

15 January 2010

LETTER OF TRANSMITTAL

Subject: Department of Military and Veterans' Affairs (DMAVA) Transition Team

The Final Report of the DMAVA Transition Team is forwarded as required. The DMAVA Team met with leaders and key managers of the Department and visited facilities to assess operations and address areas of emphasis requested by the Governor – Elect.

The Team also met with leaders of many of the State's Veterans' Organizations in order to identify their concerns.

The Transition Team Final Report identifies areas where efficiencies and potential savings exist. Additionally, areas requiring emphasis were also outlined.

The Team identified the following areas as particularly significant. Each area is addressed and detailed in the report.

1. Homeland Security/Terrorism/Domestic Preparedness and Emergency Response;
2. The impact of support for the Global War on Terror on the NJNG's ability to respond to state requirements;
3. Replacement aircraft for the NJ Air National Guard; and
4. Significant potential savings in the areas of facility reduction, new methods of operations at the State Veterans' Homes, and personnel policies.

On behalf of the entire DMAVA Transition Team, I want to thank the Governor – Elect for asking us to assist him in his effort to re-shape and transition New Jersey's state government.

Sincerely,

A handwritten signature in black ink, appearing to read "M. L. Warner". The signature is fluid and cursive, with the first name "Michael" and last name "Warner" clearly visible.

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NEW JERSEY DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

TRANSITION TEAM FINAL REPORT

15 January 2010

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NEW JERSEY DEPARTMENT OF MILITARY AND VETERANS' AFFAIRS

The mission of the New Jersey Department of Military and Veterans Affairs (DMAVA) is to provide trained and ready forces prepared for rapid response to a wide range of civil and military operations, while providing exemplary services to the citizens and Veterans of New Jersey. The DMAVA is a principal department in the executive branch of the state government. In addition to the office of The Adjutant General (TAG), DMAVA has two operational functions, Veterans Affairs and the State's Military Forces. The Department receives 74 percent of its \$349 million budget from federal sources. The bulk of that money, \$208 million, funds army and air national guard operations and another \$ 51 million supports DMAVA's efforts to help Veterans. The state portion of the budget is \$90 million, \$40 million, of which is provided by sources other than state revenue.

The Adjutant General (TAG), a member of the governor's cabinet, is the Chief Executive Officer of the department and oversees all functions of the DMAVA. He or she is appointed in accordance with N.J.S.A 38A:3-3 with the grade of Major General of the line, New Jersey Army National Guard (NJARNG), or Major General, New Jersey Air National Guard (NJANG), by the Governor, with the advice and consent of the Senate, from:

- (a) Federally recognized general officers in the National Guard who have served therein for the preceding 10 years; or

- (b) Federally recognized commissioned officers in the National Guard, who have served therein for the preceding 10 years and are now serving in a military grade not below that of a Colonel, such officers having the qualifications to become federally-recognized as Brigadier General of the line, New Jersey Army National Guard, or Brigadier General, New Jersey Air National Guard.

The Deputy Adjutant General (DAG) is one of the two deputies to the TAG. The DAG oversees the general operations of the department as directed by TAG and acts in the place of the TAG in his or her absence. He or she may be appointed as a General Officer in the NJ National Guard in accordance with N.J.S.A. 38A:3-5 by the Governor upon the nomination of the Adjutant General. The Deputy Adjutant General shall be a person who has served as a commissioned officer in the armed forces of the State and who is a federally recognized commissioned officer in a military rank not below that of colonel. He or she may be appointed with the grade of brigadier general. The duties of the Deputy Adjutant General shall be designated by the Adjutant General.

The Administrator of Veterans Affairs (DCVA) is one of two deputies to the TAG. The Administrator oversees the general operations of Veterans' programs for the department and in performance of this duty carries the title of Deputy Commissioner of Veterans Affairs (DCVA). He/She shall be an honorably discharged veteran qualified by training and experience to perform the duties of the office and shall be appointed by the Governor with the advice and consent of the Senate, the administrator shall, under the supervision of the Adjutant General, direct and oversee the activities of the Director of the Division of Veterans' Administrative Services, the Director of the Division of Veterans' Loans, Grants and Services and the Director of the Division of Veterans' Training, Information and Referrals in accordance with N.J.S.A. 38A:3-4.1.

In addition to the two deputies, the TAG as the Commander of the State's military forces is assisted in their operations by the DAG and the Chiefs of Staff for Army and Air.

The Senior Commanders of the State's military forces, which are hierarchical military organizations, report directly to TAG in matters regarding their commands.

In matters relating to federal resources directed at supporting the State's military forces, the TAG is assisted and advised by the United States Property and Fiscal Officer in accordance with 32 U.S.C. 708.

The following Commissions and Councils advise the TAG directly on matters within their respective areas of interest:

1. Agent Orange Commission;
2. Council on Armed Forces and Veterans' Affairs;
3. Korean War Veterans' Memorial Committee;
4. New Jersey Veterans' Memorial Home – Menlo Park Advisory Council;
5. New Jersey Veterans' Memorial Home – Paramus Advisory Council;
6. New Jersey Veterans' Memorial Home – Vineland Advisory Council;
7. Veterans' Services Council;
8. Vietnam Veterans' Memorial Committee;
9. New Jersey Veterans' Memorial Cemetery Advisory Council – North Hanover Township;
10. New Jersey Advisory Committee for Women Veterans; and
11. World War II Memorial Commission.

The Department of Military and Veterans Affairs (DMAVA) is charged with supervising, administering and maintaining the facilities, programs and services provided by the State of New Jersey to its Veterans and their families. Veterans' affairs are organized under the DCVA who is responsible for the following program areas:

1. Division of Veterans' Health Care Services, formerly the Division of Veteran Administrative Services;
2. Division of Veterans' Programs, formerly the Division of Veterans' Loans, Grants and Services; and
3. Division of Veterans' Services, formerly the Division of Veterans' Training, Information, and Referrals.

The mission of the NJ Veterans Affairs (NJVA) is to be the key advocate and provider of Veterans' health care, programs and services. Five objectives for the NJVA were outlined in DMAVA's 2003 long-range plan. These objectives are:

1. To expand the size and scope of the transitional housing program for homeless Veterans'; upgrade the transitional housing program; continue to provide and ensure that education and training opportunities are made available for eligible persons; increase the usage of the Montgomery GI Bill (MGIB) education program; improve the scope and operational efficiencies of current cemetery operations;
2. Organize New Jersey's Veterans' extended care nursing homes to meet demands and investigate alternative services such as assisted living, adult daycare and respite care for out year planning purposes; secure adequate space in locations that are safe and accessible for rendering Veterans' services;
3. Retain and recruit sufficient and qualified staff for the three Veteran Memorial Homes; recruit sufficient and qualified staff for the National Guard Militia Museum;

4. Assess training needs on an on-going basis to meet all mission requirements; and
5. Improve the scope of operational efficiencies for current cemetery operations; improve efficiency of facilities through acquiring new technology.

The Military Forces of New Jersey include the organized militia pursuant to N.J.S.A. 38A:1-3(a), which consists of the New Jersey National Guard (army and air), the New Jersey Naval Militia and the New Jersey State Guard. The New Jersey Naval Militia and the New Jersey State Guard are organized as a single joint regiment designated as the New Jersey Naval Militia Joint Command. Under the direction of the Governor, the TAG exercises supervision, command and control over each of the components of the organized militia, pursuant to N.J.S.A. 38A:3-6

The mission of the New Jersey Army National Guard (NJARNG) is to provide a trained and ready force capable of operating all military and civil operations that can be rapidly mobilized and deployed in support of federal, state, and local communities. Five objectives for the NJARNG were outlined in DMAVA's 2003 long-range plan. These objectives are:

1. Maintain a relevant force that can adapt to a wide range of missions;
2. Provide a viable, emerging, trained and ready force capable of operating across all military and civil operations;
3. Recruit, retain and develop a highly qualified and diverse force capable of performing current and future missions for both civil and military operations;
4. Maximize future technologies to prepare the force to conduct rapid and sustained operations; and
5. Sustain, restore, modernize and construct facilities and technologies, to provide support and adaptability to any force structure as well as mission modifications to the NJARNG and its communities.

The mission of the New Jersey Air National Guard (NJANG) is to provide fully equipped, motivated and well-trained personnel capable of executing an array of homeland and expeditionary missions in support of the TAG, the Governor of New Jersey, the United States Air Force, and the Commander-in-Chief while remaining ready, reliable and relevant in a new and dynamic national security environment. Five objectives for the NJANG were outlined in DMAVA's 2003 long-range plan. These objectives are:

1. Support American global interests and enhance homeland security by leveraging NJANG joint capabilities, unique demographics and strategic location;
2. Influence Air Force and Air National Guard force structure planning, programming and budgeting to ensure the NJANG remains a ready, reliable and relevant force supporting state and federal missions;
3. Identify, recruit, develop and retain a diverse work force that is community-based and ensures successful accomplishment of NJANG missions;
4. Train to meet exacting standards for achieving the levels of readiness necessary to execute emerging expeditionary and homeland defense/security missions within a dynamic, sophisticated battlespace; and
5. Provide and sustain infrastructure that supports and adapts to the changes occurring within the military, governmental and private sectors to successfully meet NJANG expeditionary and homeland mission requirements.

The New Jersey Naval Militia Joint Command (NJNMJC) was originally authorized by the Governor of New Jersey in 1894. It is a state militia force only. After being deactivated and absorbed by the US Naval Reserve in 1963, it was reactivated by former Governor Whitman in 1999. The mission of the NJNMJC is to provide naval support and other specialized assistance to governmental agencies within New Jersey by providing a highly trained component of the organized militia to respond to the call of the Governor in the event of terrorist attacks, natural

disasters, homeland security requirements, or other public service and support missions. The NJNMJC provided over 8,000 man days in support of Operation Noble Eagle, 11 Sept. 2001 to 31 July 2002.

Since July 2002, the NJNMJC has been under orders to cease all active operational missions. It receives no funding and is not allowed to recruit new members. The only recognition or support the NJNMJC receives from the State of New Jersey is space for headquarters at Ft. Dix and drill assembly training space in the Plainfield Armory.

The organization has kept current on topics such as weapons of mass destruction, hazardous materials, counterterrorism and the national response plan. Additionally, it has received certifications as a Community Emergency Response Team (CERT) and basic Military Emergency Management Specialist (MEMS). The NJNMJC is actively pursuing the Senior and Master MEMS Certification.

Significant Issues for the Governor-Elect's Immediate Attention

- **Homeland Security / Domestic Preparedness / Emergency Response**

Governor-Elect should receive a briefing from the Office of Homeland Security (OHS) the Attorney General (NJSP-Office of Emergency Management (OEM)) and DMAVA regarding roles, responsibilities and plans for response to homeland security, domestic preparedness and emergency response operations. The issue of "Lead Agency" must be clarified so that the roles of each agency – Homeland Security, Attorney General (NJSP-OEM) and DMAVA are clearly understood. In matters of Homeland Security and Domestic Preparedness, OHS clearly should have the lead role of advising the Governor, and planning and execution of the state's response in a crisis situation. In cases of emergency response to natural disaster and non terrorist events, the long standing and thoroughly understood and exercised relationship between the Office of Emergency Management and DMAVA should continue.

- **Deployment of New Jersey Army and Air National Guard Personnel**

The Governor-Elect should be briefed by DMAVA on the current and projected deployment of New Jersey National Guard personnel. This briefing should include a discussion of the impact on deployments and the NJNG's capability to respond to state requirements.

Listing of all Departmental Goals and Objectives, Existing Performance Metrics and most Recent Reports

- Departmental goals and objectives are previously identified as missions on pages 5-7.
- There is no set of performance metrics that conform to DMAVA goals and objectives; however the state auditor recently reviewed DMAVA operations and other federal and state agencies that inspect departmental activities, to insure compliance with federal and state mandates. These reports are available at DMAVA.

Proposed or Pending Rules and Regulations

- None.

Identify Ongoing Initiatives

- **NJ Air Guard Survivability** – Aircraft for the 108th Air Refueling Wing and 177th Fighter Wing are obsolescent and have a limited remaining service life. Follow-on aircraft for both wings are required.

Replacement aircraft for both the 108th Air Mobility Wing and the 177th Fighter Wing are currently being developed by the US Air Force (USAF). Plans for the units and locations to receive the new aircraft are being studied at this time by the

USAF. Currently, neither the 108th nor the 177th are programmed to receive these new aircraft. It is imperative that DMAVA, in conjunction with the NJ Congressional Delegation, develop a plan to obtain these new aircraft as replacements for these two units. This plan should be briefed by DMAVA to the Governor.

- **Energy Savings** - DMAVA has implemented an aggressive energy reduction and alternate energy generation program.

This program should continue and be expanded where possible. DMAVA has significant available real estate that can support expansion of alternative energy programs.

- **NJARNG** - DMAVA is in competition for a regional training center for a regional Unmanned Aerial Vehicle (UAV) mission, to be established at the Joint Base McGuire/Dix/Lakehurst. A decision is pending by the Department of Defense.

The Governor elect should fully support this initiative. Key members of Congress have not been briefed on this effort by DMAVA. It is imperative that the Congressional Delegation be briefed immediately so that they can work with DMAVA and the Department of Defense/National Guard Bureau to ensure that this new mission is located in New Jersey.

- **Facility Reduction** - The DMAVA has undertaken efforts to reduce the number of facilities (armories) in its inventory.

These efforts should be continued and expanded significantly. The current facility inventory reflects NJNG Cold War strength of approximately 20,000 personnel. The current strength is approximately 8,800 personnel. A facility master plan based upon current requirements should be developed by DMAVA. A DMAVA BRAC like initiative should be undertaken to reduce the number of facilities. It is

recommended that an independent commission (i.e. BRAC) conduct this review. This effort will result in significant cost avoidance.

- **Post Traumatic Stress Disorder (PTSD) Counseling Program** – The continuing requirements for treating PTSD will strain this program in the coming years.

While the current budget minimally addresses this issue, the requirement for PTSD will continue to increase, and will need to be addressed in future budgets. DMAVA must work with the NJ Congressional Delegation to increase federal funding for PTSD programs so that NJ and other states do not have to continue to ensure funding for this very real requirement.

List of all Recently Cancelled, Deferred, or Concluded Initiatives

- **Veterans Haven** - Plans proposed to expand Veterans' Haven facilities and increase residential occupancy have been placed on hold. This plan was to double the size to 100 occupants, and requires construction of an additional dormitory. State funding for the construction was initially appropriated but subsequently has been withdrawn.

Given the current budgetary constraints, recommend that this project continue to be deferred. Instead, efforts should be focused on placing homeless veterans in other public and private facilities. DMAVA can act as a conduit for finding appropriate shelters for veterans in these existing facilities.

Upcoming Initiatives

- **Veterans Affairs** - Memorial Homes, work force issue: The Department is currently in discussion with UMDNJ to determine which function, if any, can be transferred to UMDNJ.

Potential for significant savings exists. Additionally, every effort to use services provided by the US Department of Veterans Affairs (USDVA) should be undertaken. Not only can the USDVA provide support in lieu of services currently provided by the state in the Veterans Homes, resulting in savings; the USDVA can provide services not currently available to residents. An example would be audiology and optometry services provided at the Vineland Home by the USDVA.

Another area of savings is to change the law for sick leave injury. Currently a state employee injured at work draws their full salary for up to one year. If the rules were changed, the employee would receive workers compensation instead, resulting in significant savings.

- **Pharmacy Program** - DMAVA is studying the procuring of prescription drugs from the USDVA.

Currently prescription drugs are provided to state facilities under a state contract with NeighborCare. If DMAVA were allowed to purchase its prescription drugs directly from the USDVA, there is a potential for a 30% savings to the State of New Jersey.

- **American Recovery and Revitalization Act 2009** - Provides \$35.1 Million for construction of National Guard and Veterans facilities.

Recommend these projects be completed.

Challenges

- **Veterans Home Pharmacy**- purchase of prescription medicine from the USDVA would result in significant cost savings to the DMAVA.

As stated previously, this initiative requires Department of Health (DOH) approval and exception to the state-wide contract with NeighborCare (DOH pharmacy contractor). DOH has refused to grant this exception.

- **Staffing with UMDNJ** – UMDNJ could, as it has with the NJ Department of Corrections (NJDOC), provide medical staffing to the Veterans’ Homes, potentially saving significant funds.

Implementation of an agreement between DMAVA and UMDNJ to transfer functions and personnel requires negotiations with the current bargaining units for the Veteran’s Homes to take place before any action can be implemented. If UMDNJ and DMAVA agree to transfer some responsibilities, and the bargaining unit would agree, significant savings in the DMAVA budget would be possible.

- **Doyle Veterans’ Cemetery** - The expansion of the Doyle Veterans’ Cemetery is dependent on clearing 40 acres of land. The NJ Department of Environmental Protection (NJDEP) requires a replanting program to replace trees removed because of clearing which is a requirement that will cost approximately \$2 Million.

DMAVA is seeking legislative relief from this requirement. Legislation should be supported.

- **Meeting the Needs of Female Veterans** –Female veterans will make up more than 14% of New Jersey’s veteran population. More than 62% will be less than 45 years old. The health care needs of women veterans have been chronically under-addressed.

The Governor elect should continue to support the DMAVA Commission on Women’s Veterans. The Commission should study innovative public-private partnerships and pilot programs to address the health care gaps being faced by

these veterans to create a nationally replicable program that addresses the documented needs of women veterans.

Opportunities for Change

- **Emergency Management/Homeland Security** - NJDMAVA, the Attorney General, and the Office of Homeland Security have complementary missions in support of NJ homeland security response requirements.

There is potential for duplication in roles and missions of each department in this area that should be examined for opportunities for enhanced efficiencies.

The issue of “Lead Agency” - requires clarification. (See pre-inaugural requirement).

- **Furlough Policy**

Current state furlough policy is inefficient and in fact cost the state money.

Example 1 - Nurses working in Veterans’ Homes are furloughed per state requirements. This requires the department to hire temporary nurses and/or pay overtime in order to maintain required staffing levels. This cost the department approximately \$1.5 Million per year.

Example 2 - Federally funded state employees are required to take furlough days. Any savings achieved are returned to the federal government without savings to the state.

- **Hiring Ban**

The inability to hire federally funded employees is inefficient. This state mandated hiring ban results in additional costs.

- **Travel Ban**

Blanket travel ban precludes department personnel from pursuing mission related initiatives and professional development. As a result the department has not been able to pursue new missions and resources.

- **Intergovernmental Affairs and National Representation**

The department needs to work more closely with federal legislatures to ensure that they are fully briefed and supportive of efforts to modernize the NJNG and compete for future missions and resources. Additionally the department needs to increase its representation at national committees to enhance opportunities for additional missions and resources.

- **Revitalize the Governor's Council on the Armed Forces**

While the Council meets on a recurring basis, it is not effectively used as intended in enabling legislation. The Council needs to be revitalized and given the authority to proactively work to ensure that New Jersey's military installations remain integral to the US defense force structure and viable economic engines for the New Jersey economy. An immediate example of an issue the Council should address for the Governor is the issue of replacement aircraft/missions for the NJANG 108th Air Refueling Wing and the 177th Fighter Wings.

- **Joint Staff Enhancement**

A qualified NJANG Colonel should be appointed as Director of the Joint Staff. This would enhance interoperability between the Army and Air National Guard. The absence of a senior Air Guard officer in a key full time administrative position is perceived by members of the NJANG that they are second class members of the NJNG.

- **Warren Grove Air National Guard Bombing and Training Range**

The Warren Grove Range is an important element of the state's Air Guard mission and capability. It is used by the DoD, and is important for the state to compete for new missions. It is critical to ensure that the range remains open and available for training.

- **NJ Naval Militia**

Re-integrate the NJ Naval Militia as a fully functioning element of the NJNG.

The NJ Naval Militia can provide a well-trained pool of personnel to augment state emergency management and waterborne security operations as a volunteer force. In an era of recurring deployments of Army and Air National Guard forces, the Naval Militia provides a readily available and trained augmentation force that can act as a force multiplier and provide the NJNG an additional robust capability in times of crisis.

Budget

- There is a significant backlog for maintenance and repair for DMAVA facilities, particularly armories.

While the American Recovery and Revitalization Act funding has enabled the department to address some of the most urgent requirements, ongoing maintenance has been neglected. The unfunded requirements remain significant. Additionally, a reduction in facility inventory would allow existing funding to be used to more effectively maintain a smaller inventory of facilities.

- The Full Time Equivalent (FTE) for nurses is not sufficient to meet Veterans' Home staffing requirements and at the same time allow for vacation, comp days, sick days and ongoing daily operations. To compensate, the department employs part time and contract nurses. This cost the department \$8.5 Million in overtime in FY 2008 in agency hires to cover minimum staffing requirement for the year based on normal staffing schedules.

Hiring additional nurses would save the state roughly \$1.5 Million a year.

Efficiency Increases and Spending Reductions

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- **Pharmacy Program**

DMAVA is studying the procuring of prescription drugs from the US Veterans Administration which has Potential for a 30% savings to the state of New Jersey.

- **Veterans Affairs Memorial Homes, Work Force Issue** - The Department is currently in discussion with UMDNJ to determine which medical functions, if any, can be transferred to UMDNJ.

Potential for significant savings exist.

- **Facility Reduction** - The DMAVA has undertaken efforts to reduce the number of facilities (armories) in its inventory.

These efforts should be continued and expanded to incorporate a facilities master plan. This effort could result in significant cost avoidance.

- **Vet is a Vet (an ongoing major initiative)** - Current law restricts certain benefits to only combat veterans (i.e. Property tax reduction). The Veterans' community is

aggressively trying to have legislation enacted that would make a Veteran eligible (combat and non combat) for all New Jersey entitlements.

Although supported, this would have a significant adverse financial impact at all levels of government in the state.

- The legislature is currently considering legislation that would require NJNG members to use their Federal Veterans entitlements prior to using their free state educational entitlements

The Governor-elect should support this legislation.

- **Deputy Adjutant General** – This position is required by state statute.

The position is currently unfunded. It should be funded and filled so that the department's state responsibilities are executed in the absence of the TAG.