

2008-2009 Spending Plan
New York State Division of Tax Appeals/Tax Appeals Tribunal
Charles H. Nesbitt, President and Commissioner

A. Overview of Proposed Plan

A.1 - Overall Approach

To reduce costs through effective succession planning (Personal Service) and the implementation and continuation of more efficient methods of conducting the Division of Tax Appeals' (the Division) business (Non-Personal Service) while maintaining the integrity of the Division's mission.

A.2 - Achievement of Savings on a Recurring Basis

Achievement of savings on a recurring basis will be accomplished in several different ways. Although the Division's workforce has been decreased by approximately forty percent over the last ten years and the Division's budget has been reduced in real terms so that the actual dollar amount for 2008-09 (\$3,273,000) is only marginally greater than that allocated twelve years earlier, (1996-97, \$3,068,000), increases in the efficiency with which the Division conducts its business has been steadily improving. This increase in efficiency has been greatly enhanced since the beginning of President Nesbitt's tenure in November of 2005 as will be shown further in the A.4 section of this document.

Most significant, when considering savings on a recurring basis, is the fact that more than sixty percent of the Division's workforce is at or within five years of retirement eligibility. While the Division has, in the recent past, referred to its need to, at least, maintain current staffing levels due primarily to the increase in the Tax and Finance Department staffing levels and the subsequent anticipated proportionate increase in the Division's workload, savings will accrue in Personal Service expenditures. This is due to the fact that all potential retirees are at the maximum of their pay grades. Replacements will be promoted from other positions and will be paid at the lowest end of the appropriate grade. In cases where a "lateral" move is warranted, the new employee will still be at a significantly lower salary grade level than the retiree they are replacing. Changes in personnel will be monitored carefully to ensure that the Division adheres to "best practices" regarding succession planning.

A.3 - Protecting Key Priorities

The statutory mission of the Division and the Tax Appeals Tribunal is to provide taxpayers with a fair and unbiased system of resolving disputes with the Department of Taxation and Finance. The performance of this mission has produced eighty million dollars in State revenue in FY 2007-2008 (this is a conservative estimate because it does not include interest that accrues until the assessment is actually paid). Initiatives and new practices outlined below will ensure the continuation of best practices in

resolving disputes affecting this revenue stream. Again, regarding PS expenditures, changes in personnel will be monitored carefully to ensure that the Division adheres to “best practices” regarding succession planning.

A.4 Treatment of New Initiatives

Savings will continue to accrue due to new initiatives implemented by the Division. Among these are:

- 1 The construction of a state of the art, climate controlled server room that will increase life expectancies of essential Information Technology (IT) equipment;
- 2 The purchase of a Google Mini search unit for a one time purchase price of \$1995.00 that replaced previous search capabilities that cost \$2400.00 per year;
- 3 The one time conversion of 17,000 documents (decisions and determinations) into electronic format that dramatically streamlines the retrieval of these public documents via the Division’s website thus eliminating the need for staff to retrieve the paper documents and send them to people wishing to obtain them;
- 4 The creation of an Intake and Petition unit within the Division’s existing workforce that streamlines the process of scheduling and coordinating hearings electronically and through a re-structuring of personnel. **This re-structuring included not refilling a recently terminated employee’s position (Principal Clerk) thus eliminating one Full Time Employee (FTE) salary (\$43,321);**
- 5 The implementation of an electronic “Case Management System” greatly improving the efficiency of the hearings process from scheduling through conclusion; and,
- 6 The implementing of policy changes to the hearing process that includes the use of pre-hearing conference calls that will not only streamline the preparation and coordination of hearings but will also result in settlements before cases get to the hearing stage. This will result in travel and court reporter savings.

B. Summary of General Fund Financial Impacts

General Fund – Savings Summary

Personal Service:	Required <u>Reduction</u>	2008-09 <u>Savings</u>	2009-10 <u>Savings</u>
	\$50,000.	\$50,000.	\$50,000.
Non-Personal Service:	\$50,000.	\$50,000.	\$50,000.
Total State Operations:	\$100,000.	\$100,000.	\$100,000.

General Fund – Year to Year Change, After Savings

	2007-08 <u>Actual</u>	Revised <u>Projection</u>	Percent <u>Change</u>
Personal Service:	\$2,2826,000.	\$2,842,000.	
Non-Personal Service:	\$499,000.	\$417,000.	
Total State Operations:	\$3,325,000.	\$3,259,000	2%

C. Identification of Proposed General Fund Actions

**General Fund
Local Assistance**

N/A

State Operations

1. Leaving vacant the Principal Clerk position: -\$43,321.
2. Allowing for a lag time of three months for refilling an anticipated retirement of a Grade 31:
app. -\$26,750.
3. Anticipating (through enhanced supervision and policy changes) a decrease in hearing costs:
app. -\$15,000.
4. Assuming all equipment (for which we made provisions) will not break down:
app. -\$15,000.

Total Savings from Proposed General Fund Actions: app. **\$100,071.**

Capital Projects

N/A

D. Summary of Impact on Other Funds

N/A

E. Identification of Proposed Other Fund Actions

N/A

F. Plan to Manage the Workforce

F.1 Overall Approach

The Division will continue to implement new initiatives to effectively manage its succession planning, and adopt new policies as appropriate to assist in developing more efficient ways for staff to conduct the business of the division.

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

One current vacant position is not being re-filled due to a re-organization of the Division's Petition and Intake, and Case Management units. Additionally, savings will be realized upon the re-filling of various positions from which current employees will be retiring due to new employees' status at the lower (and/or lowest) salary level of the applicable grade, and to anticipated lag times between vacancies and re-hirings.

G. Monthly Projections: All Funds Workforce; Non-Personal Service

Personal: See attached. (Funds for PEF contract agreements not yet allocated but amounts include the change.)

Non-Personal: See attached.

H. Assumptions Underlying the Proposed Plan:

As outlined above, several assumptions can be made regarding savings at the Division. These assumptions include the savings that will accrue due to attrition. As stated earlier, sixty percent of the Division's workforce is at, or within five years of retirement (some members of staff have already announced their intention to retire at varying times over the next several years, including this year).

(H. Assumptions Underlying the Proposed Plan: continued)

The lag time between a vacancy and filling of any given position and the aforementioned salary decreases (attributed to new employees' lower status in the salary grade for a position), will result in savings.

Additionally, increases in efficiency in the way the Division conducts its work, the more efficient use of staff (including leaving a vacated position vacant), and the implementation of new policies designed to decrease hearing related expenditures, the Division will continue to accrue savings.

I. Management of Risks Inherent in the Plan:

An inherent risk for the Division brought on by a decrease in funding and/or staff is that the ability to adhere to their stated mission may be compromised. To ensure that the Division maintains adherence to its mission while economizing in an effective manor, budgetary provisions have been included in its financial plan. Notably, provisions have been made for the replacement of important IT (and other) equipment. If replacements are not necessary, the Division will accrue further savings but the Division is prepared to do so if necessary.

J. Additional Savings Opportunities for 2008-2009:

Unanticipated retirements or anticipated reduction in work hours for employees, the proper maintenance of equipment, and the implementation of new policies regarding procedures will all result in savings for the Division. Policy changes alone should result in further hearing expense savings (travel, court reporters, etc.), among other things.

K. Potential Future Savings Opportunities/Operational Improvements (Indicate if Statutory change is required)

Again, attrition and further analysis of best practices in organizing staff and managing succession planning effectively will result in significant savings to the Division over time.

ATTACHMENTS: Personal Monthly Projections

Non-Personal Projections

Fiscal Year 2008 - 2009
PS Projections

Regular Personal Service (filled items) Payrolls Paid	Payperiods	Fill Level (FTE)	QTR	Payroll Cost(Biweekly)	Cumulative Cost YTD	Deposit NPS	Notes
						2,806,000.00	
April 2, 2008 (2 days 20%)	26	32.8		20,969.74	20,969.74	2,785,030.26	ACTUAL
April 16, 2008	1	32.8		104,898.14	125,867.88	2,680,132.12	ACTUAL
April 16, 2008 (Longevity PEF)	1	32.8		25,000.00	150,867.88	2,655,132.12	ACTUAL
April 30, 2008	2	32.8		110,094.30	260,962.18	2,570,037.82	ACTUAL
May 14, 2008	3	32.8		110,002.46	370,964.64	2,460,035.36	ACTUAL
May 14, 2008 M/C Merit Awards	3	32.8		3,900.00	374,864.64	2,456,135.36	ACTUAL
May 28, 2008	4	32.8		112,600.00	487,464.64	2,343,535.36	
June 11, 2008	5	32.8		159,300.00	646,764.64	2,184,235.36	PEF 07 retro 3%
June 25, 2008	6	32.5	767,842.13	121,077.49	767,842.13	2,063,157.87	PEF 08 retro 3%
July 9, 2008	7	31.5		110,758.93	878,601.06	1,952,398.94	
July 23, 2008	8	31.5		110,758.93	989,359.99	1,841,640.01	
August 6, 2008	9	30.5		106,402.68	1,095,762.67	1,735,237.33	
August 20, 2008	10	30.5		106,402.68	1,202,165.35	1,628,834.65	
September 3, 2008	11	30.5		106,402.68	1,308,568.03	1,522,431.97	
September 17, 2008	12	30.5	647,128.58	106,402.68	1,414,970.71	1,416,029.29	
October 1, 2008	13	30.5		106,302.68	1,521,273.39	1,309,726.61	
October 15, 2008	14	30.5		106,302.68	1,627,576.07	1,203,423.93	
October 29, 2008	15	30.5		106,302.68	1,733,878.75	1,097,121.25	
November 12, 2008	16	30.5		106,302.68	1,840,181.43	990,818.57	
November 26, 2008	17	30.5		106,302.68	1,946,484.11	884,515.89	
December 10, 2008	18	30.5		106,302.68	2,052,786.79	778,213.21	
December 24, 2008	19	30.5	744,118.76	106,302.68	2,159,089.47	671,910.53	
January 7, 2009	20	31		107,510.17	2,266,599.64	564,400.36	
January 21, 2009	21	31		107,510.17	2,374,109.81	456,890.19	
February 4, 2009	22	31		107,510.17	2,481,619.98	349,380.02	
February 18, 2009	23	31		107,510.17	2,589,130.15	241,869.85	
March 4, 2009	24	31		107,510.17	2,696,640.32	134,359.68	
March 18, 2009	25	31		107,510.17	2,804,150.49	26,849.51	
April 1, 2009 (9 day 90%)	26	31	741,820.17	96,759.15	2,900,909.64	-69,909.64	
TOTAL PS PROJECTIONS				2,900,909.64	2,900,909.64	-69,909.64	

Retro 07 3% Raise 84,245.00
Retro 08 3% Raise 86,774.00

Fiscal Year 2008 - 2009
PS Projections

Regular Personal Service (filled items) Payrolls Paid	Payperiods	Fill Level (FTE)	QTR	Payroll Cost(Biweekly)	Cumulative Cost YTD	Deposit NPS	Notes
						2,806,000.00	
April 2, 2008 (2 days 20%)	26	32.8		20,969.74	20,969.74	2,785,030.26	ACTUAL
April 16, 2008	1	32.8		104,898.14	125,867.88	2,680,132.12	ACTUAL
April 16, 2008 (Longevity PEF)	1	32.8		25,000.00	150,867.88	2,655,132.12	ACTUAL
April 30, 2008	2	32.8		110,094.30	260,962.18	2,570,037.82	ACTUAL
May 14, 2008	3	32.8		110,002.46	370,964.64	2,460,035.36	ACTUAL
May 14, 2008 M/C Merit Awards	3	32.8		3,900.00	374,864.64	2,456,135.36	ACTUAL
May 28, 2008	4	32.8		112,600.00	487,464.64	2,343,535.36	
June 11, 2008	5	32.8		159,300.00	646,764.64	2,184,235.36	PEF 07 retro 3%
June 25, 2008	6	32.5	767,842.13	121,077.49	767,842.13	2,063,157.87	PEF 08 retro 3%
July 9, 2008	7	31.5		110,758.93	878,601.06	1,952,398.94	
July 23, 2008	8	31.5		110,758.93	989,359.99	1,841,640.01	
August 6, 2008	9	30.5		106,402.68	1,095,762.67	1,735,237.33	
August 20, 2008	10	30.5		106,402.68	1,202,165.35	1,628,834.65	
September 3, 2008	11	30.5		106,402.68	1,308,568.03	1,522,431.97	
September 17, 2008	12	30.5	647,128.58	106,402.68	1,414,970.71	1,416,029.29	
October 1, 2008	13	30.5		106,302.68	1,521,273.39	1,309,726.61	
October 15, 2008	14	30.5		106,302.68	1,627,576.07	1,203,423.93	
October 29, 2008	15	30.5		106,302.68	1,733,878.75	1,097,121.25	
November 12, 2008	16	30.5		106,302.68	1,840,181.43	990,818.57	
November 26, 2008	17	30.5		106,302.68	1,946,484.11	884,515.89	
December 10, 2008	18	30.5		106,302.68	2,052,786.79	778,213.21	
December 24, 2008	19	30.5	744,118.76	106,302.68	2,159,089.47	671,910.53	
January 7, 2009	20	31		107,510.17	2,266,599.64	564,400.36	
January 21, 2009	21	31		107,510.17	2,374,109.81	456,890.19	
February 4, 2009	22	31		107,510.17	2,481,619.98	349,380.02	
February 18, 2009	23	31		107,510.17	2,589,130.15	241,869.85	
March 4, 2009	24	31		107,510.17	2,696,640.32	134,359.68	
March 18, 2009	25	31		107,510.17	2,804,150.49	26,849.51	
April 1, 2009 (9 day 90%)	26	31	741,820.17	96,759.15	2,900,909.64	-69,909.64	
TOTAL PS PROJECTIONS				2,900,909.64	2,900,909.64	-69,909.64	

Retro 07 3% Raise 84,245.00
Retro 08 3% Raise 86,774.00