing the number of cases assigned to permanent staff and decreasing the number of cases assigned to per diem and pool attorneys.

A number of attorneys in supervisory/managerial positions carry either a reduced caseload or no caseload at all. In addition, 51 of the 205 investigators do not carry a caseload. Supervisory responsibilities of attorneys and investigators should be carefully analyzed to determine whether the demands on their time are such that they cannot carry at least a partial caseload.

3. Reduction of temporary clerical staff: Temporary clerical staff have become a permanent, rather than temporary, fixture at OPD, causing unnecessary expenses. Their numbers can be reduced by (a) requiring that some of their work be performed by permanent staff, and (b) increased productivity on the part of all staff that remains. Recent technology upgrades within the office should facilitate this change.

4. Reduce record storage costs: OPD has a 50-year retention policy for closed files which imposes a significant cost. Consideration should be given to modification of that policy as a cost-saving measure.

5. Implementation of a unified discovery system: OPD's electronic systems are often incompatible with those of the police and/or the county prosecutors. OPD attorneys and their clients cannot review CD and DVD discovery files promptly or without incurring additional expense. The result, in addition to wasted money, is unnecessary delays to the administration of justice.

6. Reduction of discretionary staff positions: There are executive non-attorney staff positions that are either unnecessary or that have responsibilities that can be assumed by other employees.

Respectfully submitted.

Transition Subcommittee on  
The Department of Law and Public Safety  
And The Office of the Public Defender