

<b>2008-09 Spending Plan</b>	<b>Department of Civil Service</b>
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## **A. Overview of Proposed Plan**

### *A.1 Overall Approach*

This spending plan addresses the issues and challenges that confront the State and the Department of Civil Service, and provides for continued improvement in the delivery of essential services to ensure that the Department is able to fulfill the workforce needs of the State. An underlying principle of this spending plan is to provide quality services that State agencies and employees need and desire at the lowest possible cost and with maximum efficiency.

As constructed, this plan enables the provision of critical Department services within the reduction target while still providing for the needed expansion of the Department's technology infrastructure to address 21<sup>st</sup> century workforce needs as well as implementation of critical priority initiatives, including:

- Recruitment, replacement and retention of the State's workforce, while ensuring a diverse workforce and addressing critical, hard-to-fill positions;
- Modernization of the hiring and testing processes, through assessing the practicability of the competitive examination process and implementing technology improvements to expedite hiring;
- Classification and compensation reform, including exploring and adopting revisions to bring the system into the 21<sup>st</sup> century; and
- Enhanced and more cost effective employee health benefits.

The plan is also structured to maintain the Department's limited resources in order to meet the growing classification, recruitment and examination needs of State agencies. The Department must do so to ensure that agencies have a sufficient number of qualified candidates from which to choose to meet their core missions, deliver critical/essential services, comply with statutory and regulatory mandates, and generate much needed revenues for the State's Financial Plan. This is especially true for new program initiatives with critical needs that impose additional workload requirements beyond the Department's regularly scheduled classification, staffing and examination services. Examples include:

- The Department of Motor Vehicles has requested expedited examination services to fill Motor Vehicle Representative positions in response to the mandates anticipated with implementation of the Federal Real ID Act.
- The Workers' Compensation Board has requested expedited examination services to fill Compensation Investigator positions in response to their Workers' Compensation reform legislation.

In both these instances, the examination needs are being addressed in 2008.

Another priority demand being placed on the Department's resources is addressing hard-to-fill, entry-level accountant and auditor positions. While an interagency workgroup has been established to focus on these recruitment and selection needs, the Department is also working directly with individual agencies to meet their specific needs to fill these positions, including:

- The Office of Medicaid Inspector General, charged with conducting and coordinating fraud, waste and abuse control activities for all State agencies responsible for services funded by Medicaid, has requested examination services to fill Medical Facilities Auditor positions. These staff will generate significant reductions in the State's Medicaid expenditures. The 2008-09 Executive Budget anticipated State savings of \$590 million in 2008-09 through a combination of cash recoveries and cost avoidance activities.
- The Department of Taxation and Finance is adding 300 new positions to assist with its voluntary tax compliance efforts. The resources devoted to maintaining the current decentralized training and experience examination for Tax Auditors is an issue, as it is a manual process done via paper applications. The Department is working with Tax and Finance to create an automated decentralized examination program.

In light of the critical impact these programs have, not only in the delivery of the State's services, but in fulfillment of mandate requirements and revenue raised for the State's Financial Plan, the Department has developed a viable spending plan framework for the Department that will *not* result in a reduction in services or significant delay in new programs. Instead, we have mitigated the impact of the funding cuts by focusing on organizational and operational economies, increased efficiencies and programmatic prioritization, maximization of other funds, and attrition management.

***It should be noted this plan does not impact any of the Department's priorities funded in the 2008-09 Enacted Budget. The Department is taking action to redirect scarce resources to ensure that these initiatives remain intact and on-schedule.***

However, while the Department has made progress in many areas, certain highly publicized challenges confront the Department and the State – specifically with regard to the pending workforce retirements and the targeted replenishment of the State workforce. In undertaking

development of the plan, the Department recognized a number of issues confronting the State as an employer. These challenges and priorities, and other inherent risks, are outlined further in Sections A. 3 and A. 4 below.

With regard to the mandated 3.35 percent cut target, the Department has proposed several actions to achieve the \$700,000 in General Fund savings necessary to meet the reduction target (section A.2 below) and the \$100,000 SRO savings (section E below). In addition to those General Fund actions specified in Section A. 2 below, the Department will also continue to focus its efforts to limit spending, especially in the following areas:

- **Enhanced Hiring Controls to Generate Further Personal Service Savings:** A detailed discussion is provided in Section F, *Plan to Manage the Workforce*.
- **Reduce Discretionary, Non-Critical Non-Personal Service (NPS) Costs:** Due to NPS reductions in previous years and additional NPS cuts in the 2008-09 Enacted Budget, the Department will continue to closely review all NPS spending to ensure only that spending which is essential for the agency's programs and mission is authorized. The Department will scrutinize travel requests, especially all conference and training course travel, out-of- state travel and airline travel to ensure that only essential, direct job-related travel is approved. While airline travel expenses for the Department employees are already minimal, the Department will make every effort to reduce out-of-state airline travel even further. The Department will also require strict adherence to its policy that limits the number of State employees attending any mission-critical conference. Restrictions will also be imposed on attending training courses programs, which will produce savings in registration fees.

The Department will also restrict equipment and office furniture purchases to only replacement of broken or non-functioning items. Requests to purchase new furniture or equipment (i.e., printers, fax machines, work tables, carts, shredders, etc.) will not be approved unless it is absolutely critical. Employees will also be encouraged to share existing equipment rather than purchase replacement equipment.

#### *A.2 Achievement of Savings on a Recurring Basis*

### **Department Savings**

- **Planning and Training Division Abolition:**  
The Planning and Training (P+T) Division was abolished in 2007 and certain functions (e.g., Statewide Employee Suggestion Program, new employee orientation, General Administration Manual, internal controls) shifted to other Divisions. However, basic internal and external training functions, including the statewide HR Academy program, which provides extensive Human Resource training to State agency managers, have been continued. These functions, performed by two current employees, have been merged with the workforce and succession planning function. (PS: \$251,000; 3 FTE)

- **Attrition Savings:**

The Department estimates that it will save \$170,000 in personal service costs through normal attrition and rehiring for funded positions. Due to the large number of vacancies caused by retirements and transfers to other State agencies, and the lengthy time it takes to recruit viable candidates and hire new employees, the Department expects significant attrition savings in 2008-09. (PS: \$170,000)

- **Discontinue NYSTEP Consultant Contract:**

For several years, the Department has contracted with outside vendors to provide consultant services necessary for the development and maintenance of the NYSTEP system. The current contract with Solutions Delivery, Inc., at an annual value of \$264,000, is expiring on July 28, 2008. The maturity of the system, now almost ten years old, requires significantly less maintenance and development and can be handled by existing State staff. No additional State staff will be hired to achieve this savings. In addition, this approach is consistent with the State's and Department's efforts to reduce consultant costs by shifting information technology work from consultants to State staff. For these reasons, the Department has decided not to renew the contract, which will generate part-year savings of \$175,000 in 2008-09. This contract is supported by Section 11 Internal Service Funds (ISF). Therefore, existing General Fund non-personal service costs would be shifted to available ISF funds to achieve the required General Fund savings. (NPS: \$175,000 in 2008-09; \$264,000 in 2009-10)

- **General Fund NPS Savings by Utilizing Other Funding Sources:** The Department will review all non-General Fund funding sources to determine if actions can be taken to achieve efficiencies and/or make some funding available to offset General Fund costs. The Department will reduce General Fund NPS costs by \$100,000. (NPS: \$100,000)

- **Additional Reductions in Discretionary NPS Costs:** Through the imposition of additional restrictions on non-personal service spending in areas such as travel, equipment and furniture purchases, and vehicle rental costs, the Division will limit non-personal service purchases to essential spending only. (NPS: \$4,000 in 2008-09; \$5,000 in 2009-10)

## **Statewide Savings**

### **Health Insurance Savings from Collective Bargaining Process**

The current round of collective bargaining resulted in several changes to health benefits for those groups with ratified agreements. The State's demands, which were the source of these reductions, were developed jointly by staff of this Department, the Division of the Budget and the Office of Employee Relations. These changes reflected in the ratified agreements will produce health insurance cost savings in the current fiscal year and yield significant recurring savings throughout the term of the agreements (2010 -11). This will also generate additional General State Charges savings in SFY 08-09 attributed to negotiated changes.

Specific changes to the Health Insurance program include: increased co-payments for various services, the elimination of the Complementary and Alternative Medicine benefit, reductions in the out-of-pocket maximum under the basic medical component of the plan, improvements in plan language to better contain costs, tighter management of imaging procedures, a specialty medication program which will control utilization and maximize discounts through supply chain management and more flexibility in managing the prescription drug formulary to maximize its value to the Plan.

### **Empire Plan Dividends**

The 2008 first quarter financials for the Empire Plan project a larger dividend than was anticipated when the 2008 premium was set. The projected dividend is now **\$94.2 million** larger than the margin which was loaded into the rates. A portion of these additional dividends will result in savings to the State starting in 2009-10.

### *A.3 Protecting Key Priorities*

The Department has a number of critical priority efforts to improve agency services, including:

#### **A. Improving the State's Hiring Process: More timely examination and eligible list services**

##### **Integrated Testing System (ITS)**

The Integrated Testing System is the tool by which the Department will automate New York State government's hiring processes. ITS will present a single enterprise recruitment and appointment solution for New York State's public sector. The Department recently contracted with Currier, McCabe & Associates, d/b/a CMA Consulting Services, for the implementation of NEOGOV's *Insight Enterprise Hiring Management System*. This completely web-based solution will be installed and maintained at NEOGOV's facilities on infrastructure owned and maintained by NEOGOV, replacing the Department's 30-year old legacy systems. This arrangement ensures that the State will not be required to purchase hardware infrastructure or to program and administer software, or to provide long term technical support for the system.

The Department and the contractor will be meeting shortly to finalize the project's implementation schedule, interim deliverables, resources, and policies and procedures for resolution of disagreements by project managers. Based on the schedule contained in the CMA/NEOGOV proposal, a fully functional ITS is predicted to be operational approximately 18 months from the contract's effective date. The project will use an incremental implementation approach with three interim milestone deliverables: Project Kickoff and Analysis, Build and Acceptance Testing, and Roll out and Go-Live. The Department is also

moving forward to hire an ITS Project Director and expects to fill the position sometime this summer.

### **B. Reform of State's Classification and Compensation Program**

#### **FLSA Overtime Eligibility**

In response to changes to the Federal Fair Labor Standards Act (FLSA) Overtime Eligibility regulations in 2004, a taskforce was established to evaluate the State's conformance with the changed federal regulations. This evaluation could potentially entail an analysis of many of the State's over 3,700 titles for overtime eligibility. Accordingly, the taskforce, comprised of representatives from the Department of Civil Service's Division of Classification and Compensation, the Office of Employee Relations and the Division of the Budget, has begun an extensive data collection and analysis project.

Because of its knowledge and expertise, the Division of Classification and Compensation has taken the lead on the large scale coordination, collection, and analysis of State titles most likely to be in need of review (approximately 2,000 State titles covering approximately 50,000 positions). OER has recently agreed to fund two additional staff to work on this effort, increasing the number of OER-funded staff to three that will assist the Department with this project.

### **C. Effective Management of NYSHIP: Keeping cost increases at lower rates than industry norms, while maintaining comprehensive health benefits**

#### **MyNYSHIP**

MyNYSHIP, the State's web-based enrollment capability, allows employees to make requests for coverage and changes in their health insurance enrollment through a secure web-based application. To date, Phases 1 and 2 have been completed, allowing employees to view their records, change their mailing address, request new ID cards, change health insurance options during the option transfer period and request their initial enrollment.

Phase 3, development of programming to bundle transactions based on life-events, is currently underway. This includes events like marriage, which typically results in the need to process several enrollment record changes such as a change from individual to family coverage, change of address, and change of marital status. Other life event transactions may include retirement, the birth of a child, and changes in employment. Benefits of this system include reduced workload in agency personnel offices, more accurate information on file due to reduction of transcription errors and an improved ability for the Department to control the content of messages to employees.

#### **The Excelsior Plan**

The Excelsior Plan, a new health insurance option for local governments with an attractive benefit design costing at least 15% less than the Empire Plan, is in the final stages of development. If the Plan is widely adopted by local government, it has the potential to reduce local health care costs and, concomitantly, the level of aid-to-localities required in the Executive Budget. Tasks to be completed this fiscal year include finalizing the marketing plan, producing materials and implementing and marketing the plan.

### **Empire Plan Mental Health and Substance Abuse Contract**

The Department needs to execute a replacement contract for the Empire Plan Mental Health and Substance Abuse Contract, which expires on December 31, 2008. The RFP has been issued and three proposals have been received. The Employee Benefits Division (EBD) is currently evaluating the proposals. Next steps include selecting the offeror whose proposal provides the best value based on evaluation criteria filed with the Office of the State Comptroller (OSC), negotiating final contract terms and submitting the contract for approval by OSC.

### **The Decision Support System**

The Decision Support System will improve EBD's ability to track costs of various disease states across contracts and over time, thereby improving our ability to assess the effectiveness of disease management programs and make modifications to improve outcomes. The RFP is currently being developed. Remaining steps include issuing the RFP, evaluating proposals, vendor selection, contracting, contract approval and implementation.

#### *A.4 Treatment of New Initiatives*

The Department has a number of new initiatives at various stages of development. Several of these initiatives specifically related to employee health insurance benefits were funded in the 2008-09 Enacted Budget, while others are being developed and implemented through the redirection of in-house resources. These initiatives include:

#### **E-HR/NYFMS Project**

During the 2008-09 Budget process, the Department identified a need for a consolidated Human Resources (HR) management system and web portal, which would leverage existing systems to provide a greater view of, and authority over, the entire employee career cycle from recruitment to exit. The system could provide key, integrated enterprise system data to support the strategic analysis of workforce needs and enhance customer service by providing a self-service portal for New York State managers and employees to use in conducting routine human resources transactions. As a result of discussions between the Department, the Division of the Budget, the Office for Technology and the Executive Chamber, the 2008-09 Executive Budget included three positions for the Department to begin defining the scope and requirements for a new statewide human resources system that would eventually link with the Statewide Financial Management System (NYFMS).

As part of this process, a Human Resources business domain, co-chaired by the Department and OSC, has been established and activated within the NYFMS/FOCAS Joint Governance. During this fiscal year, the Department will recruit for and fill the three new positions dedicated to this initiative, outline the scope of the new system, identify components that could be included in an integrated NYFMS/HR system versus those HR components unrelated to fiscal transactions that may be better suited for a standalone HR system, work on requirements gathering and hire a consultant to assist with these activities.

### **New Testing Methodologies**

The Promotion Test Battery (PTB) was a cornerstone of the Department's promotion examination program since its inception in 1996. The decision to suspend use of the PTB has, as anticipated, affected the Department's ability to administer the same number of examinations annually given current resources. Accordingly, its suspension has had a significant impact on the Department's delivery of examination services to State agencies, and the impact will continue to grow unless the Department can move forward with replacement test materials for supervisory, managerial, and administrative titles in the State. Without the PTB, resources will need to be devoted to replenishing the limited stock of written test material in the competencies assessed by the PTB, meeting the anticipated increased demand for tests in technical areas, and developing alternative, yet equally valid, examinations.

The goals and outcomes for new testing methodologies are to: develop a comprehensive assessment of critical competencies that is grounded in management and psychometric theory and practice, make efficient use of limited testing resources, and build a system that is flexible and adaptable over time.

The Department is including some new test material in selected promotion examinations during 2008. However, much work remains to be done to prepare the new testing material for broader use. To this end, there are a number of major developmental activities targeted for completion during this fiscal year. These include: conducting a statewide job analysis study of titles which will use the new material, developing various tools necessary to assist in test development, actual test development, and establishing the administration and scoring process.

### **New Recruitment Unit**

Over 27,000 State employees have retired in the past five years and another 65,000 State employees are projected to reach retirement age within the next four years. This unprecedented attrition rate will result in the State losing over half its staff in a decade and have serious long-term implications for State operations. In addition, New York State government continues to experience a shortage of qualified candidates in a number of critical areas, particularly engineers, accountants and health care professionals. At the same time, the State must enhance its efforts to diversify the workforce. In order to help address these



issues, the Department of Civil Service has redirected internal resources to create a new Recruitment Section.

One of the new section's first activities is to explore options for branding New York State as an employer and marketing new statewide recruitment efforts. Formal price quotes have been solicited from the vendor community for corporate identity logos and tag line, and marketing materials development. Selection of a vendor to design an advertising campaign targeted at select, critical hard-to-fill titles and to provide a unified presence of New York State as a single employer of choice is nearing completion. Once completed, distribution of collateral marketing products to job seekers will also bolster brand recognition of NYS as an employer of choice.

The Recruitment Section will also be involved in several other ongoing initiatives, including:

- Developing programs to recruit for certain hard-to-fill titles;
- Managing and overseeing development of a New York State government recruitment web portal; and
- Coordinating recruitment efforts among State agencies.

### **Strengthen the State's Workforce Diversity Efforts**

In an effort to strengthen the statewide affirmative action program, the Department has significantly changed the format of the Annual Report on Affirmative Action submitted by each agency to the Department in accordance with Executive Order No. 6. The revised report presents a better tool to measure the effectiveness of agency affirmative action programs and will allow agencies to complete and submit these reports electronically.

Integrally related to the Annual Report is the Utilization Analysis Summary Report, which assesses each agency's workforce composition as it relates to protected class employees. The Department provides this information to agency Affirmative Action Officers (AAOs) at the beginning of each year to be used to complete the Annual Report. The Utilization Report has been redesigned and renamed the "Placement Goal Summary." One of the most important changes to the Utilization Report is that established affirmative action goals will now be matched with the labor availability pools currently reflected in the 2000 census data, rather than the 1990 census data used in the past. Additionally, the redesigned summary will identify underutilization by Federal Occupational Category (FOC) and salary grade level. To supplement the annual summary, the Department has also created the Agency Workforce Analysis by Federal Occupational Category Quarterly Report, which in addition to FOC and salary grade, shows each agency's AAO workforce representation by titles as well as the goal and underutilization for each group. This will be a valuable tool for both Affirmative Action Officers and Directors of Human Resources as they plan for agency examinations and develop recruitment strategies.

## **NYC Provisional Reduction Legislation**

The Municipal Service Division, as part of its role to provide support services to the State Civil Service Commission, will assume lead responsibility for reviewing and monitoring the New York City Department of Citywide Administrative Services' (DCAS') plan to reduce the percentage of competitive class positions filled by provisional appointment pursuant to legislation amending section 65 of the Civil Service Law (Chapter 5 of the Laws of 2008)

DCAS' plan indicates that, of the 190,860 competitive employees serving under its jurisdiction, 36,855 (19.31% of competitive positions) are filled on a provisional basis. DCAS intends to reduce the number of provisional employees to 3,296 (2.57% of competitive positions) by implementing this plan.

The legislation places a significant, time-sensitive responsibility on the State Civil Service Commission, which, as noted above, will be carried out by staff of the Municipal Service Division. The Department is exploring the means and resources that will be necessary to meet this statutory requirement.

## **Additional Health Insurance Audit Staff**

The 2008-09 Enacted Budget included five additional positions in EBD's Audit Unit to focus additional resources in identifying provider fraud and provide closer monitoring of performance and adherence to contractual provisions by the insurers. The specific staffing needs have been determined and the process to establish the positions is underway. Once the positions are established, the hiring process to fill these positions will commence.

## **Empire Plan Medical Contract Rebid**

The Empire Plan's medical contract provides benefits for services provided by physicians, chiropractors, private duty nurses and other health care professionals as well as for various devices such as durable medical equipment, pacemakers and certain prescription drugs. The Empire Plan medical contract was last bid in 1985. The 2008-09 Enacted Budget included an additional position to enable the Department to conduct a new competitive procurement for this multi- billion dollar contract.

The RFP has been outlined and a first draft is under development. Buck Consulting, the Department's health insurance consultant, surveyed several large insurers (without identifying its client) to gather information regarding the scope of their national networks to assist in the development of access requirements. An analysis of current participating provider claims was also conducted to determine the extent of patient disruption if a smaller network is selected. The Steering Committee, which because of the cost, complexity of, and financial risk associated with this procurement, includes staff from DOB and OER, approved the RFP outline and meets to provide guidance to the RFP development team. As noted above, one additional staff person was hired in order to facilitate progress on the procurement.

### Employee Health Benefits Eligibility Audit

The 2008-09 Enacted Budget included a provision for the Department to contract for an audit of dependent eligibility, provides for a one time amnesty for enrollees who self identify ineligible dependents, and authorized one additional position to manage the audit process. The Employee Benefits Division (EBD) is certain there are claims filed for ineligible dependents, either innocently or fraudulently. For example, when employees fail to report a divorce, claims filed by their former spouse continue being paid. Divorced spouses are frequently under the incorrect impression that they retain eligibility. Additional information was solicited from vendors which responded to the Department's original Request-for-Information and the RFP will be released shortly.

### New York State Health Insurance Plan (NYSHIP) Review

The Enacted Budget calls for the Department to contract for a comprehensive study of NYSHIP. The last such study was completed in 1991. A number of areas have been identified for consideration as part of the scope of the study. During this fiscal year, staff will finalize the scope, refine study areas to determine the final objectives and substance of the study, develop and issue the RFP, complete the vendor selection process and finalize the contract with the selected vendor. One additional staff person was included in the 2008-09 Enacted Budget to manage the project, including the procurement process.

### B. Summary of General Fund Financial Impacts

<b>GENERAL FUND -- SAVINGS SUMMARY</b>			
<b>(In thousands)</b>			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	N/A	N/A	N/A
Personal Service	N/A	\$421	\$421
Non-personal Service	N/A	\$279	\$369
Total State Operations	\$700	\$700	\$790
Capital	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$700</b>	<b>\$700</b>	<b>\$790</b>

<b>GENERAL FUND -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS</b>			
<b>(In Thousands)</b>			
	<u>2007-08 Actual Spending</u>	<u>Revised Projection/Ceiling</u>	<u>Percent Change</u>
Local Assistance	N/A	N/A	N/A
Personal Service	\$20,009	\$21,082	5.4
Non-personal Service	\$2,452	\$1,768	(27.9)
Total State Operations	\$22,461	\$22,850	1.7%
Capital	N/A	N/A	N/A
<b>TOTAL*</b>	<b>\$22,461</b>	<b>\$22,850</b>	<b>1.7%</b>

\*Excludes OER Labor-Management and EnCon EHS sub allocations.

### **C. Identification of Proposed General Fund Actions (In Thousands)**

	<u>2008-09 Cash</u>	<u>2009-10 Cash</u>	<u>2010-11 Cash</u>
<b>GENERAL FUND</b>	\$700	\$790	\$790
<b>Local Assistance</b>	N/A	N/A	N/A
<b>State Operations</b>			
1. Planning and Training Division Abolition	\$251	\$251	\$251
2. Attrition Savings	\$170	\$170	\$170
3. Discontinue NYSTEP Consultant Contract	\$175	\$264	\$264
4. Review Non-General Fund Funding Sources	\$100	\$100	\$100
5. Additional Reductions in Discretionary NPS Costs	\$4	\$5	\$5
<b>Capital Projects</b>	N/A	N/A	N/A

**D. Summary of Impact on Other Funds**

<b>OTHER FUNDS -- SAVINGS SUMMARY</b>			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	N/A	N/A	N/A
Personal Service	N/A	\$0	\$0
Non-personal Service	N/A	\$100	\$100
Total State Operations	\$100	\$100	\$100
Capital	N/A	N/A	N/A
<b>TOTAL</b>	<b>\$100</b>	<b>\$100</b>	<b>\$100</b>

<b>OTHER FUNDS -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS</b>			
(In Thousands)			
	2007-08 Actual Spending	Revised Projection/Ceiling	Percent Change
Local Assistance	N/A	N/A	N/A
Personal Service	\$14,218	\$15,812	11.2%
Non-personal Service	\$11,827	\$15,415	30.3%
Total State Operations	\$26,045	\$31,227	19.9%
Capital	N/A	N/A	N/A
<b>TOTAL*</b>	<b>\$26,045</b>	<b>\$31,227**</b>	<b>19.9%</b>

\* Include two EBD OSC sub allocations

\*\* Health Insurance Internal Service Fund (396 00 account) spending estimates have been reduced to reflect past historical experience

**E. Identification of Proposed Other Fund Actions  
(In Thousands)**

	2008-09 Cash	2009-10 Cash	2010-11 Cash
<b>OTHER FUNDS (Note the fund/s affected by each proposal, in parentheses at the end of each entry)</b>			
<b>Local Assistance</b>	N/A	N/A	N/A
<b>State Operations</b>			
1. Reduce IT spending in Exam Fee Special Revenue Other Account	\$100	\$100	\$100
<b>Capital Projects</b>	N/A	N/A	N/A

**F. Plan to Manage the Workforce**

*F.1 Overall Approach*

The Department has a rigorous review process that closely monitors Department hiring and requires Human Resources Director, Finance Director, Affirmative Action Officer, and Executive Office review and approval of every Request to Fill and Hire. Executive Office staff and the Human Resources Director also meet weekly to review hiring requests and determine if they are justified based on agency priorities and other factors. Each request must identify whether the position was vacated recently or has been a long-standing vacancy. The request must also provide a full justification that explains the need to refill the position. The Department will continue to review every Request to Fill and Hire to ensure that the only positions filled are for mission critical programs or Commissioner priority initiatives. The Department will continue to keep lower priority positions vacant and shift the resulting resources to other priority needs, as necessary. Further, the Department will provide the Executive Chamber and the Division of the Budget with a bi-weekly report identifying all new fills consistent with Budget Bulletin B-1179 guidelines.

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

Due to the high number of employees who leave the agency through retirements and transfers/promotions to other agencies, the Department's current fill level is significantly below the authorized FTE target. However, it should be noted that the Department is in

various stages of filling these critical vacancies, which are reflected in the chart below. As mentioned elsewhere in this plan, the Department expects to generate substantial personal service savings generated by taking longer to fill current and future expected vacancies.

<b>Workforce Impact -- All Funds</b>	
<b>a. Initial Target: [for reference]</b>	584
b. Current Fills PP# 2	536
c. Recurring impact of proposed actions (see Parts C & E)	(3)
d. Recurring impact of vacancy-refilling plan (see F.2)	48
e. Total FTEs March 31, 2009 (line b minus line c, plus/minus line d)	581
f. Change from Initial 2008-09 Target (line a minus line e)	(3)

### **G. Monthly Projections: All Funds Workforce; General Fund State Operations/Local/Capital**

The Monthly Cash Disbursement Report and Staffing Report are attached.

### **H. Assumptions Underlying the Proposed Plan**

As developed, this plan will enable the Department to carry out its constitutional and statutory requirements, protect key priorities and proceed with implementation of new initiatives. The plan assumes maintenance of Department core operations through efficiencies, economies and use of alternative funding sources. Due to the age of the Department's workforce and pending retirements, the plan also assumes considerable attrition savings will be achieved over the ensuing year. It also assumes no significant changes in Department responsibilities or new legislative mandates related to Department operations.

### **I. Management of Risks Inherent in the Plan**

Even in times when State agencies are being asked to cut their budgets, *critical* positions must be filled. Public safety, direct care and revenue-generating agencies have constant staffing needs. The Department of Civil Service's workload reflects its responsibility for overseeing merit system administration for the State's approximately 165,000 employee classified service – of whom 80 percent are in the competitive class. Because the quality of the competitive class workforce is dependent on the regular, timely administrative of examinations, the need for the services rendered by the Department is by no means diminished during difficult fiscal period. Indeed, the opposite is true.

Other risks include:

**Hiring Freeze Impact** – Administering a statewide hiring freeze would require diversion of Department resources to meet those workforce demands because it is labor-intensive.

**ELMS/ITS Implementation** – Roll out of new systems such as the new Eligible List Maintenance System (ELMS) and the new Integrated Testing System (ITS) and retirement of legacy systems have inherent risks that cannot be contemplated at this point but would require staff to be pulled to implement and manage the risks involved with running two systems concurrently until the new systems are fully operational.

**Promotion Test Battery (PTB) Litigation** - A class action lawsuit was brought against the Department which claims that the Promotion Test Battery used by the Department for approximately ten years as part of its competitive testing program for hundreds of promotional and managerial titles disparately impacted minorities. Loss of this litigation could have a significant fiscal impact.

**NYC Provisional Reduction Workload** – As previously mentioned in *A.4 Treatment of New Initiatives*, the Civil Service Commission is responsible for reviewing and monitoring the New York City Department of Citywide Administrative Services' (DCAS') plan to reduce the percentage of competitive class positions filled by provisional appointment pursuant to 2008 enacted legislation. No additional staffing has been provided to the Department to perform the statutorily required responsibilities. Through the use of existing resources, the Department will be able to complete its review of the DCAS plan within the required 120-day period. However, ongoing work and monitoring to ensure that New York City complies with the approved plan may have a long-term workload impact on the Department. If additional resources were to be needed and not provided, there is a risk that the Department may be unable to fully ensure that the statutory requirements are met.

**Loss of staff due to retirements** – Most of the Department's top managers, including all management in the Testing Division, are retirement eligible and are likely to leave State service in the next two to three years. In addition, the majority of the Division's Assistant Director positions have been kept vacant for financial reasons. As a result, there is no backup capability from a succession planning perspective.

## **J. Additional Savings Opportunities for 2008-09**

### **Department Savings** (General Fund annual savings in parenthesis)

The Department continues to explore methods to achieve operational and organizational efficiencies. Implementation of the Integrated Testing System and the initial phases of exploration and development of a Human Resource system to be tied with the State's Financial Management System are two such examples that will provide operational improvements but not result in immediate savings.



Outlined below are some additional *potential* savings opportunities for the current fiscal year. However, these items include possible savings areas that require further review, would impact the Department's succession planning effort, examination delivery and/or customer service.

- **Attrition Savings** - Achieve further attrition savings by keeping positions vacant longer. (PS: \$100,000)
- **NPS economies** - implement *further* travel restrictions, conference fee reductions, and elimination of all non-critical equipment purchases. (NPS: \$30,000)
- **Municipal Services Division (MSD)** - Continue to hold the M-4 Assistant Director, Municipal Services Division item vacant. With the retirement of the previous Director and resulting promotion of the Assistant Director, this position has been left vacant. However, this option may not result in permanent savings since the Department may need to refill the position in the future for succession planning purposes. (PS: \$88,000; one FTE)
- **Computer-Based Testing** - Discontinue the computer-based performance test for the Keyboard Specialist title (eliminate .5 FTE G-9 Clerk 2) and decentralize the performance test to State agencies. Agencies outside Albany are currently responsible for this test. This would benefit State agencies because they would be able to administer the test as needed and speed up the appointment process. (PS: \$17,000; .5 FTE; NPS:\$15,000)
- **Pre-Rating Review Sites** - Reduce the number of candidate pre-rating review sites across the State from 12 to eight. These sites are used to allow examination candidates to review test questions and the tentative answer key and submit objections to questions and the proposed answers, the application of the key to their papers and in some instances to test candidates who could not appear on the scheduled test date. Some candidates would have to travel farther for these purposes. Sites in Hicksville, Nyack, Poughkeepsie, Rochester would be eliminated, leaving sites in Albany, Binghamton, Buffalo, Hornell, NYC, Port Jefferson, Saranac Lake and Syracuse. (NPS: \$29,000)
- **Paperless Examination Announcements** - Eliminate distribution of paper examination announcements to State agencies and outside organizations by maximizing electronic access through email and Department website. This would generate savings in paper and mailing costs and contribute to the State's greening initiatives. Many agencies already receive announcements electronically. However, implementation of this option would need to carefully address those outside organizations that do not have Internet access and State agencies where most employees do not have computer access at work (e.g., DOCS facilities). (NPS: \$50,000)

## **Statewide Savings**

As referenced in *A.2 Achievement of Savings on a Recurring Basis* above, the ratified collective bargaining agreements reflect several changes to health benefits. Additionally, there is potential for increased savings if these changes are implemented for unrepresented employees and retirees and are successfully negotiated, or implemented as the result of arbitration with the unions which have not yet settled.

Extension of the benefit changes to unrepresented employees and retirees would yield additional savings in the current fiscal year and significant savings through SFY 2010-11. Implementation of these changes as the result of ongoing negotiations or arbitration for outstanding represented units is uncertain but could, depending on the timing, generate additional savings as well.

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

As the Department continues to review agency operations, the goal continues to be identifying opportunities for further organizational realignments by shifting personnel from less critical activities to more mission critical priorities. Such reorganizations could have the potential to provide additional savings opportunities.

Examples of recent operational improvements include consolidation of support operations functions from multiple units into a single Operations Bureau, the transfer and consolidation of the workforce and succession planning activities with the statewide HR Training Academy, and the establishment of the new Recruitment unit within existing resources.

The Department is also working on several other improvements and operational efficiencies that are still in the conceptual planning stage, including:

- **Buffalo Outreach Office** - Explore closing the Buffalo Outreach Office, which could potentially result in the elimination of one FTE. The Department is assessing whether outreach services can be more effectively provided by new Recruitment Unit staff traveling to multiple upstate locations, as opposed to outreach in just the immediate Buffalo-area. However, start-up implementation of the Recruitment Unit will take some time so any savings would not be for the full fiscal year. Because the current Outreach Office's space is provided free-of-charge, there would be no accompanying NPS savings.
- **Single Agency Examination Applicant Investigations** – Consult with the Personnel Council regarding possible decentralization to State agencies of the investigation function for single agency examinations or eligible lists only to State agencies. Eliminate a .5 FTE Associate Attorney (M-3) and a .5 FTE Principal Clerk (G-14). Agencies could do this function more effectively by investigating only those candidates who they know are reachable or likely to be appointed rather than investigating all individuals certified on the eligible list as the Department must do. Eligible lists could be established more quickly.

Further, agencies in many cases go beyond the Department's investigation already, verifying education and experience. Some agencies are already performing this activity. Applicants for open-competitive examinations who indicate they have been convicted of a crime, dismissed from employment under certain circumstances or discharged from the armed forces under dishonorable circumstances, are subject to a background investigation by this Department. *(PS: \$76,000; one FTE)*

- **Civil Service Commission Staffing** - Explore a reconfiguration of Civil Service Commission staffing in conjunction with potential future retirements. A reduction in the Commission's workload through program efficiencies, including the possible discontinuation of Commission review of hold items, leaves of absence, reinstatements and merit awards requests could provide an opportunity to eliminate one support staff. Two filled support positions would continue to handle Commission activities.
- **Decentralization of Select Classification Services** - Pursue further decentralization of classification services provided by the Division of Classification and Compensation (C&C) to State agencies. Presently, classification of positions within certain titles is decentralized to select certain agencies which have exhibited sound classification practices. Classification authority would be expanded to additional agencies empowering them to make determinations without application to the Director of Classification and Compensation. This will not add to the work of the agencies. Rather, it will permit them to make a determination where there is a classification standard for a title. Decentralization must be linked to accurate and up-to-date classification standards and a robust, effective post-audit program. Another possible area of expansion would be the decentralization of position classification in titles below a set level (e.g., G-25) if the classification standard is accurate.
- **State Occupational Code Consolidation** - Consolidate State occupational codes (currently 60-70 codes). This would improve title management and contribute to title consolidation. Grouping titles within occupational areas results in broader human resource management efficiencies. However, this initiative would require significant work by the Division of Classification and Compensation and produce only long-term savings.
- **Consolidate Competitive Class Titles** - There are currently 2,700 competitive class titles in New York State. The goal of the Department is to reduce this title structure by 10%. This will be done primarily by combining titles into broader functional or program based categories. This initiative will result in a reduction in the number of examinations and associated costs, fewer classification requests and a reduction in employee relations issues like out-of-title work grievances. It will also reduce employee turnover and foster faster deployment of staff as workloads shift. However, this initiative would require significant work by the Division of Classification and Compensation and result in no short-term savings.

- **Vacant Positions Abolition** – Abolition of long standing vacant positions in State agencies (30,000 vacant positions statewide). Implementation of this proposal would significantly reduce position manipulations that cause Classification and Compensation staff analysts to spend time reviewing poor and confusing organizational structures. The Department would need to work closely with the Division of the Budget Division to determine the target number or percentage of vacant positions to abolish and the criteria for determining what titles to abolish. DOB would also need to issue a Budget Bulletin to all State agencies.
- **Employee Benefits Audit Enhancements** – The Department continues to explore operational improvements that will result in financial benefits to the State. For example, EBD has identified all tasks currently involving audit staff resources and is in the process of conducting an assessment of the potential risks and return-on-investment associated with the various audit activities. This should result in operational improvements where audit resources are redirected to produce a better return-on-investment.

## STATEWIDE OPPORTUNITIES FOR IMPROVEMENT

Additional areas for potential statewide savings could be related to the OSC's Future of the Central Accounting System (FOCAS) and the Financial Management System (FMS), and FMS-HR initiatives, which could possibly include improvements such as:

- **Electronic Pay Stubs** - Explore the replacement of State employee paper pay stubs with electronic pay stubs. As direct deposit use has expanded the issuance of electronic paychecks throughout the State, it would be appropriate to explore the related issue of electronic pay stubs. Switching to electronic pay stubs would enable employees to access their pay stubs online and provide them with the option to print out copies, if needed. Employees could also have the option of continuing to receive paper copies by opting out of the electronic version. Any changes would probably need to be addressed through the collective bargaining process. In addition to paper and labor savings related to printing stubs for the State's employees, such an effort would contribute to the State's green initiatives. A recent review of other governments that have implemented electronic pay stubs found savings of up to 27 cents per paycheck issued. Among the public entities switching to electronic pay stubs are Minnesota, Florida, Kentucky, Idaho, West Virginia and the city of Dallas. Private companies such as Disney and American Airlines have also implemented such systems. The New York City Council is also exploring adopting electronic pay stubs and has estimated that it could save over \$2 million annually for its 299,000 employees. Alternatively, the State could explore issuing electronic pay stubs for those employees already on direct deposit. Further expansion would need to address those agencies with limited internet access and those employees who do not have access to the internet (e.g., certain DOCS employees)

- **Pay Card** - Explore possible implementation of pay cards. The electronic pay stub proposal above could be expanded to offer employees the option of receiving their paycheck via a pay card. This option would be beneficial for employees who do not have a bank account for direct deposit. The pay card acts similar to a debit card with a pay card provider maintaining the employee's account balance. This method would eliminate check processing costs and enable employees another option for receiving their paycheck through either direct deposit with an electronic pay stub or via a pay card.

## **L. Performance Measures**

The Department of Civil Service is in the developmental stages of implementing a performance measurement system that can accurately highlight Department results and not just report process elements, workload and timeframes.

At a time when the State is experiencing a record number of retirements, and agencies are finding it difficult to recruit and fill the resulting vacancies, the Department is looking to implement a system that can be used to highlight the State's unfolding workforce crisis so that strategic decisions can be made about how we recruit and retain employees in New York State. Concurrent with full implementation of the new ITS system, the Department is developing the capacity for an automated enterprise dashboard which will have the ability to report on key strategic indicators and benchmarks.

In the interim, a select number of preliminary performance measures are being developed. As the Department further refines our program, the agency will identify specific programmatic initiatives and priorities to be highlighted using a standardized template format to report those measures.