

DIVISION OF ALCOHOLIC BEVERAGE CONTROL
NEW YORK STATE LIQUOR AUTHORITY
SPENDING REDUCTION / FINANCIAL MANAGEMENT PLAN
FY 2008-2009

1. INTRODUCTION

This document is offered as the State Liquor Authority's Spending Reduction / Financial Management Plan in compliance with Budget Bulletin B-1178. The SLA appreciates any suggestions that will further enhance the quality of this tool and its efforts to adhere to the Governor's goal of protecting the state's finances in an increasingly difficult economic and fiscal climate.

2. MISSION

Chapter 478 of the Laws of 1934, known as the Alcoholic Beverage Control Law, created the State Liquor Authority and the Division of Alcoholic Beverage Control. The Legislature enacted this measure "for the protection, health, welfare and safety of the people of the State."

The SLA has two main functions: issuing licenses and ensuring compliance with the Alcoholic Beverage Control Law. The Authority's Licensing Bureaus are responsible for the timely processing of permits and licenses required by the ABC Law. The Compliance Unit is responsible for the protection of the public by working with local law enforcement agencies to uphold the law and bring administrative action against licensees who violate the law.

The Authority seeks to:

Respect applicants and licensees; work cooperatively with industry, community groups and local leaders to ensure participation of all stakeholders in the licensing and enforcement process; increase productivity by utilizing necessary resources, education and training to successfully deliver a quality service to our customers; ensure that those who do not respect the privileges of holding a license are fairly and firmly disciplined; and create a unified, comprehensive approach to all agency functions to achieve maximum effectiveness and efficiency.

The core programs of the Authority are:

Reviewing applications and investigating applicants to determine license eligibility; issuing all licenses and permits for the manufacture, wholesale distribution and retail sale of any and all alcoholic beverages; regulating trade and credit practices related to the sale and distribution of alcoholic beverages at wholesale and retail levels; investigating licensees in connection with violations of the ABC Law; working with local law enforcement agencies to ensure compliance with the ABC Law; bringing disciplinary

charges against licensees when appropriate; conducting disciplinary proceedings and hearings; revoking, canceling or suspending for cause any license or permit, and/or imposing monetary penalties where appropriate; inspecting premises where alcoholic beverages are manufactured or sold; exercising the Authority's discretion regarding the number and type of licenses issued as determined by public convenience and advantage; and promulgating rules to implement the ABC Law.

3. SLA ORGANIZATION

There are two principal functions of the State Liquor Authority: licensing and regulating all who traffic in the production, distribution, and sale of alcohol products. The related agency activities are pursued from three zone offices (NYC, Albany, and Buffalo), with a satellite office in Syracuse.

Each zone distributes license application forms and information, and accepts and evaluates submissions for licensure. Each zone also provides a base of operations for field enforcement investigators. Prosecutorial staff are present at each zone location, with the Hearing Bureau based in the NYC office. The SLA staff is presently at the 150 FTE level (see attached information regarding staffing and fill levels).

4. NEW INITIATIVES

Staff assigned to the Licensing Program will continue efforts to process permits and licenses in a timely manner. Currently, there is a significant license application processing backlog in each of SLA's zones. This backlog is due in part to licensing examiners devoting a large percentage of their time with applicants who have submitted incomplete applications in an effort to bring these applications to a complete and approvable state. While the efforts of our examiners may be seen as customer friendly, it is a significant drain on our limited resources and is an inefficient use of these resources. The SLA is determined to address this backlog while simultaneously promoting the more efficient use of its limited resources. Specifically, the SLA recently established a new policy directed at improving efficiency in making determinations on new license applications. The new licensing procedures focus on accepting only applications that have met a minimum set of criteria. By having SLA examiners work on reviewing only those applications that have met the minimum criteria, the agency will be able to act on completed license applications in the most expeditious manner possible. Under the new procedures, if the application fails to meet the minimum criteria it will be disapproved at intake. When a new license application meets the minimum criteria, a thorough review will be performed. Should the review lead to additional questions or necessitate the submission of additional documentation, the licensing examiner will send a letter listing all deficiencies to the applicant and their attorney or representative. The response from the applicant must be postmarked no later than 10 business days from the date of the deficiency letter. If all of the information requested is not received within this time frame, the application would be disapproved for failure to comply.

By addressing the backlog, the agency believes that that revenue to the state will increase in the form of taxes collected (sales tax and alcoholic beverage tax).

The agency will also continue to enhance its compliance activities during 2008-09. The expansion of the Rapid Enforcement Unit in 2007-08 and growing partnerships with local law enforcement agencies, including those in the Division of Criminal Justice Services' Operation IMPACT program, will continue to have a positive impact on the public's health and safety. The agency will also continue to investigate complaints and the Authority will conduct hearings to ensure that permit and license holders who violate the State liquor law receive appropriate penalties.

These steps, in addition to a more user-friendly information technology and public outreach efforts, will ensure that the agency is responsive, efficient, transparent, and mission oriented.

5. COST CONTAINMENT

The SLA will continue to look for avenues to make maximum value of its allocated funds, with an eye toward developing new cost efficiencies and frugal expenditure of budgeted funds. The SLA has historically monitored its expenditures wisely and conservatively, often to the point of distressing regular Agency operations. The annual surrender of unexpended year-end funds has been commonplace.

The agency will continue to wisely utilize the technology programs available (Pronto, the Financial Management System, the host agency guidance of OGS Finance, and our own system of internal controls) to live within its prescribed budget and FTE ceiling without further jeopardy to agency mission.

The staffing plan submitted reflects a thoughtful consideration and balanced allocation of present and anticipated staff assets (see Attachment A). The positions sought in the various agency budget waiver requests are sensitive to integral licensing workflow needs and adequate regulatory response to enforcement/compliance issues. At present, no staff within the agency is assigned to non-critical positions. In addition, it should be noted that the agency is required to receive a waiver from DOB prior to filing any vacant FTE item. This is an additional control under which most agencies do not currently operate.

As the SLA identifies program weaknesses or operational areas requiring greater development, cost effective measures will be sought that minimize growth in the revenue support needed to subsidize improved agency functions.

The agency has identified the following opportunities to eliminate less essential activities thereby producing savings in NPS:

- Full Board Meetings / Educational Seminars scheduled for this year in Long Island has been cancelled. This will produce a recurring savings of approximately \$5,000.00;
- Full Board Meetings / Educational Seminars scheduled for this year in the Finger Lakes Region has been cancelled. This will produce a recurring savings of approximately \$7,000.00;
- A planned Community Boards / Borough Presidents Educational Seminar to be held in New York City has been cancelled. This will produce a savings of approximately \$4,000.00;
- NPS spending will be further reduced by approximately \$92,000.00 annually due to staffing changes as outlined below;
- Members of the Authority and Executive Staff will forgo out-of-state travel to meetings of national associations;
- Whenever possible, agency staff will utilize video conferencing as an alternative to traveling to off site meeting locations;
- Additional savings will be secured from the review of other areas (see Attachment B-1. See also Attachment B-2 for recurring savings).

The agency has also identified the following opportunities to produce savings in PS:

- The position of Chief Executive Officer will not be filled upon the resignation of the current Chief Executive Officer. This will reduce PS spending by approximately \$140,000.00 annually;
- One hourly Administrative Law Judge (ALJ) position in New York City will not be filled upon the resignation of the current ALJ. This will reduce PS spending by approximately \$30,000.00 annually;
- The Assistant Director of Enforcement has requested to participate in the Voluntary Reduction in Work Schedule (VRWS) program. This request will be granted and the Assistant Director of Enforcement's work schedule will be reduced by 20%. This will reduce PS spending by approximately \$15,000.00 annually;
- The agency currently employs 10 temporary employees. This allows the agency to carryout its mission and at the same time reduces PS spending.

A primary hindrance to cost containment and a principal obstacle confronting the agency in accomplishing its mission and serving its stakeholders is the ABC Law itself. The law was enacted at the end of Prohibition in 1934 and reflects the political and economic realities of that time period. Well intentioned piecemeal revisions and updates to the ABC Law over the interceding decades have produced what is today a disjointed, confusing and outdated area of law in dire need of an overhaul. Often times, this law is not only inconsistent with modern business practices, its regulatory framework often leads to the inefficient utilization of limited resources and does not always assist in regulating the industry in a manner which promotes public health and safety. Members of the industry, the public, our sister government entities and the SLA are often frustrated by statutory mandates which hinder the ability to focus on the agency's core programs. During the 2007 Legislative Session, legislation was enacted that directs the State Law

Revision Commission to: review the ABC Law and the way in which it is administered to determine the effectiveness of such laws and their administration in achieving state policy goals; and make recommendations to the Legislature for such actions, including proposed revision of the ABC Law. The agency believes that, contingent upon the legislation ultimately adopted as a result of the recommendations of the Law Revision Commission, the agency will be able to operate in a more efficient manner and recurring savings will be produced. Additionally, the agency believes that it would not be prudent at this time to make drastic changes at the agency prior to the completion of the Law Revision Commission's analysis.

The agency will continue in its efforts to partner with our sister agencies and local law enforcement agencies. These partnerships can reduce the resources that the SLA must devote to certain tasks.

Additional cost containment / efficiency producing efforts underway at the agency will be further discussed in the following section related to the agency's priorities.

6. AGENCY PRIORITIES

The agency will pursue five top priorities during 2008-09. The End Outcomes have been extrapolated from the core mission expressed in the SLA's mission and vision statements. Intermediate Outcomes are derivative of the Chairman's Statement of Goals and Objectives for 2008. Quality characteristics were developed by review of our end outcomes and asking the question "are we achieving the goal or how best can we achieve the goal".

Briefly stated, the End Outcomes are reflective of what the Agency intends to accomplish, and are clearly related to and defined by our mission and vision statements, largely expressed statutorily in Section 2 of the ABC Law. Intermediate Outcomes are identified as goals that when realized will produce the desired End Outcomes. Lastly, quality characteristic questions were utilized to determine how, why, or if End Outcomes have been achieved.

End Outcomes:

- Reduce the average length of time required to process an original license application including the average length of time to schedule, conduct, and issue a report on 500 Foot hearings;
- Continue timeliness of the renewal process through increased licensee training to ensure compliance with renewal standards;
- Continue timeliness of the review process of Temporary Beer & Wine Permit and Caterer's Permits;

- Reduce the average length of time to initiate and close an enforcement investigation; and
- Reduce the average length of time to review disciplinary matters from initiation to conclusion.

Intermediate Outcomes:

- Ensure the professionalism of the staff in day to day dealings with the public at intake and reception, telephonically and via electronic medium:
- Ensure the continued investment in technology to create administrative efficiencies, speed up processing time, and to continue efforts aimed at making the Agency more user friendly;
- Continue outreach and education of stakeholders, including: elected officials, law enforcement, the SLA regulated community and the public through our Executive, Government Affairs, and Public Affairs Offices to help ensure open government and understanding of and compliance with the law. A better educated and knowledgeable regulated community will have a positive impact on our processing of license applications and will reduce the burden on our enforcement/compliance/disciplinary processes; and
- Continue ongoing review of operations and planning through proper utilization of internal control mechanisms and strategic planning.

Quality Characteristics:

- How long does it take to process an application submitted to the authority (new license, renewal, permit, etc.)?
- How long does it take to investigate a complaint from receipt of the complaint to conclusion of an investigation?
- How long does it take to process a disciplinary action from referral to the legal bureau to conclusion (closing the case with a finding of no wrongdoing, completion of disciplinary process through settlement or final action by the Members)?
- What is the Agency's level of responsiveness to our constituents, elected officials, law enforcement and the community at large?

7. REPORTING

Staff and disbursement reports will be submitted on a monthly basis to the Division of Budget that will detail special revenue other fund projections, personal and non-personal services, and staffing levels (see Attachments A & B). OGS Finance, as our host agency provider, will assemble and forward these reports. As a Performance Plan develops with requisite measurement indices, Division of Budget will be provided all pertinent data. During the last two years, Agency management reviewed all Agency policies in an effort to conduct strategic planning/operational planning efforts. Towards that end, the SLA has conducted a bottom up review of all operations and procedures in order to develop realistic performance measures and outcomes. The SLA has developed the framework for tracking certain vital data (see Attachment C) which will help determine our eventual performance measures. Item #6 above is reflective of the performance metrics currently utilized by the Agency.

8. MANAGEMENT OF RISKS INHERENT IN THE PLAN

The primary risk associated with this plan, and thereby the achievement of the core mission of the agency, is the agency's record low staffing target levels. SLA staff target levels have consistently declined over the course of the last fifteen years to the current level. As a consequence, many of the agency's functions had been neglected. This resulted in an industry investigation spearheaded by the Office of the Attorney General, an agency audit conducted by the State Comptroller, and the reorganization of agency executive staff.

Today, the SLA does what it can to properly enforce and regulate in those areas that were for years neglected; however, there is a limit to what the agency can achieve with current resources. Consequently, the aforementioned revision to the ABC Law and staffing target levels are paramount to the agency's future success. The agency has been working to fill staffing levels to its statutorily authorized levels. However, even those levels may not be enough to fulfill all legislative mandates and core programs. Additionally, while the investments that the agency has made in technology have assisted in the more efficient use of our staff resources and the provision of services, it must be noted that technology is only a tool and it can not assist in certain tasks which require hands-on performance by agency staff trained and experienced in the processing of license applications and compliance investigations.

The agency believes that its spending reduction plan is consistent with the direction of the Executive and will reduce agency spending by the required amount. This plan balances reduction between PS and NPS, eliminates non-essential activities, produces recurring savings, and promotes the efficient use of agency resources on core programs. However, it is the agency's position that reducing our budget further would result in serious backlogs in each of our core programs. This would negatively impact mission critical programs of the agency, reduce the revenue generated by the agency and would erode public confidence in the agency, as well as the confidence of our regulated community.

The agency has put forth numerous staffing plans and is hopeful that with the support of the Executive Chamber and the Division of the Budget that the resources necessary to fulfill the critical mission of the agency will be committed. In the meantime, constant reevaluation occurs in order to ensure that resources are utilized in the most efficient manner for the most pressing agency core programs including licensing and compliance, and the agency's priorities.

9. CONCLUSION

The Division of Alcoholic Beverage Control, with the support of OGS Finance and Human Resources, looks forward to working closely with Executive Chamber Staff and the Division of Budget in ensuring that the Governor's spending reduction / financial and operating goals are achieved. We believe this plan is consistent with the policies and goals articulated by the Administration through Budget Bulletin B-1178 and we are committed to cooperative efforts in addressing present and evolving priorities, particularly in light of the state's increasingly difficult economic and fiscal climate. We remain available to discuss our plans at your convenience.

ALCOHOLIC BEVERAGE CONTROL			
Projected Cash Reduction Savings			
FY 2008-2009			
ATTACHMENT B-1			
	FY 08-09	Amount of	Budgeted
	DOB Cash	Planned	Allocation
	Ceiling	Reduction	Ceiling
Personal Service	\$9,114,000	(\$185,000)	\$8,929,000
Total PS:	\$9,114,000	(\$185,000)	\$8,929,000
Supplies and Materials	\$255,000	(\$8,000)	\$247,000
Travel	\$185,000	(\$10,000)	\$175,000
Misc Contracts/Leases	\$3,538,000	(\$195,000)	\$3,343,000
Equipment	\$377,000	(\$10,000)	\$367,000
Fringe Benefits	\$4,245,000	(\$85,000)	\$4,160,000
Indirect Costs	\$364,000	(\$7,000)	\$357,000
Total NPS:	\$8,964,000	(\$315,000)	\$8,649,000
Total PS/NPS:	\$18,078,000	(\$500,000)	\$17,578,000
Does not include \$200,000 in cash or appropriation for sub allocation of Law Revision Committee to DOS			

ALCOHOLIC BEVERAGE CONTROL			
Projected Three Year Plan for 3.35% Cash Reduction			
Recurring Savings			
ATTACHMENT B-2			
	FY 08-09	FY 09-10	FY 10-11
	Cash	Cash	Cash
	Reduction	Reduction	Reduction
Personal Service	(\$185,000)	(\$185,000)	(\$185,000)
Total PS:	(\$185,000)	(\$185,000)	(\$185,000)
Supplies and Materials	(\$8,000)	(\$8,000)	(\$8,000)
Travel	(\$10,000)	(\$10,000)	(\$10,000)
Misc Contracts/Leases	(\$195,000)	(\$195,000)	(\$195,000)
Equipment	(\$10,000)	(\$10,000)	(\$10,000)
Fringe Benefits	(\$85,000)	(\$85,000)	(\$85,000)
Indirect Costs	(\$7,000)	(\$7,000)	(\$7,000)
Total NPS:	(\$315,000)	(\$315,000)	(\$315,000)
Total PS/NPS:	(\$500,000)	(\$500,000)	(\$500,000)

Please note these savings are annual, and do not accumulate

ATTACHMENT C

PERFORMANCE MEASURES WORKSHEET

I. Licensing.

1. Number of Applications per zone
2. Number of COMPLETED application reviews per zone
3. Number of COMPLETED application reviews per zone per examiner
4. Number of Applications by type per zone
5. Number of Applications approved by staff per zone per type
6. Number of Applications disapproved by staff per zone per type
7. Number of Applications returned to applicant per zone w/ reasons for return
8. Number of Applications Pending per zone
9. Number of Applications Pending per type
10. Time to process to approval by staff or submission to the Members by staff per zone
11. Average time to process to approval by staff or submission to the Members by staff per zone
12. Number of 500 foot cases per zone
13. Number of pending 500 foot hearings per zone
14. Number of 200 foot cases
15. Number of 500 foot cases referred to the Members
16. Number of 500 foot cases disapproved by staff
17. Number of Applications denied by staff with an appeal pending to the Members (reconsideration) by type of licensed per zone
18. Number of pre-licensing investigations (pre-license field visit) initiated per license type per zone
19. Number of applications entertained with opposition cited, with reasons specified
20. Total applications by type: Original, Renewal, and Permits
21. Number of applications submitted in hard copy? Advanced on-line?
22. Number of days between the mailing of the "Approval, subject to" letter and the date of license issuance
23. Number of calls answered by Wholesale Bureau regarding delinquent list matters? Average time per call?
24. Number of Brand Label Registration applications received by Wholesale Bureau? Processed? Renewals?

II. Enforcement.

1. Number of Cases entered in the system w/o assigned investigator per zone
2. Number of Cases with an investigator assigned, but not initiated per zone
3. Number of Cases assigned, initiated, and pending per zone per type of violations (i.e., complaint alleges: ABC violations (i.e. availing, non-bonafide, gambling, noise, police referral, sales to intox, sales to minor, unauthorized source), Penal Law violations, Code (building, health, fire) violations
4. Number of Cases per investigator
5. Number of cases referred by source (citizen complaint, PDR etc.)
6. Time between case entered to assigned to initiated to completion and referred to Counsel
7. Number of pending Cases per investigator per zone
8. Number of complaints received (excluding PDR's)
9. Disposition of closed cases (cite action taken)
10. By investigator, hours in field, hours in office
11. Vehicle mileage logged by investigator (exclude office commuting mileage)

III. Prosecutions.

1. Number of Cases referred by Enforcement per zone
2. Number of Cases pending review per zone
3. Number of Cases reviewed and charges filed (notice of pleading issued) per zone
4. Number of Cases reviewed, no charges filed per zone
5. Number of Cases per attorney per zone per zone
6. Number of Cases with pending charges (notice of pleading issued) by license type per zone
7. Number of Cases in default
8. Number of Cases in default with charges sustained
9. Number of Cases with hearings scheduled per zone by attorney
10. Number of Cases with hearings adjourned more than one time per attorney (list ALJ) per zone
11. Average length of time between referral from Enforcement to review of report
12. Average length of time between referral from Enforcement to issuance of Notice of Pleading
13. Average length of time between referral from Enforcement to initial hearing date per zone
14. Average length of time between referral from Enforcement conclusion of hearing per zone
15. Number of Cases with sustained charges per zone
16. Average number of cases assigned per attorney per zone
17. Average number of witnesses per case
18. Reasons for Adjournment of Hearings listed in order from highest to lowest per attorney per zone
19. Number of PDR's received by county
20. Number of clock hours (quarter hour intervals) per case by attorney [*i.e., billable hours -- aggregate will illuminate time on task -- not referenced to attendance or arrival/departure times*]
21. Number of CNC's negotiated by attorney prior to hearing
22. Time spent in legal research

IV. Hearings.

1. Number of Cases referred by Counsel
2. Number of Pending Hearings (total scheduled and non-scheduled)
3. Number of Pending Hearings (scheduled) per zone per ALJ
4. Number of Hearings awaiting report
5. Average length of time between referral by Counsel and schedule of initial hearing
6. Average length of time between Hearing and issued report per ALJ
7. Number of Cases adjourned more than one time per ALJ
8. Average length of case per ALJ
9. Number of days between the conclusion of the hearing and the conclusion of the controversion period
10. Actual time at hearing? Office time?
11. Off site travel time
12. Time spent in legal research