

X. FISCAL YEAR 2008 PERFORMANCE BUDGET

The FY 2008 budget request of \$256.238 million is formulated on the following assumptions:

- FY 2008 case intake will remain at projected FY 2007 levels – 25,000 unfair labor practice charges, and 4,500 representation cases
- Planned performance goals under GPRA will be met
- Efforts will continue to reduce the inventory of ULP cases in the Regional Offices
- The President’s Management Agenda will be supported by funding Agency investment programs that are essential to maintaining productivity, efficacy and efficiency, including employee development and information technology
- The possibility that GSA will relocate NLRB headquarters to a new building

Funding Profile

The \$256.238 million requested will fund essential staffing, space requirements, long term investments in IT, and employee development needs.

The NLRB’s mission – the resolution of labor disputes through investigation, settlement, advocacy and adjudication – relies primarily on skilled and experienced professional employees; accordingly, most of the Agency’s budget is dedicated to personnel costs. In FY 2008, an estimated \$203.5 million or 79 percent of the Agency’s budget will go for employee pay and

benefits. The second largest expense, space rent and associated security costs, is estimated to total \$30.9 million in FY 2008, or about 12 percent of the requested funding. The remaining 9 percent will be allocated among all other operating costs and activities critical to meeting and supporting the Agency’s mission and management objectives, including IT development, acquisition and maintenance; providing transcripts of formal hearings; covering statutory fees, travel reimbursements and, increasingly, paying for interpreters for witnesses; maintaining current legal research collections; and complying with government-wide statutory and regulatory mandates. (Please note that the above allocation of resources would be adjusted if GSA relocates the NLRB headquarters office. Such a move would cost about \$5-6 million. At this writing, a final decision is pending, as GSA continues negotiations with current building management.)

The following table places the FY 2008 performance budget request in the context of resources received or anticipated over the FY 2006 through FY 2008 timeframe:

	FY 2006 Actual	FY 2007 CR Level	FY 2008 Performance Budget
Funding Level (000s)	\$249,745	\$249,745	\$256,238
Agency FTE	1,790	1,755	1,725
Backlog⁹ of ULP Cases	100	100	200

The requested funding of \$256.238 million constitutes an increase of \$6.493 million over the year long CR funding level of \$249.745 million anticipated for FY 2007. The estimated Agency FTE is 1,725, a decrease of 30 from the FY 2007 projected FTE level of 1,755. Our goal will be to achieve this reduction through attrition and continuation of the conservative hiring practices employed in fiscal years 2006 and 2007. Technological improvements and other management initiatives as described in Section VII will also enhance efficiency. Furloughs will be utilized if these measures do not produce the requisite savings. At current case intake levels, it is not anticipated that this FTE reduction will affect attainment of our performance goals.

Budget Oversight

The NLRB prides itself on being an extremely effective steward of taxpayer dollars. As such, we have conserved funds and maximized our spending flexibility over the years, by imposing strict hiring controls in all offices; restructuring and streamlining our workforce to either eliminate higher graded positions, or fill them at lower grades; consolidating space so as to reduce rental costs; and cutting back on IT, travel, and other case handling and support costs. While increased fuel and rental costs have offset, somewhat, these efforts, they have still enabled us to cover our normal requirements, while continuing to serve our constituents at a high level,

⁹ Number of cases pending above a base caseload of 3,600.

maintain labor peace, and achieve our GPRA goals. Listed below are cost-cutting actions that we plan to continue in fiscal years 2007 and 2008:

- Actions to conserve and better manage resources, such as:
 - consolidated case handling travel; and
 - higher standards for discretionary travel
- Reduced number of conferences and seminars
- Various administrative and human capital management measures, such as the Voluntary Early Retirement Program (VERA), leave without pay program (LWOP), and 120 – 150 day hiring lag for most vacancies.

Performance

Through our judicious and efficient use of resources, combined with a decrease in case intake, the Agency has been able to reduce its backlog, while also cutting its FTE.

The normal pipeline of unfair labor practice situations pending in the regions is 3,600, which includes the normal cycle of cases pending preliminary investigation. Cases in the inventory may range from the newly filed to those that have been in process many months. Depending on its classification under Impact Analysis (see page 15), the target disposition period for a case is from 7 to 12 weeks. A pending caseload in the regions above the 3,600 figure is generally considered overage and, therefore, is defined by the Agency as its “backlog.”

The backlog had reached 1,046 in FY 2003, but due to the resources provided, and the workforce planning and information technology initiatives described in Section VII, the Agency was able to reduce the backlog to about 100 cases at the end of FY 2006. Assuming Agency funding as per this request and the CR level in FY 2007, along with a stable case intake, the backlog is expected to remain at about 100 cases in FY 2007, and increase to 200 in FY 2008.

During this same time period, the Agency will have reduced its FTE from 1,874 in FY 2003 and 1,888 in FY 2004, to 1,725 in FY 2008 – a decrease of 163 FTE. Enhanced workforce planning, improvements in information technology, and decreases in case intake, have enabled the Agency to absorb this reduction, while maintaining a backlog of about 100 cases. Additional FTE cuts below this level, however, could lead to a significant increase to the backlog, and hurt the Agency’s ability to meet its GPRA goals, particularly its traditionally high settlement rate of about 95%. As mentioned, previously, every one percent drop in the settlement rate costs over \$2 million.

Given a staffing level of 1,725 FTE, an approximate ULP case intake of 25,000 cases, and the learning curve of new field staff, it is estimated that the backlog will total about 200 cases by the end of FY 2008. The Agency is committed to maintaining a reduced backlog. In FY 2008, we will continue to manage our resources so as to maximize efficiency, continue to improve processes, and minimize any impact to the backlog.

BUDGET PROGRAM ACTIVITIES

The following is a discussion of the Program and Financing section of the budget that illustrates obligations by program activity. The figures below reflect essentially a flat line budget for FY 2008, with increases to cover compensation, space rent, and systems-related contractual costs.

\$ Millions	FY 2006 Actual	FY 2007 CR Level	FY 2008 Request
Field investigation	\$200	\$200	\$205
ALJ hearing	13	13	13
Board adjudication	24	24	24
Securing compliance with Board orders	12	12	13
Internal review	1	1	1
Total	\$250	\$250	\$256

Field Investigation

The FY 2008 budget request of \$256.238 million is based on an estimated intake level of 25,000 ULP cases and 4,500 representation cases. Staffing in the Regions comprises approximately 70 percent of total Agency FTE, and this ratio will be maintained in FY 2008.

The initial processing and disposition of new case filings in the Field drives the intake for other stages of the case handling pipeline. Approximately one-third of the cases dismissed by the Regional Directors based on a lack of merit are appealed to the Office of Appeals. The meritorious charges, if not settled, go onto the administrative law judges' trial calendar and from there a portion are appealed to the Board for final decision. Some cases proceed to the Enforcement Division for Appellate Court review, and some of those may proceed to contempt or other post-enforcement proceedings. While cases are winnowed out at every stage of the pipeline, the rates tend to be constant over time. The primary indicator of overall caseload throughout the process is the rate at which the Field processes new filings.

At the FY 2008 requested level of \$256.238 million and 1,725 FTE, the number of situations pending is expected to increase slightly from 3,700 cases at the end of FY 2007, to 3,800 cases at the end of FY 2008.