

B- New Jersey

Last summer, after New Jersey's government borrowed close to \$1.9 billion to balance a \$28 billion budget, the state Supreme Court raised constitutional questions about the maneuver. This came as a surprise to many, since New Jersey has a longstanding history of borrowing money to pay present expenses. "One-time money, including borrowing, has been used in New Jersey during good times and bad times by administrations of both political parties," says a spokesman for the Treasurer's Office, "It's a real part of New Jersey's budget fabric."

The budget in question was allowed to stand, but the decision made it clear that state budget processes will have to change. Now the clock is ticking. Not only does New Jersey face a current revenue shortfall estimated at up to \$5 billion, but it also is dealing with an \$8.6 billion school improvement capital project, the state's largest capital project ever. Further expenses will result from a similarly mandated reengineering of the child welfare agency. All of that comes on top of the increases in health care and education costs that New Jersey, like every state, is having to deal with.

Perhaps surprisingly, considering its history of budget gimmicks, New Jersey performs some of its fiscal management tasks rather competently. Its pension programs are well funded, without the sleight of hand that many other states have resorted to, and it does an adequate job at contracting, purchasing and financial controls.

Planning is strikingly uneven in New Jersey government. There is no statewide strategic plan, and planning at the agency level is not as comprehensive as it could be. Although the budget includes some performance and cost information, legislative and audit sources agree that the use of such data is close to nonexistent for budget decisions. The Office of Information Technology, however, has come up with an outstanding plan for future tech-related operations. The state also has increased capacity for tracking the performance of environmental programs, and continues to develop human resources technology that will allow the Department of Personnel to share workforce data effectively throughout the state.

Many of the Personnel Department's

efforts appear to be gaining traction. In the past five years, the department has been able to maintain solid efforts to provide employees with training opportunities. A rarity among states in the country, New Jersey uses its state personnel agency to handle human resource services for local as well as state government workers. Difficult as this challenge has been, it has provided some unique opportunities. Through what is called the Intergovernmental Transfer Program, employees are given a chance to transfer from one jurisdiction to another, providing a useful safety valve at times when one level or the other is engaged in layoffs.

The Transportation Department also is finding benefits in working more closely

New Jersey's personnel agency handles HR services for both state and local government employees.

with the state's localities. In an effort to reduce both sprawling growth and automobile congestion, the department is trying to establish what it calls "transit villages," redevelopment projects focused around rail and bus centers to provide convenient mass transportation access for growing communities. The initiative, which requires coordination among municipalities, the State Office of Smart Growth and New Jersey Transit, as well as the Transportation Department, has grown in two years from one such village to 14 of them.

Another Transportation Department initiative, called "Fix It First," places primary emphasis on maintenance and capital projects and addresses the fact that the state has little room for new major transportation projects. But the idea of fixing it first depends on the state's willingness to spend money to fix it at all. Right now, maintenance is underfunded, and New Jersey's roads continue to deteriorate, with no sign that more dollars are going to be made available anytime soon.

For additional data and analysis, go to: <http://results.gpponline.org/newjersey>

● Strength ○ Mid-level ● Weakness

Money C+

Long-Term Outlook	○
Budget Process	○
Structural Balance	●
Contracting/Purchasing	○
Financial Controls/Reporting	○

People B

Strategic Workforce Planning	○
Hiring	○
Retaining Employees	○
Training and Development	○
Managing Employee Performance	○

Infrastructure B-

Capital Planning	●
Project Monitoring	○
Maintenance	●
Internal Coordination	●
Intergovernmental Coordination	●

Information C

Strategic Direction	○
Budgeting for Performance	○
Managing for Performance	○
Program Evaluation	●
Electronic Government	○

Population (rank): 8,414,350 (9)
Average per capita income (rank): \$40,427 (2)
Total state spending (rank): \$41,987,647,000 (9)
Spending per capita (rank): \$4,897 (18)
Governor: Richard Codey (D)
Took office: 11/2004
Senate: 40 members: 22 D, 18 R
Term limits: None
General Assembly: 80 members: 47 D, 33 R
Term limits: None