

PLIA

Washington State

POLLUTION LIABILITY INSURANCE AGENCY

2016 SUPPLEMENTAL Budget

(360) 407-0520 / (800) 822-3905

www.plia.wa.gov

October 5, 2015

Recommendation Summary

Agency: 462 Wa Pollution Liab Insurance Program

8:10:07AM

10/2/2015

Dollars in Thousands

	Annual Average FTEs	General Fund State	Other Funds	Total Funds
2015-17 Current Biennium Total				
Total Carry Forward Level				
Percent Change from Current Biennium				
Carry Forward plus Workload Changes				
Percent Change from Current Biennium				
M2 8R Retirement Buyout Costs			86	86
Total Maintenance Level			86	86
Percent Change from Current Biennium				
Subtotal - Performance Level Changes	0.0			
2015-17 Total Proposed Budget			86	86
Percent Change from Current Biennium				

M2 8R Retirement Buyout Costs

Wa Pollution Liability Insurance Agency (PLIA) is a small agency with limited resources for administrative costs. PLIA's Operations Manager is retiring at the end of the biennium and additional funding is needed to cover the cost of the leave balance cash out and implement adequate six month overlap succession to facilitate an efficient transition and minimize disruptions to agency operations. Without this increase in funding, the agency must redirect funds by either canceling or delaying existing services, or by reducing other employees' hours to offset the buyout costs.

Agency: 462 Wa Pollution Liab Insurance Program
Decision Package Code/Title: 8R Retirement Buyout Costs
Budget Period: 2015-17
Budget Level: M2 - Inflation and Other Rate Changes

Recommendation Summary Text:

Wa Pollution Liability Insurance Agency (PLIA) is a small agency with limited resources for administrative costs. PLIA's Operations Manager is retiring at the end of the biennium and additional funding is needed to cover the cost of the leave balance cash out and implement adequate six month overlap succession to facilitate an efficient transition and minimize disruptions to agency operations. Without this increase in funding, the agency must redirect funds by either canceling or delaying existing services, or by reducing other employees' hours to offset the buyout costs.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
544-1 Pollution Liab Insurance Prog Trust-State		86,000	86,000
Total Cost		86,000	86,000

Package Description:

Background

PLIA's Operations Manager will be retiring at the end of the 15-17 biennium with more than 37 years of state service. PLIA has a succession plan in place to refill the position with an internal employee prior to the Operations Manager's retirement for a six month transition period.

Current Situation

PLIA's 15-17 biennial operating budget is \$1,866,000 and the Operations Manager will have an expected substantial balance of both sick and annual leave to be cashed out. There is no funding available to absorb the cost of the retirement leave cash out and succession plan implementation, which will equal 4.6% of the agency's biennial budget.

Proposed solution

The agency plans to double-fill the retiring Operations Manager's position for six months to train the internal employee in their new duties. Due to the small size of the agency, an extended transition period is anticipated to train the new Operations Manager in the following areas of responsibility: staff supervision, human resources, records management, public records, safety, budget, and more.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The transition period will be sufficient to avoid any disruptions of service to agency customers and stakeholders . The new Operations Manager's vacated position will be refilled concurrently for cross-training purposes .

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. Implementing the succession plan promotes the agency's strategic plan workforce commitment of enhancing the knowledge and skills of our employees, and lessening the impact of the transition to our service delivery .

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Yes. The implementation of PLIA's succession plan supports Results Washington Goal 5 for Efficient, Effective and Accountable Government - an appropriate training period is necessary due to the varied responsibilities to be learned by the new Operations Manager, as well as allowing for sufficient time to cross train their replacement .

What are the other important connections or impacts related to this proposal?

None

What alternatives were explored by the agency, and why was this alternative chosen?

The Operations Manager position, also referred to as the deputy director, shall be appointed by the director per RCW 70 .148.030(1). The alternatives considered were to open a recruitment to fill the position from a competitive process, or implement a succession plan by appointing an internal candidate. We are choosing to implement a succession plan to minimize disruption to the agency's operational management and invest in an internal employee who has valuable institutional knowledge of the agency's programs and strategic direction. This will result in a lower level vacancy, which will be filled by a competitive recruitment .

What are the consequences of adopting or not adopting this package?

PLIA would need to fund the retirement leave cash out and double-filled position from existing allocations, which will cause a significant financial hardship. The retirement is planned for the end of the biennium, so it would cause an extreme curtailment of operational spending during FY17 to absorb that major expense if no additional funding is appropriated . If the Operations Manager position was held vacant for any amount of time, there would be an immediate detrimental effect to the agency's ability to maintain normal operations. Additional expenses would likely be realized as the agency would have an increased need for small agency assistance from many areas within the Department of Enterprise Services normally assigned to the Operations Manager . This would especially cause substantial delays in the agency's ability to respond to public records requests, which have increased significantly during the past five years.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

The anticipated cost for the 2017 fiscal year will be \$86,000. This includes:

The assumption that the Operations Manager will cash out 387 hours annual and 600 hours sick leave upon retirement .

The internal employee selected to fill the Operations Manager position will be given a minimum of 10% pay increase.

It is assumed that the candidate hired to backfill the vacated position will earn the same salary as the former incumbent .

Summary of costs FY17:

\$44,440 Sucession Overlap, Salaries/benefits
41,560 Retirement, Annual/sick leave buyout

\$86,000 Total request

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All funds requested are one-time costs. The six month transition period with the double-fill of the Operations Manager will end upon the incumbent's retirement at the end of FY17.

<u>Object Detail</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
A Salaries And Wages		73,000	73,000
B Employee Benefits		13,000	13,000
Total Objects		86,000	86,000

ELECTRONIC SUBMITTAL CONFIRMATION FORM

Agency Number: 4620

Agency Name: Pollution Liability Insurance Agency

Agencies are required to provide electronic access to each decision package in their budget request as part of the submittal process. Confirm Option 1 or 2 below:

Option 1:

- This agency posts all decision packages for our 2015-17 budget request to our public facing website at the following URL:

URL: http://

Option 2:

- This agency does not post decision packages and has forwarded copies via e-mail to OFM.Budget@ofm.wa.gov.

These decision packages conform to our agency's ADA accessibility compliance policy.

Agency Cyndy Putscher, Operations Manager

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Date: October 5, 2015