



NEW YORK STATE OFFICE OF GENERAL SERVICES  
FISCAL YEAR 2008-09 SPENDING REDUCTION PLAN

CONFIDENTIAL POLICY ADVICE

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# NEW YORK STATE OFFICE OF GENERAL SERVICES FISCAL YEAR 2008-09 SPENDING REDUCTION PLAN

## "How OGS Will Achieve a 3.35 Percent Reduction"

### I. INTRODUCTION

This document has been developed to describe how the agency will balance three policy objectives as stated in Budget Bulletin B-1178:

- *Managing within the 2008-09 fiscal limitation set for the agency;*
- *Preserving and furthering progress toward significant policy/program goals to the maximum extent possible; and*
- *Determining the optimal approaches to ensure that the spending reductions recur in 2009-10 and subsequent fiscal years.*

### II. OVERVIEW OF PROPOSED PLAN

Following thorough analysis and review, the Office of General Services (OGS) has developed what it believes to be a viable plan to operate with a 3.35% cash reduction in General Fund – State Operations (GF) and Special Revenue – Other (SRO) accounts during Fiscal Year 2008-09. This reduction is valued at approximately \$5 million which, when combined with the \$11 million cash reduction imposed in the legislatively approved budget, means that **OGS must absorb nearly \$16 million in spending cutbacks from last year's operating level.**

As its key strategies to operate successfully within this reduction, OGS will:

- ▶ Reduce staffing costs by attrition: slow the rate of refilling positions and replace at 1:2 ratio;
- ▶ Restrict use of temporary state and contract employees;
- ▶ Curtail overtime spending by modifying work plans and reexamining management controls;
- ▶ Curtail units of energy consumed to operate buildings;
- ▶ Defer schedules for equipment replacement – information technology, vehicles, tools;
- ▶ Conserve office and building supplies;
- ▶ Substitute videoconferencing, web-based communication, and teleconferencing for travel whenever possible; and
- ▶ Reduce the scope of special programs and contractual services.

OGS will also propose for further consideration program and project changes that will help demonstrate that government is responsive to difficult economic times.

In Commissioner Egan's judgment, agency staffing levels should not be cut further, as to do so will adversely impact essential service levels. (A staffing alternative frequently used in OGS' recent past – that is, shifting the work to outsourcing – is to be avoided if possible. In 2008-09, OGS was authorized to add 19 positions for in-sourcing of currently contracted labor. This change was successfully justified as a more economical approach to performing necessary work.) **That said, absorbing this rate of reduction within nonpersonal services alone is no longer feasible.** A large proportion of the agency's expenditures are nondiscretionary. Furthermore, many of the agency's programs are funded through Internal Services Funds and, as such, are not technically subject to the 3.35% reduction. **One effect of this budget structure is that OGS must now reduce staffing to achieve the goal.**

In the spirit of the direction provided by the Director of State Operations and the Director of the Budget, Commissioner Egan has challenged all divisions, regardless of funding structure, to examine their business processes and practices to identify ways to operate more efficiently and reduce spending. The agency is further reviewing other ways it can help with the overall fiscal crisis, such as:

- To help offset expenses, consider raising rates charged for private sector use of OGS managed facilities – such as the Empire State Plaza Convention Center, meeting rooms, and other available community space.
- To avoid unnecessary third party payments, shift resources to enable an increase in the auditing activities related to bills submitted by vendors against OGS contracts (construction, procurement, and state leases), thereby reducing billing fraud and errors.

**The success of the changes proposed in this plan depends heavily on gaining full cooperation from agency heads and their staff.** Working closely with the Governor's Office, OGS will launch an aggressive effort to achieve necessary acceptance statewide.

The agency will closely manage its cash plan using as a key control the in-house financial management system, which breaks down allocations to program-specific budget and cash management plans. As an additional tool, the agency's budget unit is providing program managers with customized monthly spending reports showing how rates of spending within expense categories compare to the previous year. This will help managers make conservative spending decisions and stay within their program-specific plans.

### III. UNDERLYING CONSTRAINTS AND ASSUMPTIONS

This plan assumes that:

- **Size of Shortfall** – The new shortfall that OGS must close in the General Fund is approximately \$4.7 million. This does not include the \$11 million in initial cuts that were applied to the cash ceiling before the requirement to cut 3.35%. An additional \$366,000 reduction is required in the Special Revenue - Other Fund, making the total shortfall \$5.06 million. Absorbing this shortfall will present OGS management with an extraordinary challenge to ensure that the pain to our customers and staff is minimized.

- **Impact on Accounts** – The cash spending reduction must be accomplished within that portion of OGS’ budget that is in the General Fund and Special Revenue. This is challenging because many of OGS’ major functions are not supported through the General Fund. However, OGS will also ask all programs to tighten up their discretionary spending.
- **Capital Spending** – It is preferable that OGS not use reduction in the Capital Fund account to close the shortfall. Cutbacks in other areas will, nevertheless, inevitably have an impact on capital spending, in that the rate of expenditures will slow.
- **Targets** – Without shifting appropriations or increasing total agency targets, DOB will allow OGS to shift a number of targets among programs to allow OGS to manage the agency within these limited resources. A basis for this assumption is that OGS has very recently reassessed its staffing levels in all programs.
- **Limited Discretion** – Discretionary elements are a proportionately small component of OGS’ budget. The more that OGS has tightened up its spending over the last decade, the fewer discretionary elements, and corresponding discretionary dollars, remain.
- **Staffing** – OGS has previously reduced its work force to near minimal levels necessary for safe operations. All nonessential functions have been eliminated over previous, successive reductions. As such, any staff reduction will be very difficult and will likely impact service levels to a noticeable degree. However, analysis shows that this year’s spend reduction goals cannot be achieved without some personal service spending reduction. The plan further assumes that an estimated 50 personnel will retire this year and there will be normal turnover for other reasons.
- **Rising Unit Costs of Utilities** – Utilities, which constitute a significant percentage of OGS’ General Fund spending, are largely a nondiscretionary expense. Unit costs for utilities are expected to rise at a rate of between 10 and 20 percent this year. Given uncertainty in the energy market, it is quite possible that unit costs will rise faster than OGS will be able to realize reductions in units of energy consumed. In acknowledgement of this, OGS will provide monthly reports showing energy usage in both units and dollars.
- **Recurring versus Nonrecurring** – While OGS can defer projects and equipment purchases to achieve savings this year, it will have increasing difficulty maintaining safe operations in the future if required to sustain these savings indefinitely.
- **Operational Flexibility** – Commissioner Egan requests the ability to exercise operational authority to make incidental adjustments to this plan’s recommended policies and procedures in response to special circumstances.

#### IV. PROTECTING KEY PRIORITIES

OGS remains focused on several priorities, listed below. Each is tied to known priorities of the Governor, the responsible stewardship for state assets, and/or the simple need to sustain essential

services that keep state government running on a day-to-day basis – and all are reflected in the agency’s forthcoming Strategic Plan. OGS will do its utmost to absorb cuts without undermining its success in these areas:

- **Safe and Secure Facilities** – Spending reductions should not put the personal safety of state employees and visitors to state facilities in jeopardy. The buildings, properties, equipment, and data in OGS’ portfolio must be secure through proper staffing and by keeping building systems in working order. OGS will strive to continue its safety related services and projects.
- **Day-to-Day Building Custodial and Preventive Maintenance** – For reasons of health and safety, it is also critical that OGS maintain effective levels of custodial care for its facilities. In addition, preventive maintenance schedules for buildings and equipment must also be honored to avoid the significant repair costs that inevitably result from a failure to keep up with these schedules. OGS has sophisticated computerized tools that support conscientious and efficient planning of such work.
- **Energy Conservation /Environmental Protection** – OGS believes that its investments in projects and procedures that will conserve energy must remain a priority, both in response to the national energy crisis and also because of the major opportunity to positively impact environmental outcomes. OGS will achieve its share of the Governor’s Office’s 15 X 15 energy conservation targets.
- **Procurement Modernization** – OGS has acknowledged that its current methods for development of contracts (both centralized and agency-specific) are not as efficient as they should be. It is anticipated that changes in work methods and tools will create more effective and efficient means for accomplishing this core service area. The agency’s current initiatives keyed on this objective will continue, however we may need to delay somewhat the planned investment in content management and work flow support software, along with the purchase of implementation services. A related priority – developing greater opportunities for minority and women owned businesses to participate in state procurements – must also continue, as Governor Paterson has made strong commitments in this area.
- **Administrative Efficiency** – Sustaining and enhancing administrative efficiencies for the State of New York is the foundation upon which the agency was created and continues to be a bedrock goal. Examples are providing administrative services to other agencies; providing procurement vehicles that save other agencies the costs of conducting separate bids for the same commodities and services; and implementing work flow automation in core business process areas. Reductions could actually undermine service levels provided through this centralized approach.
- **Organizational Capacity** – OGS believes it must continue to make aggressive investments to train and develop its staff – in particular, investments that will help prepare junior staff to be ready to assume the duties of longtime key staff who will be retiring during the next one to three years. OGS further believes that permanent staffing is a more cost-effective solution, in most instances, than reliance on contractual staffing.



## V. OGS 2008-09 CASH TARGETS

For Fiscal Year 2008-09, DOB provided OGS with an initial cash ceiling for the General Fund and Special Revenue – Other Fund that included \$11 million in base spending cuts. The mandated 3.35% reduction translates to an additional \$5.06 million reduction. The full effect of these adjustments is that OGS must implement changes that will reduce spending in these funds in excess of \$16 million. This approximates a 10% reduction in spending from Fiscal Year 2007-08 cash.

## VI. SPECIFIC PLANS BY EXPENSE AREA

**Attachment A** shows how OGS has arrived at its planned personal service and nonpersonal service spending goals, by major expense category, for General Fund and Special Revenue – Other. The following narrative describes specific changes in program management and day-to-day operations that will enable OGS to live within the respective reduced cash targets, by category of expense.

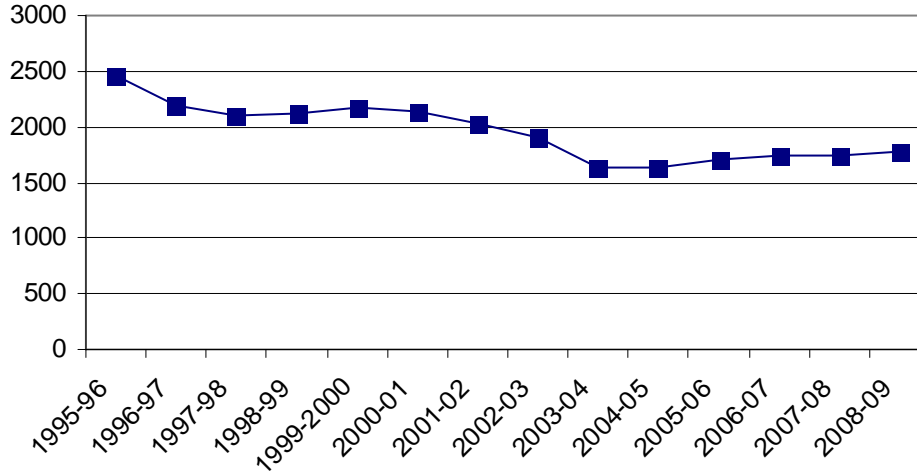
### A. Management of Personal Services – Work Force Management Plan

#### Overview:

OGS staff maintain and respond to all building service needs from custodial care to major design and construction. Needs include but are not limited to security, occupant comfort, ability to carry out business functions, and citizen access. Support services include such essential areas as parking, mail delivery, food services, waste recycling, and safe and cost-effective transfer of surplus property.

As shown in the graph below, over the last 10 to 15 years, the agency's work force has been reduced steadily, with only a modest increase occurring in the past three years. Accordingly, it has been essential for OGS to operate in as lean a manner as possible and this work has involved successive reviews of staffing levels. As recently as January 2008, the senior management team examined the distribution of targets on an agencywide basis and made adjustments to ensure most efficient utilization of available targets relative to agency priorities. Moreover, in March 2008, OGS realigned selected programs for a tighter and better aligned management structure. This enabled the elimination of one Deputy Commissioner level position from the organizational structure. As of May 1, OGS is currently operating under target in part because it received 25 additional positions in the 2008-09 Budget (including the 19 aforementioned in-sourced items).

### OGS FILL LEVELS BY YEAR (ALL FUNDS)



Note: The change from 2001-02 to 2002-03 includes 99 Telecommunications positions transferred to the Office for Technology.

The work force continues to age. With only 13% of employees under the age of 40, the distribution is skewed. This poses a problem as to how OGS will function in out years, as a disproportionate share of its work force will retire. There are simply an insufficient number of employees in the earlier career stages to take their places effectively. This situation will only worsen with this planned reduction.

This year, to achieve the reduction, OGS has no choice but to reduce its actual staffing costs. This will be achieved primarily by: 1) only refilling vacated positions at a 1:2 ratio; 2) refilling at a slower rate; 3) reducing overtime spending; and 4) shifting targets.

#### Planned Adjustments:

#### 1. Permanent Salaried Staffing Services

Approximately 86% of OGS staff agencywide are salaried employees. The planned spending reduction for permanent staffing in GF and SRO is as follows:

2008-09 Initial Cash Plan	Amount of OGS Reduction from Base	Percent OGS Reduction from Base	2008-09 New Cash Allocation
\$56,453,700	(\$1,500,000)	2.66%	\$54,953,700

**Changes in Policies and Procedures to Achieve Savings:**

- ▶ Use natural attrition from retirements and other departures to reduce staff count.
- ▶ As attrition occurs, realign a selected number of staff items among programs where justified on the basis of service relationships.
- ▶ Refill vacated positions at a ratio of 1:2 and more slowly.

**Programs Impacted:** While the cash adjustment shown above primarily impacts Real Property Management – Building Administration and Parking Services, this action necessitates staff redistribution and reduction across the agency during the year.

**Service Level Impact:** Some services will be perceived as less responsive since customers have grown accustomed to fast turn-around services.

**2. Hourly / Temporary Staffing Services**

Approximately 14% of OGS staff are hourly employees. Hourly positions are concentrated in the Building Administration and Parking Services functions; the latter is funded through the Special Revenue fund. OGS needs hourly staff to allow it to adjust to fluctuating demands.

2008-09 Initial Cash Plan	Amount of OGS Reduction from Base	Percent OGS Reduction from Base	2008-09 New Cash Allocation
\$4,251,000	(\$77,000)	1.81%	\$4,174,000

**Changes in Policies and Procedures to Achieve Savings:**

- ▶ Restrict use of temporary workers to critical operations.

**Programs Impacted:** These adjustments primarily impact Real Property Management – Building Administration and Parking Services. This could mean fewer staff monitoring OGS-managed parking facilities particularly during nonpeak hours.

**Service Level Impact:** Some services will be perceived as less responsive since customers have grown accustomed to fast turn-around services.

**3. Overtime Services**

2008-09 Initial Cash Plan	Amount of OGS Reduction from Base	Percent OGS Reduction from Base	2008-09 New Cash Allocation
\$2,222,000	(\$750,000)	33.75%	\$1,472,000

**Changes in Policies and Procedures to Achieve Savings:**

- ▶ Structure project budgets and schedules to minimize use of overtime.

- ▶ Adjust project scopes (smaller) and schedules (longer) where possible.
- ▶ Schedule routine work across regular work days to avoid need to continue a work task into overtime periods.
- ▶ Emphasize more advance planning to avoid last minute needs.
- ▶ Develop more efficient snow removal practices and close off more walkways to avoid need to remove snow and ice.
- ▶ Restrict "overnight service" to essential deliveries.
- ▶ Reduce the seasonal/nonroutine cleaning activities often performed on overtime (such as cleaning of blinds).
- ▶ Reduce overnight event clean-up requirements, as a result of reducing the number of Empire State Plaza Special Events planned (summer and winter programs).
- ▶ Enhance the scrutiny of overtime expenditures by senior managers and hold those managers accountable.

**Programs Impacted:** These adjustments primarily impact Real Property Management – Building Administration and Parking Services.

**Service Level Impact:** Some services will be perceived as less responsive since customers have grown accustomed to fast turn-around services. Some projects performed during the day may inconvenience customers slightly, although OGS will mitigate this as best it can.

### Management of reductions:

As described above, OGS will use an approach that relies on attrition, slowed replacement rate, and reassignments to fund category. The spreadsheet below shows OGS' planned fill level across 2008-09 payroll periods.

OGS FY 2008-09 PROJECTED FILL LEVELS BY MONTH  
FOR ANNUAL SALARIED FTE POSITIONS

FUND	FY 08-09 Targets	Projected Fill Levels:												
		Payroll: # 1	# 3	# 5	# 7	# 9	# 11	# 13	# 15	# 17	# 19	# 21	# 23	# 25
TOTAL GF	1125	1062	1058	1051	1049	1047	1046	1044	1040	1038	1036	1033	1031	1028
TOTAL ISF	566	566	591	591	589	589	588	591	591	589	589	588	588	588
TOTAL ENTERPRISE	12	10	11	11	11	12	12	12	12	12	12	12	12	12
TOTAL SRO	73	67	69	70	70	70	71	71	71	72	73	73	73	73
<b>Grand Total</b>	<b>1776</b>	<b>1727</b>	<b>1729</b>	<b>1723</b>	<b>1719</b>	<b>1718</b>	<b>1717</b>	<b>1718</b>	<b>1714</b>	<b>1711</b>	<b>1710</b>	<b>1706</b>	<b>1704</b>	<b>1701</b>

Note: Hourlies are not included in the FTE count.

## B. Management of Nonpersonal Services – Actions to Reduce Expenses

Planned Adjustments:

### 1. Utilities (Energy Costs)

2008-09 Initial Cash Plan	Amount of OGS Reduction from Base	Percent OGS Reduction from Base	2008-09 New Cash Allocation
\$52,640,000	(\$1,000,000)	1.90%	\$51,640,000

#### **Changes in Policies and Procedures to Achieve Savings:**

- ▶ In all OGS office buildings statewide, make aggressive immediate adjustments in heating, cooling, ventilation, and lighting protocols to reduce energy usage. Review and curtail use of nonessential small appliances and equipment. (Expected savings: \$600,000)
- ▶ Dim lights in the Empire State Plaza Concourse for 90 days during summer.
- ▶ Limit flood lighting of the exterior of the Empire State Plaza to special occasions. (Expected savings: \$45,000)
- ▶ Reduce seasonal operation of the Empire State Plaza Skating Rink from 105 to 70 days. (Expected savings: \$50,000)
- ▶ Minimize operation of the fountains and waterfalls at the Empire State Plaza. (Expected savings: \$9,000 if implemented immediately.)
- ▶ Implement daytime cleaning where possible to reduce need to light interiors for night shifts.
- ▶ Continue other ongoing energy conservation actions.

**Programs Impacted:** Real Property Management: Building Administration and Utilities

**Service Level Impact:** Discomfort for some tenants is expected to be reported with any change in interior heating and cooling levels. The level of tenant complaints is expected to rise. Lighting changes should not interfere with the conduct of state business.

**Note:** Cost projections are based on current market prices; volatility in this market will impact OGS' ability to realize its actual dollar savings projections. In light of this, the agency will measure and report energy units consumed, including comparative data from previous periods, to also show actual consumption reduction results.

## 2. Equipment

2008-09 Initial Cash Plan	Amount of OGS Reduction from Base	Percent OGS Reduction from Base	2008-09 New Cash Allocation
\$947,500	(\$406,000)	42.85%	\$541,500

### **Changes in Policies and Procedures to Achieve Savings:**

- ▶ Protract the schedule for replacement of computer and heavy industrial and construction equipment.
- ▶ Hold off on purchase of new vehicles; repair older vehicles whenever possible.

**Programs Impacted:** All programs, especially Real Property Management and Information Resources Management

**Service Level Impact:** OGS does not foresee a perceptible reduction in service levels in the short run as a function of such deferrals. However, if equipment replacements are deferred for multiple years, there will be increased costs for repairs and lost productivity.

## 3. Supplies and Materials

2008-09 Initial Cash Plan	Amount of OGS Reduction from Base	Percent OGS Reduction from Base	2008-09 New Cash Allocation
\$2,398,500	(\$614,100)	25.60%	\$1,784,400

### **Changes in Policies and Procedures to Achieve Savings:**

- ▶ Reduce to minimum stock levels in the inventories used by building maintenance and construction. Review and prioritize any new orders.
- ▶ Limit the number of hard copy reference tools purchased in design and construction areas; increase use of online reference tools.
- ▶ Mandate use of two-sided photocopying to save paper costs.
- ▶ Have staff send their volume printing jobs to larger copiers rather than to desktop printers.
- ▶ Reuse supplies where possible.
- ▶ Use electronic rather than print materials where possible.
- ▶ Reduce number of formal employee recognition events; conduct more recognition informally and locally.

**Programs Impacted:** All programs

**Service Level Impact:** These changes should be able to be accommodated without significant impact on customers.

**Note:** For the purpose of this plan, OGS has included heating fuel oil costs within the section on Utilities rather than under Supplies as they are categorized by the Office of the State Comptroller.

**4. Travel**

2008-09 Initial Cash Plan	Amount of OGS Reduction from Base	Percent OGS Reduction from Base	2008-09 New Cash Allocation
\$321,300	(\$39,900)	12.42%	\$281,400

**Changes in Policies and Procedures to Achieve Savings:**

- ▶ Make increased use of teleconferencing and webinars.
- ▶ Reduce the number of staff who travel for the same activity.
- ▶ Make it policy to use state or rental cars rather than personal cars whenever feasible.
- ▶ Allow travel out of state only when determined essential. Approve all out of state travel requests by both the Chief Financial Officer and a Deputy Commissioner.

**Programs Impacted:** All programs.

**Service Level Impact:** Face-to-face contact with customers may be reduced. Ultimately, staff development is constrained, which may have an eventual secondary effect on service provision.

**5. Miscellaneous Contractual Services/Leases**

2008-09 Initial Cash Plan	Amount of OGS Reduction from Base	Percent OGS Reduction from Base	2008-09 New Cash Allocation
\$30,494,000	(\$668,000)	2.19%	\$29,826,000

**Changes in Policies and Procedures to Achieve Savings:**

- ▶ Review OGS' approximately 200 contracts (exclusive of Design and Construction and Procurement Services contracts) to prioritize and determine those areas where we can reduce the contracted service levels or live without the contracted scope altogether; take action accordingly. (Expected savings: \$500,000)
- ▶ Eliminate two concerts from the 2008 "Summer at the Plaza" season. (Expected savings: \$73,000 in Special Events budget, with additional savings in the Building Administration grounds and custodial budgets.)
- ▶ Eliminate one of the winter "Rock and Skate" events at the Empire State Plaza Skating Rink. (Expected savings: \$3,500)
- ▶ Make increased use of online employee development programs and training provided by in-house experts in lieu of sending staff to vendor-provided courses.

- ▶ Revise financing for the Project Management Scholars program. This program is an important investment that builds agency project management capacity, which in turn helps avoid costly project budget and schedule overruns. It will be continued, but 15 of the 30 slots will be offered to other agencies for a fee. This will significantly defray the per course cost that OGS incurs to run the program.

**Programs Impacted:** Real Property Management – Building Administration and Special Events and Administration – Employee Development

**Service Level Impact:** Depending on the service contracts affected, OGS will be spending a reduced amount with businesses across the state and there will be reduced maintenance levels.

## VII. PROCESSES FOR REVIEWING AND APPROVING NPS SPENDING

All programs use the agency's financial management system, which includes breakdown of budget allocations to expense lines, on-line development of purchase requisitions and purchase orders, and tracking of invoices and payments. There are built-in work flows and controls that require specific approvals for levels of spending. Internal policies require approval from both the Chief Financial Officer and a Deputy Commissioner for out-of-state travel and conferences.

## VIII. THREE-YEAR VIEW: ACHIEVEMENT OF SAVINGS ON A RECURRING BASIS

**Attachment B** shows how OGS plans to extend its required 3.35% (\$5.06 million) reductions in 2009-10 and 2010-11. While the agency will sustain the overall reduction over three fiscal years, it will do so by redistributing cash across expense categories as operational requirements and opportunities permit.

## IX. REVIEW OF CAPITAL PROJECTS

In its current management of capital projects, as prescribed by DOB, OGS establishes on an annual basis a master plan listing all capital projects (ongoing and planned) over a rolling five-year period. The exercise was most recently reviewed by Commissioner Egan in April 2008. His review confirmed the projects that the agency will proceed with this fiscal year. It also confirmed that 2008-09 projects are all justified on the basis of health, safety, and preservation of facilities.

## X. ADDITIONAL SAVINGS OPPORTUNITIES FOR 2008-09

OGS has not recommended abolishing any programs in its current portfolio entirely. To achieve further savings, some of the actions discussed above could be expanded (e.g., make further cuts in special events programming or intensify energy use curtailments).



## XI. OTHER POSSIBLE COST-SAVING STRUCTURAL AND FUNCTIONAL CHANGES

- **Developing a Statewide Energy Purchasing Policy:** Currently each agency with a facilities portfolio manages and pays for its energy use separately. The Public Service Commission has stated that utilities companies are negligent if they do not manage power purchases. By extension, the State of New York should consider an approach whereby energy purchases are consolidated across agencies and risk management strategies are applied across the portfolio.
- **Recapturing energy through cogeneration:** Another area to explore would be using OGS' power plants in a cogeneration capacity to generate a percentage of the electricity needed.

## XII. GAINING COOPERATION FROM AGENCY STAKEHOLDERS

- To gain the cooperation of the agency work force, Commissioner Egan communicated through a recorded voice message to all employees on April 29, 2008 about the seriousness of the budget situation. His message described the budget crisis, outlined its anticipated impact on OGS, and sought employee support and suggestions for cost-cutting measures. Both physical and virtual suggestion boxes were established. To date, several dozen suggestions were received, many of which have been incorporated in this plan. OGS will use its employee newsletter as another vehicle to advise and enlist staff in the cost-cutting programs. Feedback will be provided. Furthermore, after this plan has been confirmed, the Commissioner will communicate with the Governor's Office of Employee Relations, local employee union representatives, and the agency's work force concerning its implications.
- Commissioner Egan also plans a communication to agency heads to seek their understanding and support for changes in building services (such as building temperature adjustments and changes in cleaning schedules) that will save money. OGS building administration officials will also communicate with the tenants of their buildings with building-specific messages. OGS will provide feedback to agency heads and building occupants about how much energy they are consuming. This action will also be extended to occupants of leased buildings where there is separate metering available for state tenants.
- OGS will formulate and execute a public communication strategy to maintain an open dialogue regarding the agency's spending reduction plan.

### XIII. MANAGEMENT OF RISKS INHERENT IN THE PLAN

**Risk 1:** Utilities bills exceed budget plan.

**How risk will be managed:** OGS will keep DOB apprised of usage and cost trends on a monthly basis. If the need arises, OGS may need to request additional funding to cover expenses.

**Risk 2:** Serious safety and security incidents arise from a reduced staffing pattern.

**How risk will be managed:** Managers and supervisors will receive training in the goals and new procedures under the spending reduction plan. One of the objectives of this training will be to help them distinguish when a change would or would not create such risks, and to make decisions that do not create obvious risks to people and property.

**Risk 3:** Customers' dissatisfaction rises to unacceptable levels.

**How risk will be managed:** OGS will communicate in advance with customers who may be impacted by service level changes. Agencies will be asked to be patient as we adapt to new conditions. Where possible, we will give our customers options. The agency may ultimately need assistance from the Executive Chamber to help mitigate tenant agency and state employee complaints.

### XIV. USE OF PERFORMANCE MEASURES

In tough economic times, performance measures – especially those that reflect service quality, such as service timeliness and customer satisfaction – are useful for planning and monitoring the impact of cutbacks. OGS programs all currently have operational performance measures in place and are required to analyze performance regularly. This month, all programs will complete an exercise to update and refine their measures. The agency is also in the process of selecting (and developing where not already in place) measures that are useful at the strategic (agency) level and enterprise (statewide) level. In March 2008, Commissioner Egan provided the Executive Chamber with a draft document defining a list of measures that OGS proposes to report on in the context of the Governor's Metrics Project. Further discussion will take place over the next four to six weeks, allowing OGS to finalize and implement measures of greatest use to the Chamber and DOB.

OGS will require its managers to monitor all key measures on a monthly basis and to identify any signs of down trends in performance levels (in relation to service standards or goals) that may be tied to program cutbacks. As always, mitigation plans will be developed if the business results reflected in performance measures worsen.

## **XV. MONTHLY REPORTING ON ACTUAL VERSUS PLANNED SPENDING**

Each month, OGS will submit reports to DOB examination unit staff detailing General Fund and Special Revenue – Other projections and disbursements for personal and nonpersonal services, capital projects, and staffing levels. **Attachments C and D** provide examples of such reports. Significant discrepancies from our projections will be explained. In conjunction with the Metrics Project, the agency will also provide State Operations and DOB with performance data on key measures on a quarterly basis.

## **XVI. CONCLUSION**

OGS believes that this plan is responsive to all aspects of Governor Paterson's directive and Budget Bulletin B-1178. Fiscal Year 2008-09 and beyond will be difficult years for OGS. There is a tremendous drive within OGS' culture to meet needs, sustain service levels, solve problems, and innovate. We foresee an unprecedented challenge in doing so as the realities and constraints imposed by this plan begin to set in. Without question, the agency must remain flexible in order to meet changing needs and conditions as they arise, and will work closely with the Governor, Director of State Operations, appropriate Deputy Secretaries, the Director of the Budget, and their representatives as the year progresses.

## **XVII. ATTACHMENTS**

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**ATTACHMENT A: 2008-09 SPENDING PLAN BREAKDOWN**

**OFFICE OF GENERAL SERVICES  
SUMMARY: GENERAL FUND AND SPECIAL REVENUE - OTHER  
2008-09 SPENDING PLAN BREAKDOWN**

PROGRAM:	FY 08-09 Legislative Budget (Approp)	FY 08-09 Planned Spending (DOB Cash Ceiling)	FY 08-09 Amount of Planned Further Reduction From Base	FY 08-09 Percent Reduction from Base	FY 08-09 Budgeted Allocation Ceiling
Regular PS (Permanent Staff)	\$55,414,000	\$56,453,700	(\$1,500,000)	-2.66%	\$54,953,700
Temp Services (Hourlies)	\$3,896,000	\$4,251,000	(\$77,000)	-1.81%	\$4,174,000
Overtime	\$1,761,000	\$2,222,000	(\$750,000)	-33.75%	\$1,472,000
<b>Total PS:</b>	<b>\$61,071,000</b>	<b>\$62,926,700</b>	<b>(\$2,327,000)</b>		<b>\$60,599,700</b>
Utilities	\$53,720,000	\$52,640,000	(\$1,000,000)	-1.90%	\$51,640,000
Equipment	\$1,145,000	\$947,500	(\$406,000)	-42.85%	\$541,500
Supplies and Materials	\$8,900,000	\$2,398,500	(\$614,100)	-25.60%	\$1,784,400
Travel	\$546,000	\$321,300	(\$39,900)	-12.42%	\$281,400
Misc Contracts/Leases	\$53,690,000	\$30,494,000	(\$668,000)	-2.19%	\$29,826,000
Fringe Benefits	\$1,975,000	\$1,902,000	\$0	0.00%	\$1,902,000
Indirect Costs	\$147,000	\$141,000	\$0	0.00%	\$141,000
<b>Total NPS:</b>	<b>\$120,123,000</b>	<b>\$88,844,300</b>	<b>(\$2,728,000)</b>		<b>\$86,116,300</b>
<b>Total RE PS/NPS:</b>	<b>\$181,194,000</b>	<b>\$151,771,000</b>	<b>(\$5,055,000)</b>		<b>\$146,716,000</b>

NOTE: The Division of the Budget provided the total target reduction shown of \$5,055,000.

**ATTACHMENT B: THREE-YEAR PLAN FOR 3.35% CASH REDUCTION**

**OFFICE OF GENERAL SERVICES  
SUMMARY: GENERAL FUND AND SPECIAL REVENUE - OTHER  
THREE-YEAR PLAN FOR 3.35% CASH REDUCTION**

PROGRAM:	FY 08-09 Cash Reduction	FY 09-10 Cash Reduction	FY 10-11 Cash Reduction
Regular PS (Permanent Staff)	(\$1,500,000)	(\$3,000,000)	(\$3,000,000)
Temp Services (Hourlies)	(\$77,000)	(\$77,000)	(\$77,000)
Overtime	(\$750,000)	(\$750,000)	(\$750,000)
Total PS:	(\$2,327,000)	(\$3,827,000)	(\$3,827,000)
Utilities	(\$1,000,000)	(\$1,000,000)	(\$1,000,000)
Equipment	(\$406,000)	\$0	\$0
Supplies and Materials	(\$614,100)	\$0	\$0
Travel	(\$39,900)	(\$18,000)	(\$18,000)
Misc Contracts/Leases	(\$668,000)	(\$210,000)	(\$210,000)
Fringe Benefits	\$0	\$0	\$0
Indirect Costs	\$0	\$0	\$0
Total NPS:	(\$2,728,000)	(\$1,228,000)	(\$1,228,000)
Total RE PS/NPS:	(\$5,055,000)	(\$5,055,000)	(\$5,055,000)

**NOTE: These savings are annual and do not accumulate.**

## ATTACHMENT C: SAMPLES OF CASH DISBURSEMENT REPORTS – GF AND SRO

### OFFICE OF GENERAL SERVICES GENERAL FUND - CASH DISBURSEMENT REPORT ALL PROGRAMS - CONSOLIDATED FISCAL YEAR 2008-2009

CASH DISBURSEMENT LIMIT: \$135,312,000

MONTH	PROJECTION					ACTUAL					VARIANCE				
	FY2007-2008 CARRYOVER	FY2008-2009 PERSONAL SERVICE	NON-PERS. SERVICE	TOTAL 2008-2009 APPROP. DISBURSED	TOTAL CASH DISBURSED	FY2007-2008 CARRYOVER	FY2008-2009 PERSONAL SERVICE	NON-PERS. SERVICE	TOTAL 2008-2009 APPROP. DISBURSED	TOTAL CASH DISBURSED	FY2007-2008 CARRYOVER	FY2008-2009 PERSONAL SERVICE	NON-PERS. SERVICE	TOTAL 2008-2009 APPROP. DISBURSED	TOTAL CASH DISBURSED
APRIL 2008	\$6,922,000	\$5,018,000	\$58,000	\$5,076,000	\$11,998,000	\$7,976,290	\$4,976,415	\$0	\$4,976,415	\$12,952,705	(\$1,054,290)	\$41,585	\$58,000	\$99,585	(\$954,705)
MAY	\$1,493,000	\$4,676,000	\$2,674,000	\$7,350,000	\$8,843,000	\$0	\$0	\$0	\$0	\$0					
JUNE	\$2,222,000	\$4,325,000	\$5,590,000	\$9,915,000	\$12,137,000	\$0	\$0	\$0	\$0	\$0					
JULY	XXX	\$4,372,000	\$6,036,000	\$10,408,000	\$10,408,000	XXX	\$0	\$0	\$0	\$0	XXX				
AUGUST	XXX	\$4,393,000	\$6,937,000	\$11,330,000	\$11,330,000	XXX	\$0	\$0	\$0	\$0	XXX				
SEPTEMBER	XXX	\$4,413,000	\$6,347,000	\$10,760,000	\$10,760,000	XXX	\$0	\$0	\$0	\$0	XXX				
OCTOBER	XXX	\$6,643,000	\$8,142,000	\$14,785,000	\$14,785,000	XXX	\$0	\$0	\$0	\$0	XXX				
NOVEMBER	XXX	\$4,479,000	\$4,389,000	\$8,868,000	\$8,868,000	XXX	\$0	\$0	\$0	\$0	XXX				
DECEMBER	XXX	\$4,497,000	\$6,065,000	\$10,562,000	\$10,562,000	XXX	\$0	\$0	\$0	\$0	XXX				
JANUARY 2009	XXX	\$4,501,000	\$6,872,000	\$11,373,000	\$11,373,000	XXX	\$0	\$0	\$0	\$0	XXX				
FEBRUARY	XXX	\$4,541,000	\$7,195,000	\$11,736,000	\$11,736,000	XXX	\$0	\$0	\$0	\$0	XXX				
MARCH	XXX	\$4,289,000	\$8,223,000	\$12,512,000	\$12,512,000	XXX	\$0	\$0	\$0	\$0	XXX				
<b>TOTAL</b>	\$10,637,000	\$56,147,000	\$68,528,000	\$124,675,000	\$135,312,000	\$7,976,290	\$4,976,415	\$0	\$4,976,415	\$12,952,705	(\$1,054,290)	\$41,585	\$58,000	\$99,585	(\$954,705)
<b>TOTAL VERIFICATION</b>				\$124,675,000	\$135,312,000				\$4,976,415	\$12,952,705				\$99,585	(\$954,705)

**OFFICE OF GENERAL SERVICES  
ALL PROGRAMS - CONSOLIDATED  
SPECIAL REVENUE - OTHER - CASH DISBURSEMENT REPORT  
FISCAL YEAR 2008-2009**

**CASH DISBURSEMENT LIMIT: \$11,404,000**

MONTH	PROJECTION					ACTUAL					VARIANCE				
	FY2007-2008 CARRYOVER	FY2008-2009 PERSONAL SERVICE	NON-PERS. SERVICE	TOTAL 2008-2009 APPROP. DISBURSED	TOTAL CASH DISBURSED	FY2007-2008 CARRYOVER	FY2008-2009 PERSONAL SERVICE	NON-PERS. SERVICE	TOTAL 2008-2009 APPROP. DISBURSED	TOTAL CASH DISBURSED	FY2007-2008 CARRYOVER	FY2008-2009 PERSONAL SERVICE	NON-PERS. SERVICE	TOTAL 2008-2009 APPROP. DISBURSED	TOTAL CASH DISBURSED
APRIL 2008	\$1,077,000	\$327,000	\$0	\$327,000	\$1,404,000	\$1,076,221	\$326,006	\$0	\$326,006	\$1,402,227	\$779	\$994	\$0	\$994	\$1,773
MAY	\$250,000	\$307,000	\$195,000	\$502,000	\$752,000	\$0	\$0	\$0	\$0	\$0					
JUNE	\$346,000	\$295,000	\$264,000	\$559,000	\$905,000	\$0	\$0	\$0	\$0	\$0					
JULY	XXX	\$297,000	\$830,000	\$1,127,000	\$1,127,000	XXX	\$0	\$0	\$0	\$0	XXX				
AUGUST	XXX	\$307,000	\$473,000	\$780,000	\$780,000	XXX	\$0	\$0	\$0	\$0	XXX				
SEPTEMBER	XXX	\$415,000	\$290,000	\$705,000	\$705,000	XXX	\$0	\$0	\$0	\$0	XXX				
OCTOBER	XXX	\$512,000	\$668,000	\$1,180,000	\$1,180,000	XXX	\$0	\$0	\$0	\$0	XXX				
NOVEMBER	XXX	\$296,000	\$479,000	\$775,000	\$775,000	XXX	\$0	\$0	\$0	\$0	XXX				
DECEMBER	XXX	\$295,000	\$251,000	\$546,000	\$546,000	XXX	\$0	\$0	\$0	\$0	XXX				
JANUARY 2009	XXX	\$302,000	\$882,000	\$1,184,000	\$1,184,000	XXX	\$0	\$0	\$0	\$0	XXX				
FEBRUARY	XXX	\$308,000	\$580,000	\$888,000	\$888,000	XXX	\$0	\$0	\$0	\$0	XXX				
MARCH	XXX	\$420,000	\$738,000	\$1,158,000	\$1,158,000	XXX	\$0	\$0	\$0	\$0	XXX				
<b>TOTAL</b>	<b>\$1,673,000</b>	<b>\$4,081,000</b>	<b>\$5,650,000</b>	<b>\$9,731,000</b>	<b>\$11,404,000</b>	<b>\$1,076,221</b>	<b>\$326,006</b>	<b>\$0</b>	<b>\$326,006</b>	<b>\$1,402,227</b>	<b>\$779</b>				
<b>TOTAL VERIFICATION</b>				<b>\$9,731,000</b>	<b>\$11,404,000</b>				<b>\$326,006</b>	<b>\$1,402,227</b>				<b>\$0</b>	



**ATTACHMENT D: SAMPLES OF CASH DISBURSEMENT REPORTS – CAPITAL PROJECTS**

**OFFICE OF GENERAL SERVICES  
CAPITAL PROJECTS - MONTHLY CASH DISBURSEMENT REPORT  
(OGS AND SEMO COMPOSITE)  
FISCAL YEAR 2008-09**

<b>Month</b>	<b>Projected</b>	<b>Actual</b>	<b>Monthly Difference</b>	<b>Ceiling Remaining</b>
April 2008	\$3,200,000	\$3,186,305	\$13,695	\$25,313,695
May	\$3,500,000			\$25,313,695
June	\$1,700,000			
July	\$1,200,000			
August	\$2,200,000			
September	\$1,000,000			
October	\$2,900,000			
November	\$1,600,000			
December	\$1,300,000			
January 2009	\$1,900,000			
February	\$800,000			
March	\$7,200,000			
<b>Total*</b>	<b>\$28,500,000</b>	<b>\$3,186,305</b>	<b>\$13,695</b>	

FY To Date Comparison of Projected to Actual  
                                   \$4,200,000           \$3,186,305           \$1,013,695

Note: These projects are funded with state hard dollars. Included are capital projects for the State Emergency Management Office totaling \$250,000.

**OFFICE OF GENERAL SERVICES  
BONDABLE CAPITAL PROJECTS \_ MONTHLY CASH DISBURSEMENT REPORT  
FISCAL YEAR 2008-09**

<b>Month</b>	<b>Projected</b>	<b>Actual</b>	<b>Monthly Difference</b>	<b>Ceiling Remaining</b>
April 2008	\$1,000,000	\$360,564	\$639,436	\$29,639,436
May	\$2,000,000			\$29,639,436
June	\$2,000,000			
July	\$3,000,000			
August	\$3,000,000			
September	\$3,000,000			
October	\$3,000,000			
November	\$3,000,000			
December	\$3,000,000			
January 2009	\$3,000,000			
February	\$2,000,000			
March	\$2,000,000			
<b>Total</b>	<b>\$30,000,000</b>	<b>\$360,564</b>	<b>\$639,436</b>	
 FY To Date Comparison of Projected to Actual	 \$1,000,000	 \$360,564	 \$639,436	

Note: These projects are funded through regular OGS capital appropriations but will be reimbursed by the Division of the Budget with authority bonds.

**OFFICE OF GENERAL SERVICES  
 AUTHORITY BONDS - MONTHLY CASH DISBURSEMENT REPORT  
 FISCAL YEAR 2008 - 09**

Month	Projected	Actual	Monthly Difference	Ceiling Remaining
April 2008	\$0	\$0	\$0	\$20,000,000
May	\$1,000,000			\$20,000,000
June	\$4,000,000			
July	\$1,000,000			
August	\$3,000,000			
September	\$1,000,000			
October	\$3,000,000			
November	\$2,000,000			
December	\$1,500,000			
January 2009	\$1,500,000			
February	\$1,000,000			
March	\$1,000,000			
<b>Total</b>	<b>\$20,000,000</b>	<b>\$0</b>	<b>\$0</b>	

FY To Date Comparison of Projected to Actual  
\$0
\$0
\$0

Note: These projects will be funded directly through authority bond appropriations.

OFFICE OF GENERAL SERVICES  
 BINGHAMTON GOVERNMENTAL COMPLEX  
 ADVANCE APPROPRIATION - MONTHLY CASH DISBURSEMENT REPORT  
 FISCAL YEAR 2008-09

Month	Projected	Actual	Monthly Difference	Ceiling Remaining
April 2006	\$5,000	\$5,236	(\$236)	\$2,344,764
May	\$5,000			\$2,344,764
June	\$5,000			
July	\$500,000			
August	\$5,000			
September	\$500,000			
October	\$10,000			
November	\$300,000			
December	\$10,000			
January 2007	\$500,000			
February	\$10,000			
March	\$500,000			
<b>Total</b>	<b>\$2,350,000</b>	<b>\$5,236</b>	<b>(\$236)</b>	

Note: This project will be funded through appropriation made directly for this purpose.