

2008-09 Spending Plan	Agency Name: NYS DEPT. OF ECONOMIC DEVELOPMENT
	Agency Head: EXECUTIVE DEPUTY COMMISSIONER KENNETH A. SCHOETZ

A. Overview of Proposed Plan

A.1 Overall Approach

Together with the Empire State Development Corporation (ESDC), the New York State Department of Economic Development (DED) is responsible for the delivery of the State's economic development policy and goals.

In order to comply with the Governor's objectives, DED has identified and will implement actions to achieve \$1.6 million in General Fund savings on a recurring basis.

A.2 Achievement of Savings on a Recurring Basis

The Department performed a critical analysis of the current funding, staffing and performance levels of programs and identified the following saving opportunities:

- Reduce planned hiring for State Fiscal Year (SFY) 2008-09, which will produce out year savings;
- Eliminate duplicative functions with ESDC;
- Delay the opening of certain International Trade offices;
- Reduce spending related to demographic information collection and analysis;
- Reduce certain information technology consulting contracts; and
- Examine space requirements and fixed costs at 30 S. Pearl St. headquarters.

A.3 Protecting Key Priorities

This plan fully takes into account the serious financial situation faced by New York State. As such, DED will look to make New York more competitive in the global economy by increasing the scope and reach of its International Trade program, which connects New York businesses with export markets as well as soliciting private investment from overseas. Also, DED will look to reinvigorate the State's iconic tourism program, "I ♥ New York." In May, the Governor announced the re-launching of the brand, along with an emphasis on new marketing methods and partnerships with travel businesses to encourage New York City residents and visitors to explore Upstate New York.

A.4 Treatment of New Initiatives

For 2008-09, a major priority will be the establishment of the Upstate Business Marketing Program. The goal of this initiative will be to identify the strengths and opportunities of the different Upstate regions in terms of attracting private investment, jobs and development. This information will then be used to directly market to those industry sectors that have not been exposed to the unique business advantages Upstate New York can offer. The program will also offer partnerships with regional business marketing efforts through a local grant component. In light of the fiscal environment, DED will implement necessary cost saving measures for this new initiative.

DED will also undertake a strategic initiative to implement a system of report cards and metrics across all of its programs. This will build upon methods currently being implemented by the International Trade and "I ♥ NY" programs. The goal of this effort is to maximize the State's return on investment by developing keys to successful implementation that will be based on research and strategy that best meet the program objectives; solid planning and identification of infrastructure to put the strategy in action; and creative, quality execution.

B. Summary of General Fund Financial Impacts

GENERAL FUND -- SAVINGS SUMMARY			
	<u>Required Reduction</u>	<u>2008-09 Savings</u>	<u>2009-10 Savings</u>
Local Assistance	\$73	100	87
Personal Service	\$469	481	469
Non-personal Service	\$1,078	1,163	1,153
Total State Operations	\$1,547	1,644	1,622
TOTAL	\$1,620	1,744	1,709

GENERAL FUND -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS			
	2007-08 Actual	Revised Projection	Percent Change
Local Assistance	7,903	9,146	15.73%
Personal Service	12,477	13,515	8.32%
Non-personal Service	16,973	28,527	68.07%
Total State Operations	29,450	42,042	42.76%
TOTAL	37,353	51,188	37.04%

C. Identification of Proposed General Fund Actions

	2008-09 Cash	2009-10 Cash	2010-11 Cash
GENERAL FUND			
Local Assistance			
1. Economic Development Zones	0	10	5
2. Western NY Marketing	0	2	1
3. Explore NY	0	2	1
4. Upstate Business Marketing Program	100	73	80
Total Local Assistance:	\$100	87	87
State Operations			
5. Contractual Service Reductions	626	591	591
6. International Trade	200	225	225
7. Pollution Prevention (P2) Program	71	71	71
8. Reduce in staff travel, conference attendance, training and staff development, and other administrative cost control efforts	235	235	235
9. Reduce the utilization of temporary personnel	31	31	31
10. Reduce Personal Service - Planned hires	481	469	469
Total State Operations:	\$1,644	1,622	1,622

D. Summary of Impact on Other Funds

OTHER FUNDS -- SAVINGS SUMMARY			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	N/A	N/A	N/A
Personal Service	15	15	15
Non-personal Service	105	105	105
Total State Operations	120	120	120
TOTAL	120	120	120

OTHER FUNDS -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS			
	2007-08 Actual	Revised Projection	Percent Change
Local Assistance	N/A	N/A	N/A
Personal Service	385	370	3.9%
Non-personal Service	1,618	1503	6.5%
Total State Operations	2,003	1,873	5.9%
TOTAL	2,003	1,873	5.9%

E. Identification of Proposed Other Fund Actions

	2008-09 Cash	2009-10 Cash	2010-11 Cash
OTHER FUNDS (Note the fund/s affected by each proposal, in parentheses at the end of each entry)			
Local Assistance			
1. N/A			
State Operations			
2. Public service Account (339.C3) - Personal Service Reduction	15	15	15
3. Procurement Opportunities Nwsltr. Acct. (339.P4) - Efficiencies through web-site enhancement*	105	105	105

F. Plan to Manage the Workforce

F.1 Overall Approach

The DED staffing plan will reduce the total full time employees (FTEs) from 230 to 215 by March 31, 2009. This will be accomplished through the elimination of funded vacancies, natural attrition, and a reduction in the planned number of hires throughout the fiscal year. The hires that are proposed in this plan are essential to: 1) meet the agency's mission and strategic priorities; 2) avoid expenses for temporary personnel; and 3) avoid expenses in consultant costs.

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

DED proposes staff hiring that will maximize implementation of the Governor's strategic plan for economic development within NYS. Staff will be hired with the expertise necessary to carry out critical functions and expand program areas such as International, Sustainable & Community Development and Business Marketing. The staff plan assumes 22 net new fills. This represents a reduction of 15 positions from the level approved with the 2008-09 enacted Budget.

Workforce Impact -- All Funds	
a. Initial Target:	230
b. Current Fills PP# 2	193
c. Net (Attrition 22 - Backfills 22)	0
d. New Hires	+22
e. Total FTEs March 31, 2009	215*
f. Change from Initial 2008-09 Target	(15)

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

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
A. Workforce - All Funds	193	195	197	199	201	203	205	207	209	211	213	215
Est FTEs Month-end												
	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR
B. State Operations												
Personal Service												
1st PP	1,519	982	1,013	1,035	1,052	1,049	1,625	1,072	1,043	1,041	1,067	1,017
Subtotal PS	1,519	982	1,013	1,035	1,052	1,049	1,625	1,072	1,043	1,041	1,067	1,017
NPS	263	2,201	1,532	1,424	1,930	1,127	2,527	2,294	2,267	2,777	2,515	7,670
Total Disbursements - State Ops	1,782	3,183	2,545	2,459	2,982	2,176	4,152	3,366	3,310	3,818	3,582	8,687
C. Local Assistance												
All programs	1,800	1,083	428	631	417	362	487	465	198	576	1,589	1,110
Program y	0	0	0	0	0	0	0	0	0	0	0	0
Program z	0	0	0	0	0	0	0	0	0	0	0	0
All other local assistance	0	0	0	0	0	0	0	0	0	0	0	0
Total Disbursements - Local	1,800	1,083	428	631	417	362	487	465	198	576	1,589	1,110

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H. Assumptions Underlying the Proposed Plan

This plan makes the following assumptions:

- The "I ♥ NY" campaign launches its new website in Winter 2009;
- International Offices in India and South Korea are postponed with an anticipated opening of July 2009;
- The plan assumes travel costs for DED remain constant or similar to 07-08. All units are being encouraged to identify areas for reduction and savings in travel costs;
- The plan assumes the Business Marketing Program will take approximately 2-3 months before completion of program rules and regulations are established; and
- The elimination of the IT consultant contracts assumes DED is able to find programmer candidates with the skill set and expertise necessary to continue seamless operations of its computer system.

I. Management of Risks Inherent in the Plan

Any plan must make certain assumptions of risk and be able to accommodate unanticipated changes. DED believes this plan sets out concrete goals, yet is flexible enough to address new challenges while maintaining strategic programs and initiatives. One example is with the staffing plan, which anticipates hires made throughout the fiscal year. If additional personal service savings are needed, hires can be delayed or tabled indefinitely.

Perhaps the largest risk this plan must take into account is organizational uncertainty, as a new Chairman for ESDC was recently confirmed. This leadership will have the opportunity to review both DED and ESDC, and make decisions on the most effective manner to organize functions so that the actions of each entity complement the other. However, this plan allows for staffing and funding priorities to be reallocated to address the greatest needs, while still achieving the required budgetary savings.

J. Additional Savings Opportunities for 2008-09

While this plan implements all possible savings actions within DED's control, the Department will continue to explore administrative and programmatic savings opportunities.