TO:        David Applebaum  
           Brenda Bacon  
           Douglas Berman  
           Sam Crane  
           Joseph Salema  
           Carl Van Horn  
           Andrew Weber

FROM:    Michael J. Scheiring

DATE:    December 5, 1990

SUBJECT:   IMMEDIATE COST SAVINGS IN AUDIT

Attached are immediate cost savings items that were developed from the audit reports completed to date which were based on the analysis prepared by the accounting firms and our consulting groups. The savings items could be implemented immediately either in fiscal year 1991 or fiscal year 1992 and would require no additional investment. In addition, it also lists items that could be pursued immediately but the savings were not quantified by the accounting firms. These immediate savings total almost $270 million and will result in a personnel reduction of 441 positions.

If you wish to discuss this further, please do not hesitate to contact me.

MJS:pjw:234
Attachment

cc:    Stanley Van Ness  
       Steven A. Clark
MEMORANDUM

TO: Michael J. Scheiring
FROM: Ron Kavas
DATE: December 5, 1990
SUBJECT: CROSSCUT REPORTS AND OPERATIONAL AUDIT REPORTS

Attached is a list of recommendations summarized from the various crosscut reports and operational audit reports which identify those cost savings items that can be done quickly with no additional investment in systems, physical plants or other capital expenditures that would require new funding.

RK: pjw: 227
Attachment

cc: Steven A. Clark
CONSOLIDATE all of the state's passenger $6.1M (annually) and non-passenger vehicles under the $2.5M (one time) control of the Department of the Treasury.

Consolidate responsibility for all $5.9M (annually) maintenance, repairs and fueling stations $0.6M (one time) under the Department of the Treasury. This will allow for the phase-out of 222 positions.

The Office of Management and Budget (OMB) should revise Travel Circular 85—24 regarding Travel Assignment Class C to comply with Internal Revenue Service rulings.

STATE TELECOMMUNICATIONS

AT&T, New Jersey Bell and OTIS have recommended enhancements to state telephone service that will increase productivity and reduce costs. This will allow for the phase-out of 222 positions.

Telephone service enhancements to state maintenance, repair and fueling stations and non-passenger vehicles under the Treasury.

Consolidate responsibility for all and consolidate all of the state's passenger vehicles under the Treasury.

STATE VEHICLE MAINTENANCE

FISCAL YEAR | SAVINGS | GOVERNOR'S OFFICE

<table>
<thead>
<tr>
<th>Year</th>
<th>Passengers</th>
<th>Non-Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>$6.1M</td>
<td>$0.6M</td>
</tr>
<tr>
<td>1991</td>
<td>$3.5M</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Passengers</th>
<th>Non-Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>$5.9M</td>
<td>$0.5M</td>
</tr>
<tr>
<td>1991</td>
<td>$5.7M</td>
<td></td>
</tr>
</tbody>
</table>
GOVERNOR'S MANAGEMENT REVIEW COMMISSION

CROSSCUT AUDITS

CROSSCUT AREAS

SAVINGS

FISCAL YEAR

1992

$97M

SICK LEAVE USAGE

Centralize responsibility in Department of Personnel for a state-wide data base accountability for control of sick leave.

$4M (overtime) increased

$9M - $28M (increased)

To assure that fees are maintained at reasonably valued levels.

A process should be institutionalized to better control value unless public requirements that such fees be raised All fees should be reevaluated with a policy that is otherwise.

1992

$15M

SICK LEAVE INJURY (SLI)

The Governor should establish an $15M 1992 inter-departmental task force to improve management of SLI. The task force should develop a state-wide policy for a comprehensive disability management program which focuses on insuring the general health and safety of the workforce.

All fees should be reviewed with a $97M 1992 requirement that such fees be raised to their current value unless public policy dictates otherwise.

A process should be institutionalized to assure that fees are maintained at reasonably valued levels.

CROSSCUT AREAS

GOVERNOR'S MANAGEMENT REVIEW COMMISSION
**GOVERNOR'S PLAN: AGENT REVIEW / CROSS-SECTION AUDITS**

**CROSSCUT AREA SAVINGS / FISCAL YEAR 1992**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>$7,797,900-250,000</td>
</tr>
<tr>
<td>1992</td>
<td>$37,000,000</td>
</tr>
<tr>
<td>1992</td>
<td>$3,4 milllion</td>
</tr>
</tbody>
</table>

**STATE FACILITY ENERGY USE**

- Employ an additional 59 investigators at a cost of $3,4 million.
- Promote energy conservation awareness among state employees (represents a 1% savings in electricity costs).
- Utilization of credit information services to assist in collection of delinquencies.
- The state should pursue the direct purchase of natural gas and arrange transportation services for those sites which qualify.
- Expeditiously implement the Cycle III energy conservation projects with the $24 million in the Energy Conservation Bond Program.

**DIRECT INVESTIGATIONS**

- Promote energy conservation awareness among state employees (represents a 1% savings in electricity costs).
- Utilization of credit information services to assist in collection of delinquencies.
- The state should pursue the direct purchase of natural gas and arrange transportation services for those sites which qualify.
- Expeditiously implement the Cycle III energy conservation projects with the $24 million in the Energy Conservation Bond Program.
<table>
<thead>
<tr>
<th>Year</th>
<th>Staffing on current construction jobs</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>$3,000,000—$5,000,000 (1992)</td>
<td>12</td>
</tr>
<tr>
<td>1991</td>
<td>$2,000,000 (1991)</td>
<td>9</td>
</tr>
<tr>
<td>1990</td>
<td>$1,500,000 (1990)</td>
<td>8</td>
</tr>
</tbody>
</table>

2. Staffing on current construction jobs

3. Department of Transportation

5. Department of Transportation

7. Reduce number of snow removal supervisors

8. Combine tests that are duplicated at DOT's chemical laboratory and DOH's laboratories.

10. Eliminate cars that do not meet mileage requirements (approximate 200)

13. Eliminate three of the five drivers in the Bureau of Equipment

Savings:

- $90,000 (1992)
- $80,000 (1991)
- $70,000 (1990)
- $50,000 (1992)
- $25,000 (1990)
- $15,000 (1991)
- $10,000 (1992)
- $5,000 (1990)
- $2,000 (1991)
- $1,000 (1992)
- $500 (1990)
- $200 (1991)
- $100 (1992)
RECOMMENDATIONS

17 Reduce the frequency of minor maintenance inspections from six to four per year on 1991 cars and light trucks. $200,000 1992

33 Either support or eliminate the functions provided by the Bureau of Technical Support (if eliminated)
   which are: Liaison with OTIS, analysis and approval of computer related hardware/software, PC maintenance and repair.

35 OTIS should improve the quality of the output. Staffing levels seem excessive.

34 Eliminate three staff positions in the Bureau of Administrative Procedures. Based on staffing levels, positions seem excessive.

40 In the Office of Aviation, licensing and inspection fees should be raised to cover the cost of inspection because of key punch errors.

2661 000'000 40

2661 33 Unquantifiable

1661

2661 000'000 34

2661 000'000 33

2661 000'000 35

1661 000'000 20

1661 000'000 17

SAVINGS

Federal Year

Department of Transportation - Department Audits

Page 2
<table>
<thead>
<tr>
<th>recommendations</th>
<th>fiscal year</th>
<th>savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Division of Transportation</td>
<td>1991</td>
<td>DOT should pursue federal reimbursement for inspection rail facilities.</td>
</tr>
<tr>
<td>DOT should develop a fee schedule to cover the cost of providing estimates of future traffic volumes to outside developers and other state agencies.</td>
<td>1991</td>
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</tr>
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<td>DOT should design the research and demonstration program to produce the state's major function.</td>
<td>1991</td>
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</tr>
<tr>
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<td>1992</td>
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</tr>
<tr>
<td>Year</td>
<td>Savings</td>
<td>TOTAL (DOT)</td>
</tr>
<tr>
<td>------</td>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>1992</td>
<td>$000,000 - $400,000</td>
<td>$350,000 - $400,000</td>
</tr>
<tr>
<td>1992</td>
<td>$000</td>
<td>$250,000</td>
</tr>
<tr>
<td>1992</td>
<td>$000</td>
<td>$50,000</td>
</tr>
<tr>
<td>1992</td>
<td>Unquantifiable</td>
<td>$300,000 - $400,000</td>
</tr>
<tr>
<td>1992</td>
<td>Unquantifiable</td>
<td>$300,000 - $400,000</td>
</tr>
</tbody>
</table>

**RECOMMENDATIONS - DEPARTMENT AUDITS**

- Eliminate divestiture systems and staff.
- Consolidate the responsibilities for education and involvement.
- Monitor or eliminate the divisional strategic planning function.
- The salary structure in several bureaus in DOT is "top heavy". DOT should evaluate the job responsibilities for the title assigned to each position.

**Savings**

- DOT

**Recommendations**

- DOT

**Relevant Text**

- The salary structure in several bureaus in DOT is "top heavy". DOT should evaluate the job responsibilities for the title assigned to each position.

- Monitor or eliminate the divisional strategic planning function.
<table>
<thead>
<tr>
<th>Year</th>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>1. Consider moving Division on Aging and the Division on Women to the Department of Human Services to reduce duplication.</td>
<td>$0</td>
</tr>
<tr>
<td>1992</td>
<td>2. Consider transferring the Youth Corps Program to the Department of Education to reduce duplication of services and administrative costs.</td>
<td>$1M</td>
</tr>
<tr>
<td>1992</td>
<td>3. Consider relocation of the A-95 review process to promote a more efficient operation.</td>
<td>Unquantifiable 1992</td>
</tr>
<tr>
<td>1992</td>
<td>5. Consolidate fiscal offices and related support personnel within each division.</td>
<td>5</td>
</tr>
<tr>
<td>1992</td>
<td>6. Standardize and consolidate operations of multiple groups of inspectors. Eliminate 14 inspectors.</td>
<td>6</td>
</tr>
<tr>
<td>1992</td>
<td>7. Strengthen or eliminate the deputy director position in each division. If eliminated, an annual savings will result.</td>
<td>7</td>
</tr>
</tbody>
</table>

**SAVINGS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
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</tr>
<tr>
<td>1992</td>
<td>$250,000</td>
<td>Consider relocation of the A-95 review process to promote a more efficient operation.</td>
</tr>
<tr>
<td>1992</td>
<td>$250,000</td>
<td>Consolidate the Office of Public Guardian and the Ombudsman of the Institutionalized Elderly to eliminate duplication.</td>
</tr>
<tr>
<td>1992</td>
<td>5</td>
<td>Consolidate fiscal offices and related support personnel within each division.</td>
</tr>
<tr>
<td>1992</td>
<td>7</td>
<td>Strengthen or eliminate the deputy director position in each division. If eliminated, an annual savings will result.</td>
</tr>
</tbody>
</table>
11 Centralize the scheduling function for 1992 all housing and other facility scheduling to increase productivity.

12 Develop department-wide performance standards for rooming and boarding home standards.

16 Consolidate the permit process and centralize for better control and utilization of personnel.

19 Modify existing rates in the licensing and inspection functions to recoup total costs of the operations.

TOTAL (DCA) $1.6M

1992

1992

1992

1992

Departments

Recommenda

Strategies

Department of Community Affairs

Page 2
The Department of Environmental Protection (DEP) should accelerate the collection of fee and fine revenue and charge interest on outstanding fees and fines. All fees should be adjusted annually to reflect annual increases in the salary and other costs. All fund costs that should be recovered by fees.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>DEP</th>
<th>Other Costs</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>4</td>
<td>4.8M</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>3</td>
<td>1.9M</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>2</td>
<td>1.3M</td>
<td></td>
</tr>
<tr>
<td>1992</td>
<td>1</td>
<td>6.1M</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL (DEP) $14,111M**

Arthur Andersen & Co.

December 5, 1990
6. The ASIANS system (reduction of 12 positions) 

9. Establish a dedicated revenue maximization unit that aggressively seeks to maximize federal and third party revenue opportunities.

9. Unquantifiable, 1992

30. $2,855,000

44. $2,855,000

49. Being Quantified

44. Plan for de-institutionalization should result in elimination or consolidation of state institutions.

49. Institutions are budgeting for significant overtime. To reduce some of this overtime a plan should be developed to elimiate all "every other weekend off" agreements. DES should consider using a pool of scheduled substitute workers to rotate among cottages.

45. Evaluate the use of existing in-state residential services and group homes to eliminate excess capacity and minimize out-of-state placements.

35. Plan to include DFS domestic violence shelters and shelter care placement.