

**2008-09
Spending
Plan**

Agency Name Office of Real Property Services

Agency Head Lee Kyriacou, Executive Director

A. Overview of Proposed Plan

A.1 Overall Approach

The overall approach to State Operations savings will be to manage the required \$1.1 million in required savings by reducing the personnel target from the 384 fte approved in the Executive Recommendation to approximately 372. This action will yield approximately \$830,000 in savings. The additional \$223,000 will be attributable to savings in non-personal service related to the lost 12 positions, and cancellation of certain technology equipment purchases.

For Local Aid, the appropriation has already been cut by the required 2% as compared to the original recommendation, with savings requirements for programs covered by specific sections of law. Communications will be prepared to make those affected aware of the necessity for decreased payments.

A.2 Achieving of Savings on a Recurring Basis

All proposed savings will be permanent. All major programs will be examined to ascertain the cost associated with them. Each major source of costs will be reviewed on a monthly basis to assure that planned spending is still on target to support agency priorities within the expenditure ceiling.

A.3 Protecting Key Priorities

The agency will pursue a program of vacancy analysis to insure that the proposed backfilling of positions will address only current mission critical priorities for property tax administration, especially in areas that support the efforts of local governments to improve the fairness and accuracy of assessment administration.

Key priorities include:

- Annually establishing state equalization rates;
- Supporting the Governor's programs to improve local government efficiency;
- Providing the data and analysis necessary for property tax relief efforts;
- Supporting communities engaged in reassessment efforts;
- Providing special franchise assessments;
- Providing advisory appraisals on complex properties to local governments;
- Certifying and training local assessing officials.

A.4 Treatment of New Initiatives

Noted above is the commitment to support efforts to enhance the efficiency of local government. For the most part, this activity would stem from any proposals of the Commission on Local Government Efficiency and Competitiveness that become law. Supporting the anticipated proposals from the Commission on Real Property Tax Relief will also require a commitment of resources from this agency. In the course of working within a potential maximum level of 372 fte, ORPS will begin a comprehensive program of examining which current programs may have less priority in the context of initiatives proposed by the Governor. If initiatives entail significant resource commitments, ORPS will propose legislative, and/or administrative amendments that would discontinue current programs and commitments not rising to the level of priority of the proposed initiatives. These proposals will be included in the upcoming budget request.

B. Summary of General Fund Financial Impacts

GENERAL FUND -- SAVINGS SUMMARY			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	\$422,000	\$422,000	\$447,000
Personal Service	N/A		
Non-personal Service	N/A		
Total State Operations	N/A		
Capital	N/A		
TOTAL	\$422,000	\$422,000	\$447,000

GENERAL FUND -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS			
	2007-08 Actual	Revised Projection	Percent Change
Local Assistance	\$22,011,000	\$21,397,000	- 2.8%
Personal Service			
Non-personal Service			
Total State Operations	N/A	N/A	N/A
Capital	N/A	N/A	N/A
TOTAL	\$22,011,000	\$21,397,000	- 2.8%

C. Identification of Proposed General Fund Actions

	2008-09 Cash	2009-10 Cash	2010-11 Cash
GENERAL FUND			
Local Assistance – Reductions in Local Aid as follows:	<u>\$422,000</u>	<u>\$447,000</u>	<u>\$451,000</u>
1. Annual Reassessment Aid	\$175,000	\$180,000	\$184,000
2. Triennial Aid	\$50,000	\$50,000	\$50,000
3. Consolidated Aid	\$20,000	\$20,000	\$20,000
4. County Aid	\$14,000	\$14,000	\$14,000
5. Railroad Infrastructure Assistance	\$77,000	\$97,000	\$97,000
6. STAR Administrative Aid	\$67,000	\$67,000	\$67,000
7. Assessor Training Reimbursement	\$19,000	\$19,000	\$19,000
8.			
9.			
10.			
State Operations			
11.			
12.			
13.			
14.			
Capital Projects			
15.			
16.			

D. Summary of Impact on Other Funds - SROs

OTHER FUNDS -- SAVINGS SUMMARY			
	Required Reduction	2008-09 Savings	2009-10 Savings
Local Assistance	N/A	N/A	N/A
Personal Service	N/A	\$830,000	\$863,000
Non-personal Service	N/A	\$223,000	\$230,000
Total State Operations	\$1,053,000	\$1,053,000	\$1,093,000
Capital			
TOTAL	\$1,053,000	\$1,053,000	\$1,093,000

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	\$22,937,000	\$22,967,000	+0.1%
Non-personal Service	\$6,172,000	\$6,779,000	+9.8%
Total State Operations	\$29,109,000	\$29,746,000	+2.2%
Capital	N/A	N/A	N/A
TOTAL	\$29,109,000	\$29,746,000	+2.2%

E. Identification of Proposed Other Fund Actions

	2008-09 Cash	2009-10 Cash	2010-11 Cash
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OTHER FUNDS (Note the fund/s affected by each proposal, in parentheses at the end of each entry)

Local Assistance

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

State Operations

- | | | | |
|---|-----------|-----------|-----------|
| 8. Reduction in approved FTE target and attrition (Sales Fund) | \$830,000 | \$863,000 | \$914,000 |
| 9. NPS Efficiencies, including travel and IT purchases (Sales Fund) | \$223,000 | \$230,000 | \$238,000 |

- 10.
- 11.

Capital Projects

- 12.
- 13.
- 14.
- 15.

F. Plan to Manage the Workforce

F.1 The Overall Approach

The plan for managing the workforce will consist of two components. First, the agency's highest priorities will be identified, with estimates of the required staffing for supporting these programs. Second, as staffing needs are identified, requests for promotions and backfills will be examined individually and in detail by the Deputy Executive Director to assure that staffing actions are consistent with the agency's main priorities, and that they are essential to the support of critical state and/or local government operations as noted in 'H' below.

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

The existence of a payroll item vacancy, per se, will not be sufficient justification for filling it. Existing staffing pattern will be re-examined to determine the most efficient array of staffing for the work required, both in the regions and in Albany. While the nominal target for headcount will be 372, each request will stand or fall on its own merits, and not simply because there is room left under the personnel ceiling. All requests for hires and promotions must have approval from either the Executive Deputy Director or the Director of Financial Administration.

Workforce Impact -- All Funds	
a. Initial Target:	384
b. Current Fills PP# 3 or 4	356
c. Recurring impact of proposed actions (see Parts C & E)	-12
d. Recurring impact of vacancy-refilling plan (see F.2)	28
e. Total FTEs March 31, 2009 (line b minus line c, plus/minus line d)	372
f. Change from Initial 2008-09 Target (line a minus line e)	-12

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

3rd PP (if applies)	844,700	0	0	0	0	0	890,000	0	0	0	0	1,734,700
Subtotal PS	2,687,100	1,694,000	1,708,000	1,728,000	1,748,000	1,780,000	2,670,000	1,780,000	1,780,000	1,791,900	1,800,000	22,967,000
NPS	291,300	400,000	500,000	525,000	512,700	600,000	700,000	600,000	600,000	650,000	600,000	6,779,000
Total Disbursements -- State Ops	2,978,400	2,094,000	2,208,000	2,253,000	2,260,700	2,380,000	3,370,000	2,380,000	2,380,000	2,441,900	2,400,000	29,746,000
C. Local Assistance	SEE ATTACHED											
Program x	0	0	0	0	0	0	0	0	0	0	0	0
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	0											
D. Capital Projects	NONE											
Program/project aa	0	0	0	0	0	0	0	0	0	0	0	0
Program/project bb	0	0	0	0	0	0	0	0	0	0	0	0
Program/project cc	0	0	0	0	0	0	0	0	0	0	0	0
All other Capital Projects	0	0	0	0	0	0	0	0	0	0	0	0
Total Disbursements - Capital	0											

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H. Assumptions Underlying the Proposed Plan

Several assumptions underlie this spending plan and the achievement of the required \$1.1 million in savings from the level first proposed in the Executive Budget Recommendation.

- Because most of the work for the 2008 market value survey is complete, the establishment of state equalization rates is not in jeopardy. Managers will examine the workload projections for the 2009 survey to pinpoint potential problems early.
- The local assistance programs, despite the 2% cuts, will continue as planned for 2008. This includes reassessment support, assessment consolidation aid, railroad infrastructure aid, STAR administrative support, and assessor training reimbursement. Aid for the completion of local technology projects and for studies of coordination efforts for assessing and tax collection databases will also continue.
- The revenue scenario for ORPS, which is derived primarily from fees collected upon the transfer of real properties, will continue to be significantly less than the agency's normal operating needs require.
- Staffing required under the spending plan will be based on mission critical needs, most especially the following:
 - The need to provide essential services to local governments for equalization, special appraisals and revaluation assistance;
 - Collection of, and accounting for, special revenue; and
 - Maintaining state supported computing systems that run real property tax administration in New York.

I. Management of Risks Inherent in the Plan

The significant risks are all related to the level of staffing. At a level of 372 fte, the Agency headcount will be approximately 7% below the target of two years ago.

This translates into challenges in a number of areas, particularly in providing direct support to local governments conducting programs of tax administration improvement. There are also issues relating to systems development and maintenance relating to local support. The risk here is that the loss of timeliness and accuracy of market value survey data will impede the equitable apportionment of school and county taxes.

Management is set to monitor the progress of local improvement projects to address those at risk at an early stage. Management will also prepare contingency plans to address slippage in the overall equalization workload administratively if necessary.

J. Additional Savings Opportunities for 2008-09

The most likely source of additional savings in 2008-09 will be in the realm of local assistance. The largest single component of the aid program in the current year (\$7-8 million) is based on reassessment activity. To the extent that municipalities fail to follow through on reassessment plans, there may be unencumbered monies available for savings. However, this is truly a double edged sword, since the agency's reassessment programs require municipalities to maintain current rolls at 100% of value. This program has been a major success and contributes to public understanding of the administration of the property tax. Having fewer municipalities attaining the full value standard will mean more misunderstanding and greater dissatisfaction with the tax.

On the State Operations side, there will be a program in place to assure at least the required economies and efficiencies—an estimated \$223,000—by monitoring and controlling expenses such as telecommunications, official travel, conferences, and training. These sources of cost will be examined to assure that ORPS makes the minimum investment necessary to maintain the quality and timeliness of agency programs.

K. Potential Future Savings Opportunities

There could be savings achieved through a number of avenues:

Adopting the recommendations of the Commission on Local Government Efficiency and Competitiveness (i.e., establishment of county assessing and tax collection, and the abolition of both village assessing and elected boards of assessors) would create the opportunity for significant permanent efficiencies at both the state and local levels of government.

Requirement of a single, full value standard statewide. (Statutory changes required) A "cycle" bill for reassessment will ultimately allow ORPS to redesign work processes to take advantage of the better assessment equity. This would create savings in the medium term. The requirement of periodic reassessment would also result in savings in the local assistance budget, since the annual and triennial aid

payments now are incentives for localities to reassess. Were reassessment required for all assessing units, the need for such an incentive would no longer exist.

Requirement for common level of assessing county wide. (Statutory changes required.) We would save resources by redesigning the local government assistance and State equalization program to treat entire counties as one assessing unit. This approach will create fewer savings opportunities than a statewide full value standard, but would be an improvement over the existing situation.

Two office leases are being renewed: the Albany main office and the Batavia regional office. ORPS managers will work closely with the Office of General Services and with potential landlords to assure that the agency's space needs are evaluated as conservatively as possible and that the office configurations reflect the minimum square footage necessary to support operating needs.

ORPS will also discuss with other agencies the possibility of joint efforts to support ongoing program activities and the sharing of staff whenever possible.

Note: In addition to specific savings suggested above, the structural revenue deficit would be ameliorated by using the costing initiative discussed in 'A.2' to create a schedule of chargeback pricing for appropriate products and services.

ATTACHMENTS:

Monthly Projections – Local Assistance (supplement to section G)

ESTIMATED 2008-09 LOCAL AID DISBURSEMENTS BY MONTH

	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>January</u>	<u>February</u>	<u>March</u>	<u>TOTAL</u>
Annual Aid									\$2,000,000	\$4,142,500			\$6,142,500
Triennial Aid										\$2,376,000			\$2,376,000
Consolidated Aid								\$760,200					\$760,200
County Aid								\$75,000					\$75,000
STAR				\$3,267,000									\$3,267,000
Railroad Infrastructure									\$3,748,000				\$3,748,000
RPTATIP Grants		\$250,000	\$200,000	\$150,000	\$300,000	\$221,300							\$1,121,300
Assessor Reimbursement		\$70,000	\$20,000	\$10,000	\$10,000	\$90,000	\$18,000	\$25,000	\$10,000	\$100,000	\$120,000	\$34,000	\$507,000
Assessor Reimbursement - NYC		\$10,000	\$5,000	\$25,000	\$20,000	\$265,000	\$55,000		\$5,000		\$10,000	\$5,000	\$400,000
Centralized Program (CPTAP)		\$150,000		\$375,000		\$125,000	\$400,000	\$250,000	\$250,000	\$500,000	\$500,000	\$450,000	\$3,000,000
TOTALS	\$0	\$480,000	\$225,000	\$3,827,000	\$330,000	\$701,300	\$473,000	\$1,110,200	\$6,013,000	\$7,118,500	\$630,000	\$489,000	\$21,397,000

5/15/2008

i:/fiscal/Budget 2008-09/Local Aid Disbursement Schedule for Spending Plan.xls