

2008-09 Spending Plan	Agency Name Governor's Office of Regulatory Reform - Agency Code 21110
	Agency Head Robert Hermann, Director

A. Overview of Proposed Plan

The Governor's Office of Regulatory Reform (GORR) was authorized by Executive Order No. 20 issued on November 30, 1995 and continued by Governor Paterson's Executive Order No. 1 issued on March 20, 2008. GORR's mission is two-fold: oversight of the regulatory process for those agencies answerable to the Governor, and providing permit assistance to new or growing businesses in New York State.

GORR also is routinely assigned special projects by the Governor's office, such as providing staff support to the Commission on Local Government Efficiency and Competitiveness, the Commission on Property Tax Relief and the inter-agency task force implementing reforms to the Worker's Compensation system, and researching the State's land acquisition procedures and regulatory alternatives to Brownfields reform legislation.

This Spending Plan proposal has been prepared in response to the request and guidelines presented in Budget Bulletin B-1178 (April 21, 2008). The FY 2008-09 budget appropriated \$3.605 million for GORR with an approved FTE level of 36 and a Cash Disbursement Ceiling of \$3,371,000. This cash ceiling reflects GORR's targeted savings of \$100,000 for FY 2008-09. GORR receives funds from the General Fund only and has no Capital Projects.

A.1. Overall Approach

GORR is organized around the two previously mentioned mission tasks: oversight of the regulatory process, and business permitting assistance. The Executive Order that established GORR is very explicit about the mission of the agency. GORR management has worked and will continue to work to maintain the focus of its agency effort on only mission-related activities and special project work assigned by the Governor's Office. Through the review of regulations, GORR routinely questions agencies about whether their regulations are well conceived, not overly burdensome, understandable and based on adequate participation of the parties likely to be affected by them, such as small businesses and residents of rural areas of the state. GORR reviews alternatives, cost-benefit information and appraises documentation of needs and benefits, as part of its standard protocol. GORR also requires very specific information from agencies regarding any State fiscal effects of their proposed regulations.

GORR's permitting assistance function is designed to help produce jobs and economic growth throughout the state. Elimination of either of these goals would be counter to the goals of the Executive Order. It should be noted that most personnel administration is provided to GORR by the Administrative Unit of DOB under an MOU, and most financial management is provided by OGS.

GORR is a small agency. Its two primary areas of spending are salaries and expenses in connection with its online permit assistance function, OPAL. GORR's overall approach to manage within its 2008-09 fiscal limitation, preserve and further progress toward significant policy and program goals, and optimize recurring savings is to (1) continue to realign staff as needed to meet its core functions and to carry out assignments from the Executive Chamber, and (2) avoid non-essential spending on OPAL and other NPS areas. Although GORR has determined that it can meet its 2008-09 fiscal limitation through these measures without significant change to personnel and services, it has identified one senior level employee who will be retiring at the end of this fiscal year who will need to be replaced. Our plan outlined below for achieving savings on a recurring basis makes provision for this replacement and offers the opportunity to hire an additional, mid-level attorney. We have determined an additional attorney is essential to carrying out our mission.

A.2 Achievement of Savings on a Recurring Basis

a. Workforce Management/Personal Service Savings \$36,000

GORR is facing the retirement of its Deputy Counsel at the end of this fiscal year. Prior to that, he will be voluntarily reducing his work schedule to 60% of full-time for approximately 17 pay periods commencing in September prior to retiring at the end of this fiscal year. This will result in savings for the fiscal year 2008-09. GORR's intent is to hire an additional mid-level attorney by September 2008, and appoint either the new hire or promote one of its current assistant counsels to the Deputy Counsel's position when it is vacated through retirement. In either case, the new Deputy Counsel will be hired at a lower salary than the current incumbent, resulting in savings of approximately \$36,000. We would plan to use the recurring savings in addition to other personnel changes that we could implement over the course of this fiscal year as needed to free funds to raise our attorney staffing to a total of seven attorneys, one over the current number we have, but within our targeted budget and FTE limitations. We anticipate vacancy savings associated with attrition and employee turnover to meet our personal service savings of \$10,000 in FY 2009-10.

As we face increased assignments of more complexity from the Executive Chamber, we have determined that we may need to reassign employees to ensure that the skill sets conform to the intricacies of the assignment. We would accomplish these personnel transactions so as to stay within our targeted budget.

In summary, through these personnel transactions, GORR will be able to maintain critical staffing levels for its regulatory review, chamber assignments and permit assistance functions while achieving the required total savings.

b. Expenditure Controls/Nonpersonal Service Savings \$64,000

The State issues nearly 2 million business-related permits each year, generating significant revenue to the State both in permit fees and tax revenues. GORR is the sole central State repository of information about permitting for businesses. GORR maintains an extensive database of permitting information from State agencies (1200+ permits from 37 agencies). It uses this to provide comprehensive information to those who contact the office directly or by accessing our OPAL website. Through the internet, customers can directly access the database and then compile a customized permit assistance kit for their business venture.

In 2001, GORR undertook the development of a one-stop online application process for some of the most commonly needed permits to open a business in New York. This function allows a customer to apply for permits to several agencies without having to submit duplicate information to each agency, and to pay for the permits online through one credit card transaction. OPAL is, in a sense, an anomalous concept: the State spends money on one agency to make another one work better for the public.

Seven years into it and five years after public introduction, OPAL is a program of large yet largely unrealized potential. Fewer than 5% of State permits are available online through OPAL, and those that are available overwhelmingly are from only three agencies. However, OPAL has salutary effects that can go beyond assisting in business start-ups. One of the largest categories of online applications OPAL handles is the certificate of authority to collect sales tax. The time for processing these has been reduced sharply since applications became available online through OPAL. In fiscal year 2007-08, OPAL handled more than 54,000 permit and license applications, generating almost \$2.4 million in revenues.

OPAL in past years has accounted by far for the largest portion of GORR's NPS budget, particularly for consultant fees. IBM has been the consultant for OPAL since the program's inception. It hosts and runs the hardware and software part of the programs that make OPAL online permitting possible. GORR staffs and operates the program.

GORR recently received control agency approvals for a two-year maintenance contract with IBM. Although the contract includes the ability for GORR to purchase optional technical services, GORR will exercise this ability only and to the extent that services not covered under routine maintenance are necessary to keep the OPAL system functioning in a reasonably effective manner. GORR's decision to obtain a maintenance-only contract with IBM will result in savings of approximately \$64,000 during fiscal year 2008-09 over fiscal year 2007-08, and recurring savings of \$80,000 in fiscal year 2009-10.

A.3 Protecting Key Priorities

The staffing changes outlined above will allow GORR to carry out its missions. In addition, GORR will increase the level of controls over its NPS spending to ensure that its resources are targeted appropriately to support activities essential to its mission. Currently, all spending in excess of \$200 per month for technology acquisitions and all spending for office equipment, supplies and publications other than of a routine nature require approval by the Acting Deputy Director with the advice of the Director of Administration. All spending for conferences, training and travel require the approval of the Acting Deputy Director, and, if over \$500, the approval of the Director. Major contractual services also require the approval of the Acting Deputy Director and Director. GORR will further strengthen these controls by requiring a compelling reason for the approval of any spending in excess of \$1,000. GORR expects to achieve recurring savings in 2009-2010 of \$10,000 through these measures.

A.4 Treatment of New Initiatives

It is difficult to forecast GORR's special assignments, which can be significant in scope at times, because they rest primarily on the discretion of the Executive Chamber. We believe that the personnel changes explained above will put us in a position to handle new initiatives with existing resources.

B. Assumptions Underlying the Proposed Plan

The primary assumptions underlying the proposed plan are that workload in all program areas will remain predictable and that the OPAL system will continue to function without significant new resources beyond routine maintenance.

C. Management of Risks Inherent in the Plan

If OPAL requires significant resources to continue to operate the online application function that GORR cannot fund, it would consider eliminating some or all of the online application capability, and continue to operate the underlying Permit Assistance System.

D. Additional Savings Opportunities to 2008-09

GORR will continue to re-assess its staff needs throughout the year. Given its small size, any significant reduction in staff could jeopardize mission-critical activities.

E. Potential Future Savings Opportunities/Operational Improvements

We will continue to evaluate potential savings that could accrue from improvements to the OPAL program.

ATTACHEMENTS

Attached are three charts. The first, Appendix A, is GORR's Cash Disbursement Report for FY 2008-09. The second, Appendix B, is GORR's Projected and Actual Fill Levels for FY 2008-09. The third, Appendix C, is GORR's Summary of General Fund Financial Impacts.