

2008-09 Spending Plan	Public Employment Relations Board
	Jerome Lefkowitz, Chairman

A. Overview of Proposed Plan

A.1 Overall Approach

The Public Employment Relations Board (PERB) recognizes the need to address the difficult economic and fiscal condition faced by our State. Based upon discussions and agreement with our Division of Budget line examination unit, it is our understanding that our agency-wide General Fund cash disbursement level is reflective of the 3.35% across-the-board savings recommended for State Operations. Recognizing that the current year savings are critical for future budget years we have engaged in an extensive and detailed examination of our current staffing, projected expenditures, and cash plans. Our experience in these areas since SFY 2000-01 has been reviewed and we are committed to carefully managing current year resources and limiting spending.

Discretionary spending and non-critical acquisitions including technology, office equipment and supplies, publications, conferences, and travel will continue to be held to a minimum. In addition to our internal policies and procedures to limit spending, PERB remains on a restrictive hiring freeze. Much of the agency's work, performed by PERB Administrative Law Judges and Mediators to implement the Taylor Law, is accomplished by person-to-person contact, i.e., 77% of our budget appropriation is for personal service expenditures. An additional 17.8% is required to pay rent, utilities, and other fixed costs necessary for PERB to accommodate the parties in the exercise of their Taylor Law rights and responsibilities. Nearly 95% of PERB's 2008-09 budget appropriation of \$4,041,000 is devoted to these essential, preset obligations. The attached chart plots PERB's total budget appropriations, personal service appropriations, actual total expenditures, and personal service expenditures for SFY 2000-01 through 2007-08.

PERB has experienced a 16% reduction in its FTE budget fill level over the years reviewed. In addition, by the end of 2010-11 nearly 50% of our budget fill level staff will be retirement eligible. Staff attrition without a recruitment and retention effort has placed us in a dire situation resulting in a solitary Mediator in the entire State and no Chief Regional Mediator in our Buffalo office. Refilling these vacancies is critical to PERB's mission and an agency imperative to meet the challenges that are likely to accompany the recent recommendations of the New York State Commission on Local Government Efficiency and Competitiveness and the difficult economic times. The Commission recommends direct Taylor Law reform, as well as other policy changes that will impact Taylor Law rights and, consequently, PERB workload.

By delaying the hiring of three full time staff Mediators and one Chief Regional Mediator, PERB will meet the mandated savings for the current fiscal year through personal service on a non-recurring basis. Once these new staff members are able to assume a case load of their own, the use of *per diem* Mediators will be reduced with anticipated savings.

In the area of non-personal service, PERB will absorb the remaining SFY 2008-09 mandated savings with a potential for additional and recurring reductions. These non-personal savings will be achieved through spending reductions in the areas of printed publications, IT software and hardware purchases, and equipment.

A.2 Achievement of Savings on a Recurring Basis

As PERB fills current vacancies, we anticipate recurring savings in temporary personal service attributable to the shift of work load from *per diem* Mediators to full time staff Mediators. Additionally, restrictions on professional development expenditures, coupled with reductions and delays in the purchasing of supplies and materials, equipment, and contractual services will provide recurring savings.

A.3 Protecting Key Priorities

PERB's key priority is to deliver statutorily mandated services to governmental entities and employee organizations in an effective and efficient manner. Over the past several years, our ability to effectively fulfill our mission has suffered significantly due to insufficient staff. We must be allowed to hire the staff identified, in order to meet this goal.

A.4 Treatment of New Initiatives

PERB will forgo introducing any new initiatives for the foreseeable future. All available resources will be devoted to providing statutorily mandated services to public employers and the employee organizations that represent their employees. However, the recent recommendations for direct Taylor Law reform advanced by the New York State Commission on Local Government Efficiency and Competitiveness may dramatically increase the workload at PERB. This does not involve new initiatives but it does introduce new bodies of work that must be managed. Currently, we are proposing that this will be accomplished with the same compliment of staff as embodied in our 2008-09 appropriation.

It should be noted that PERB's Spending Reduction and Financial Management Plan addresses delivery of core programs with a commitment to maintaining budget balance in 2008-09 and mitigating out-year deficits. This is accomplished by the \$100,000 savings for SFY 2008-09 shown below. As PERB identifies organizational efficiencies and recurring savings within the General Fund State Operations Account we require the cash balance accrued in the Special Revenue Fund – Other. Such protection of the SRO will allow us to serve our clients effectively in SFY 2008-09 and beyond, as well as to potentially generate savings on a recurring basis with a continued commitment to our core services.

B. Summary of General Fund Financial Impacts

GENERAL FUND -- SAVINGS SUMMARY (in thousands)			
	Required Reduction	2008-09 Savings	2009-10 Savings
Personal Service	N/A	86	55
Non-personal Service	N/A	14	45
Total State Operations	100	100	100
TOTAL	100	100	100

GENERAL FUND -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS (in thousands)			
	2007-08 Actual	Revised Projection	Percent Change
Personal Service	3,034	3,483	14.8
Non-personal Service	585	561	-4.1
Total State Operations	3,619	4,044	11.7
TOTAL	3,619	4,044	11.7

C. Identification of Proposed General Fund Actions (in thousands)

	2008-09 Cash	2009-10 Cash	2010-11 Cash
GENERAL FUND	100	100	100
State Operations			
1. Delay in Hiring Mediators	86		
2. Reduction in use of <i>per diem</i> Mediators		55	55
3. Limit Purchases of Supplies and Materials, Restrict Travel, and Control Miscellaneous Contractual Services	14	45	45

D. Summary of Impact on Other Funds

N/A

E. Identification of Proposed Other Fund Actions

N/A

F. Plan to Manage the Workforce

F.1 Overall Approach

In 2008-09 PERB must make an effort to remedy the absence of any previous succession planning. PERB's FTE budget fill level fell from 44 to 37 over the years reviewed. In some instances full time positions have been converted to part time in order to assure that necessary tasks are performed even though it takes more time for them to be completed. For example, the administration office no longer has a Secretary assigned to it. A full time Account Clerk and the Secretary to the Executive Director were transitioned to part time positions. In addition, 45% of current staff will be retirement eligible during 2008-09 and that proportion will increase to nearly 50% of the budget fill level by the end of 2010-11.

F.2 Plan for Refill of Vacant Positions (both current and anticipated vacancies)

As a result of retirements, deaths, and other separations, there is currently just one full time staff mediator in Brooklyn and none in Albany or Buffalo. Our Buffalo office has also been without a Chief Regional Mediator since December 2007. We must be allowed to replace the positions that are currently vacant in order to return to our budget fill level of 37. This is the only way we can meet the future challenges that are likely to accompany the recent recommendations of the New York State Commission on Local Government Efficiency and Competitiveness and difficult economic times. The Commission recommends direct Taylor Law reform, as well as other policy changes that will impact Taylor Law rights and, consequently, PERB workload. The difficult economic conditions faced by New York State are no less burdensome for local governments. The vast majority of parties dealing with PERB on adjudication and conciliation matters are local governments and the employee organizations that represent their employees. These trying fiscal times will undoubtedly force these parties to seek more services from PERB than they do when economic conditions are more favorable.

To achieve required savings in the current fiscal year and hire essential staff to meet our mission and workload, PERB will delay hiring three full time staff Mediators and one Chief Regional Mediator to fill existing vacancies until later in this fiscal year. A Civil Service list will be in place to fill future vacant Mediator positions and a comprehensive workforce review will take place as the nearly 50% of staff eligible to retire indicate they will do so. Our plan includes filling the Mediator positions later in the current year and thereby reducing the *per diem* Mediator expenses for 2009-10 and beyond, as indicated.

Workforce Impact -- All Funds	
a. Initial Target:	37
b. Current Fills PP# 3 or 4	32.9
c. Recurring impact of proposed actions (see Parts C & E)	
d. Recurring impact of vacancy-refilling plan (see F.2)	4
e. Total FTEs March 31, 2009	36.9
f. Change from Initial 2008-09 Target (line a minus line e)	-.1

G. Monthly Projections: All Funds Workforce; General Fund State Operations

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
A. Workforce - All Funds	33	33	34	35	37	37	37	37	37	37	37	37	37
B. State Operations													
Personal Service - Regular													
1st PP	21,100	108,206	111,797	115,762	119,353	119,353	122,944	122,944	122,944	122,944	122,944	122,944	1,333,235
2nd PP	105,100	108,206	111,797	115,762	119,353	119,353	122,944	122,944	133,544	122,944	122,944	122,944	1,427,835
3rd PP (if applies)	120,195	0	0	0	0	0	122,944	0	0	0	0	110,649	353,788
Subtotal PS	246,395	216,412	223,594	231,524	238,706	238,706	368,832	245,888	256,488	245,888	245,888	356,537	3,114,858
Personal Service-Temp	135,250	30,000	17,000	10,000	16,750	20,000	20,000	15,000	15,000	20,142	32,000	37,000	368,142
NPS	0	40,000	50,000	52,000	48,000	52,000	60,000	52,000	54,000	48,000	50,000	55,000	561,000
Total Disbursements- State Ops	246,395	256,412	273,594	283,524	286,706	290,706	428,832	297,888	310,488	293,888	295,888	411,537	4,044,000

H. Assumptions Underlying the Proposed Plan

This analysis and the proposed reductions are based on the future mirroring our past experience. Primarily, the number of adjudicatory filings and the total number and complexity of impasses declared in any given fiscal year will significantly impact the proposed plan. This is an unknown variable. For example, if the number of impasses increases significantly or if a strike occurs, similar to the one with the MTA a couple of years ago, or if we are involved in protracted conciliation efforts with groups like New York City and the teachers or Buffalo and the teachers, then these savings will quickly evaporate. The recent recommendations for direct Taylor Law reform, as well as others that will impact Taylor Law rights, advanced by the New York State Commission on Local Government Efficiency and Competitiveness may dramatically increase the workload at PERB.

The critical element in this plan is the hiring of staff as proposed. This is essential for PERB to fulfill its mission and manage deviations from these assumptions.

I. Management of Risks Inherent in the Plan

The crucial risk inherent in this plan is the carrying forward of the \$86,000 personal service reduction identified in sections B and C above. As explained earlier, PERB's staffing level has been allowed to fall well below what is necessary for us to accomplish our mission. We will be filling the vacant positions during SFY 2008-09 and the attendant salaries will be included in our SFY 2009-10 obligations. Efforts will be made to manage these inherent risks by reducing personal service temporary spending to the extent possible and making use of Special Revenue funds. As long as DOB allows us to draw directly from our special revenue account, we will be able to use these funds to accommodate shortfalls in the personal service temporary and nonpersonal service areas.

J. Additional Savings Opportunities for 2008-09

Although we can not identify other savings opportunities for 2008-09, we can suggest the possibility of increasing revenues. Since the fiscal year has begun, the savings would be modest in this year because of the amount of time it would take to implement these efforts. Consequently, most of the benefit would be derived in future years.

K. Potential Future Savings Opportunities/Operational Improvements (indicate if statutory change is required)

Several ways for PERB to increase revenues in the future would be to: establish fees for filings with the agency, institute a “listing fee” for members of PERB’s arbitration panel, increase the filing fee for parties using PERB’s Voluntary Grievance Arbitration Procedure, and increase the number of education and training programs offered for a fee. Charging filing fees for statutorily defined procedures would require a statutory change. The other suggestions would not. If some or all of these efforts were pursued, the economic benefit would recur in future fiscal years.

ATTACHMENTS:

