

2008-09 Spending Plan	Agency Name Environmental Facilities Corporation
	Agency Head Matthew J. Millea, Acting President

A. Overview of Proposed Plan

A.1 Overall Approach – EFC has a long history of developing and managing conservative and fiscally prudent budgets and fiscal plans. During these increasingly difficult economic times these concepts will become more critical as we look forward to control expenditures while we develop and manage our fiscal plans. EFC intends to examine all areas of expenditures with the hopes of identifying opportunities that will translate into increased efficiencies in delivering services that may ultimately reduce expenditures, which will then provide savings in both current and out years.

A.2 Achievement of Savings on a Recurring Basis – As indicated above, EFC will look to achieve savings on a recurring basis by maintaining our conservative approach to staffing and by identifying increased efficiencies throughout the organization. A key component to achieving savings on a recurring basis will be EFC’s review of all current and future vacancies to ensure that only positions that are critical to the Corporation’s mission are filled. This practice should also achieve significant fringe benefit savings as well.

It is important to note that EFC’s appropriated programs remain completely self sufficient and are not supported in any way by State revenues. Given recent reductions in federal clean water grants, however, EFC is now supporting a significant portion of day-to-day operational expenses using administrative fee revenues derived from our financing transactions rather than federal funds. These fee revenues permit EFC to continue to operate in the absence of sufficient grant funding while avoiding the need for any State Operations resources for personal and non-personal services expenses.

In addition, EFC has managed to keep costs in control by limiting employee benefits that exceed those offered to traditional State employees. We do not pay for 100% of health insurance costs for our staff nor does EFC offer vacation buy backs in excess of the five days agreed to in the PEF/CSEA collective bargaining agreements. We also do not provide a bonus pool of any kind for senior and Executive staff members and we do not provide to our Board of Directors with any paid benefits other than reimbursement for direct travel expenses. We believe that this is demonstrative of our efforts to act conservatively in our operations regardless of exogenous economic conditions.

A.3 Protecting Key Priorities – One of the major challenges of reducing spending to achieve savings will be to maintain both budget balance and the critical needs of EFC’s programs. Reductions in staff and other non-personal service items must not impact the quality of financial or technical services that EFC provides to its clients under our various programs.

A.4 Treatment of New Initiatives – EFC will carefully monitor and evaluate the effects of new product offerings and initiatives in its various programs to determine if any additional workload can be absorbed by or reallocated to existing staff before it considers hiring new staff.

We are also actively working with DEC to see how EFC can assist in the administration of various grant programs, specifically the EPF’s Water Quality Improvement Program. Given our experience working with similar programs we have offered our assistance in helping to administer all or a portion of this program. This will provide an indirect PS/NPS savings to DEC while ensuring that EPF funds flow on a timely basis to qualified grant recipients.

B. Summary of General Fund Financial Impacts – This section does not apply to EFC.

GENERAL FUND -- SAVINGS SUMMARY			
	<u>Required Reduction</u>	<u>2008-09 Savings</u>	<u>2009-10 Savings</u>
Local Assistance			
Personal Service			
Non-personal Service			
Total State Operations			
Capital			
TOTAL			

GENERAL FUND -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS			
	<u>2007-08 Actual</u>	<u>Revised Projection</u>	<u>Percent Change</u>
Local Assistance			
Personal Service			
Non-personal Service			
Total State Operations			
Capital			
TOTAL			

C. Identification of Proposed General Fund Actions – This section does not apply to EFC**

While EFC’s budget has no impact on the General Fund, we would like to note that EFC provides the following financial support to various entities providing indirect General Fund relief:

1. Pays the cost of a Federal Affairs Coordinator position at approximately \$100,000 per year;
2. Provides financial support to DEC in the amount of \$1,550,000 per year to cover various positions;
3. Provides financial support to Ag & Markets via a contract with the Wyoming County Soil & Water Conservation District in the amount of \$100,000 per year;
4. Pays a cost recovery assessment (PAL Sec 2975) to the State in excess of \$4,000,000 a year.

2008-09 Cash	2009-10 Cash	2010-11 Cash
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GENERAL FUND

Local Assistance

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.

State Operations

- 11.
- 12.
- 13.
- 14.

Capital Projects

- 15.
- 16.
- 17.
- 18.

D. Summary of Impact on Other Funds

OTHER FUNDS -- SAVINGS SUMMARY			
	<u>Required Reduction</u>	<u>2008-09 Savings</u>	<u>2009-10 Savings</u>
Local Assistance			
Personal Service	183,000	277,000	138,500
Non-personal Service	33,000	185,000	92,500
Total State Operations	216,000	462,000	231,000
Capital		12,000	6,000
TOTAL	216,000	474,000	237,000

OTHER FUNDS -- YEAR-TO-YEAR CHANGE, AFTER SAVINGS			
	<u>2007-08 Actual</u>	<u>Revised Projection</u>	<u>Percent Change</u>
Local Assistance			
Personal Service	6,984,300	5,756,000	(17.5)
Non-personal Service	3,364,000	2,198,000	(34.6)
Total State Operations	10,348,300	7,954,000	(23.1)
Capital	326,200	343,000	5.1
TOTAL	10,674,500	8,297,000	(22.2)

E. Identification of Proposed Other Fund Actions

<u>2008-09 Cash</u>	<u>2009-10 Cash</u>	<u>2010-11 Cash</u>
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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.

	2008-09 Cash	2009-10 Cash	2010-11 Cash
State Operations			
8. Corporate Administration Fund (339P6)	91,000	45,500	22,750
9. Clean Water State Revolving Fund (30001)	272,000	136,000	68,000
10. Drinking Water State Revolving Fund (36601)	99,000	49,500	24,750
11.			
Capital Projects			
12. Clean Water/Clean Air Implementation Fund (07906)	12,000	6,000	3,000
13.			
14.			
15.			

F. Plan to Manage the Workforce

F.1 Overall Approach – EFC will continue its conservative approach to managing the workforce. As vacancies are created, staff will consider the requirements of the position to determine whether it needs to be filled or if it can be absorbed by current staff in specific program areas. This is a practice that EFC currently utilizes and greater consideration will be given going forward to make every effort to reduce staffing levels where possible.

F.2 Plan for Refill of Vacant Positions (both current and anticipated vacancies) – EFC's anticipated plan for filling vacancies will consist of an evaluation of each vacant position to determine the current need for that position. In an event where a vacancy is required to be filled, consideration will be given to shifting the workload and hiring at a lower level. EFC is currently utilizing this practice, and it has proven effective in certain programs within the Corporation. Consideration will also be given to eliminating a position completely if it can be absorbed by current staff with little or no effect to the services EFC provides. Positions may need to be upgraded to reflect increased duties and responsibilities however, this should still provide a cost savings to the Corporation.

Workforce Impact -- All Funds	
a. Initial Target: 100 [for reference]	
b. Current Fills PP# 3 or 4	94
c. Recurring impact of proposed actions (see Parts C & E)	
d. Recurring impact of vacancy-refilling plan (see F.2)	6
e. Total FTEs March 31, 2009 (line b minus line c, plus/minus line d)	
f. Change from Initial 2008-09 Target (line a minus line e)	100

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

	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	TOTAL
A. Workforce - All Funds													
Est FTEs Month-end	94	94	94	94	94	94	94	94	94	94	94	94	
B. State Operations													
Personal Service													
1st PP	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	2,656,620
2nd PP	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	221,385	2,656,620
3rd PP (if applies)							221,385						442,770
Subtotal PS	442,770	442,770	442,770	442,770	442,770	442,770	664,155	442,770	442,770	442,770	442,770	664,155	5,756,010
NPS	183,167	183,167	183,167	183,167	183,167	183,167	183,167	183,167	183,167	183,167	183,167	183,167	2,198,004
Total Disbursements -- State Ops	625,937	625,937	625,937	625,937	625,937	625,937	847,322	625,937	625,937	625,937	625,937	847,322	7,954,014
C. Local Assistance													
Program x	0	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	0
Program z	0	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	0
Total Disbursements - Local	0												
D. Capital Projects													
Program/project aa	0	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	0
Program/project cc	0	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	0
Total Disbursements - Capital	0												

(double-click to enter table)

H. Assumptions Underlying the Proposed Plan

EFC's largest expense is its workforce. All programs and operations will continue to be scrutinized to identify efficiencies that may reduce expenditures and improve savings over current cost levels. While we endeavor to consistently increase our funding programs capacity, we will work diligently to measure and maximize staff output to ensure that staffing levels remain conservative to the fullest extent practicable.

I. Management of Risks Inherent in the Plan

The recent enactment of the M/C paybill, as well as statutory changes during the last year, such as the requirement that EFC must webcast board meetings, all contribute to the growth of EFC's expenditures.

As previously noted, EFC is currently supporting day-to-day CWSRF operations with federal grant proceeds as well as administrative fee revenues. As federal CWSRF grant funds continue to diminish year-to-year, we are preparing to fund CWSRF operations using solely administrative fee income. In the event that grant funds are discontinued completely in 2011, as is currently proposed by the Bush Administration, EFC may seek a cost recovery waiver in order to maintain program services and our direct operating assistance to DEC.

J. Additional Savings Opportunities for 2008-09

As previously discussed EFC will carefully review its operations to identify efficiencies that may result in savings through decreased costs. EFC will also scrutinize vacancies to ensure that only positions critical to carry out the Corporation's mission are filled and that travel and marketing expenses are limited to "as needed."

EFC is also working to manage our IT costs by investing in systems that create "virtual" computers and servers. In doing so, we will maximize the usage of our current server resources and reduce the need to purchase new servers at a considerable cost savings.

K. Potential Future Savings Opportunities/Operational Improvements (indicate if statutory change is required)

EFC should continue to scrutinize all potentially unnecessary costs to the Corporation, such as limiting the number of attendees to conferences and determining whether certain travel requests are required to promote the mission of EFC. Unnecessary purchases of supplies and equipment will also provide a savings to the Corporation.