

Thirty years – promoting and protecting labor management relations for effective, efficient government.

The Federal Labor Relations Authority

Citizens' Report: the FY 2008 Summary of Performance and Financial Results



ABOUT THIS REPORT

This Citizens' Report Summarizes the Federal Labor Relations Authority's (FLRA's) Fiscal Year (FY) 2008 Annual Financial Report (AFR) and Annual Performance Report and Plan -- which is contained in the FLRA's FY 2010 Congressional Budget Justification (CBJ) -- and it is intended for a general audience of agency stakeholders. This report provides readers with an understanding of the FLRA's mission, programs, performance results, and financial highlights for the year. For more detailed information, see the complete FY 2008 AFR and FY 2010 CBJ, available at: www.FLRA.gov.

INTRODUCTION

The Federal Labor Relations Authority is the agency designated by Congress to provide leadership in establishing policies and guidance relating to labor-management relations in the Federal government. To carry out this mission, the FLRA renders decisions and resolves labor-management relations disputes that arise among Federal agencies, Federal employees, and the labor organizations that represent them.

The FLRA's 2008 Citizens' Report represents the FLRA's effort to provide a summary of: (1) the FLRA's mission; (2) key goals; (3) how funds are spent relative to performance goals; and (4) actions the FLRA plans to take to build on successes and address shortcomings.

The FLRA's FY 2008 Budget, Performance, and Financial Snapshot on the following pages provides a quick picture of the FLRA's mission, organization, performance and financial results, and is followed by more detailed information describing the complete data set forth in the FLRA's FY 2008 AFR and FY 2010 CBJ.

FEDERAL LABOR RELATIONS AUTHORITY BUDGET, PERFORMANCE AND FINANCIAL SNAPSHOT Fiscal Year 2008

Who We Are

Mission: The FLRA is an independent administrative Federal agency. The FLRA’s mission is to carry out five primary statutory responsibilities as efficiently as possible and in a manner that gives full effect to the labor-management relations rights afforded Federal agencies, Federal employees, and the labor organizations that represent those employees. These responsibilities include: (1) determining the appropriateness of units for labor organization representation; resolving complaints of unfair labor practices; adjudicating exceptions to arbitrators’ awards; adjudicating legal issues relating to the duty to bargain (i.e., negotiability); and resolving impasses during negotiations. (See our Strategic Plan covering FY 2008 at: www.flra.gov/public_affairs).

Organization: The FLRA conducts its case processing activities through three components: the Office of the General Counsel, the Authority decisional component, and the Federal Service Impasses Panel (FSIP). Presidential appointees head these components. The FLRA also provides full staff support to two other organizations - - the Foreign Service Impasse Disputes Panel and the Foreign Service Labor Relations Board. The following chart sets forth the FLRA’s organizational structure in FY 2008:

The FLRA’s organization during FY 2008 is reflected in the following chart:

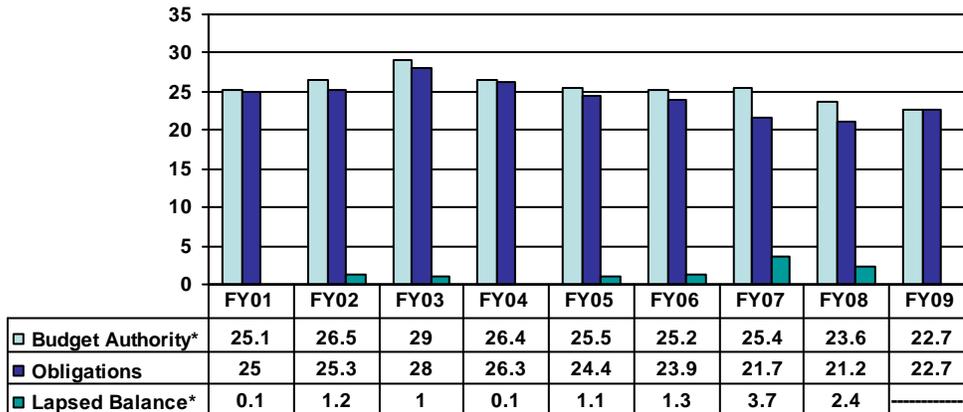


The Authority, General Counsel, and FSIP maintain their respective headquarters offices at a common location in Washington, DC. The FLRA Office of the General Counsel also maintains a network of seven regional offices and one satellite office in the following locations: Atlanta, GA; Boston, MA; Chicago, IL; Dallas, TX; Denver, CO; San Francisco, CA (one two-person satellite office is located in Diamond Bar, CA); and Washington, DC. A map of the OGC regional offices and their jurisdiction can be found at: www.flra.gov/ogc-regional-offices.

Personnel: As of September 2008, the FLRA has a total FTE workforce of approximately 119 employees. This includes 59 headquarters employees in Washington, D.C., and 60 employees in the FLRA’s regional offices.

Budgetary Resources: The FLRA’s budgetary resources for FY 2008 totaled \$23.6 million.

Budget Snapshot



**Budget authority reflected above is net of rescissions. Lapsed balance amounts are not cumulative and do not include prior-year carryover.

Performance Snapshot

Accomplishments: The FLRA failed to meet many of the case processing performance goals under the FLRA’s single strategic goal of resolving labor-management relations disputes impartially and promptly.

Challenges: The FLRA is developing a multi-pronged strategy to make the best use of funds to tackle the backlogs of cases awaiting decision by the FLRA’s Chairman and Members as well as cases awaiting investigation and prosecution in the FLRA’s Office of the General Counsel regional offices. The FLRA also faces challenges in the areas of the management of human capital, to ensure that agency resources are appropriately allocated in a sustainable fashion; use of resources and technology to enhance agency performance; and improvement of employee morale through increased communication, training, and workplace flexibilities. Vacancies in key positions -- including Presidential leadership -- severely impacted the FLRA’s mission performance during FY 2008.

Financial Snapshot

Clear Opinion on Financial Statements	Yes
Timely Financial Reporting	No
Material Weaknesses	No
Total Assets	\$10.9
Total Liabilities	\$4.1
Net Cost Operations	\$24.1

\$ in millions

SUMMARY OF FLRA PERFORMANCE FOR FY 2008

The FLRA's FY 2008 Annual Performance Plan consisted of 19 performance goals under the single strategic goal of the agency's FY 2004-2009 Strategic Plan. The FLRA did not meet many of these goals, with lapses explainable by the loss of, and continuing vacancies concerning, key personnel, including experienced staff involved in dispute resolution in all components and at all levels.

Strategic Plan Goal To resolve disputes impartially and promptly.

The FLRA addresses this goal through six performance goal categories that incorporate the objectives of each individual component involved in agency-wide achievement of the performance goal. These six performance goals are as follows:

- Provide timely adjudication of cases through E-filing and case tracking.
- Provide timely review and disposition of Unfair Labor Practice (ULP) cases.
- Provide timely review and disposition of Representation (REP) cases.
- Provide timely review and disposition of Arbitration (ARB) cases.
- Provide timely review and disposition of Negotiability (NEG) cases.
- Provide timely review and disposition of Bargaining Impasse cases.

Information on the FLRA's performance during FY 2008 is summarized below.

With respect to the goal of providing timely adjudication of cases through E-filing and case-tracking, the FLRA entered into the first phase of a two-phase contract at the end of FY 2008 to develop and implement an internal case tracking system. Upon completion of the work encompassed by phase II of this contract, which work is scheduled to occur in FY 2010, the agency will have obtained a system with the future capability of supporting E-filing. However, other than entering into this contract, little was accomplished toward meeting Goal 1 in FY 2008.

Similarly, although a few of the FY 2008 goals set for processing and resolving various types of cases (Goals 2 through 6) were met, most were not met. For example, with the exception of a portion of the goal for processing REP cases, the Authority did not meet any of its goals. This is due primarily to the fact that, for several years, the necessary resources were not invested in addressing the then-growing backlog of cases. With regard to staffing in particular, FTEs on board at the end of FY 2008 represented a 50 percent reduction from staffing in FY 2001. In addition, the FLRA experienced numerous vacancies, often of long duration, in key positions. Moreover, the FLRA's Chairman resigned in July 2008 and, as there already was an existing vacancy in the Authority's membership, the Authority was unable to issue any decisions during the remainder of the fiscal year. Likewise, the General Counsel resigned in February 2008 and, as the Deputy General Counsel position also was vacant at the time, the Office of the General Counsel became legally unable to issue and prosecute complaints in ULP cases; the vacancy in the General Counsel position and its effect on operations in the Office of the General Counsel continued through the remainder of FY 2008.

Summary Performance and Budget Data Concerning Key Performance Goals

Goal 1—Provide timely adjudication of cases through E-filing and case tracking.

Objective: Enhance customer ease of filing cases and tracking case status through web-based case-filing systems.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	Met/Not Met
Percentage of process completed to take procurement action to build electronic case-filing system, integrate the system with existing web-based applications, and implement on-line filing.	N/A	0%	0%	100%	0%	Not Met

Budgetary Resources

Performance Objective	FY 2008 FTE Personnel	FY 2008 Budgetary Resources
Enhance customer ease of filing cases and tracking case status through web-based case-filing systems.	0	0

Goal 2—Provide timely review and disposition of Unfair Labor Practice cases.

Objective: Remedy all ULP cases in a timely manner.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	Met/Not Met
Percentage of ULP charges resolved (issuance of a complaint, withdrawal, dismissal, or settlement of the charge) within 120 days from the date filed.	N/A	N/A	63%	100%	48%	Not Met
Percentage of ULP cases decided by the Authority within 120 days of assignment to Authority adjudicatory staff.	N/A	N/A	0%	100%	0%	Not Met

Budgetary Resources

Objective	FY 2008 FTE Personnel	FY 2008 Budgetary Resources
Remedy all ULP cases in a timely manner.	61.75	10,534

Goal 3—Provide timely review and disposition of Representation cases.

Objective: Remedy all Representation cases in a timely manner.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	Met/Not Met
Percentage of Decisions & Orders issued, or withdrawals of petitions approved, within	N/A	N/A	14%	100%	24%	Not Met

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	Met/Not Met
110 days of filing of petition with the OGC, where no election or hearing is necessary. Percentage of Representation cases in which a decision whether to grant review issued by day 60 and a final decision issued by day 90, upon assignment to professional case production staff.	N/A	83%	80%	100%	86%	Not Met

Budgetary Resources

Performance Objective	FY 2008 FTE Personnel	FY 2008 Budgetary Resources
Remedy all Representation cases in a timely manner.	16.50	3,091

Goal 4—Provide timely review and disposition of Arbitration cases.

Objective: Remedy all Arbitration cases in a timely manner.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	Met/Not Met
Percentage of Arbitration cases decided within 120 days of assignment to professional case production staff.	N/A	N/A	17%	100%	0%	Not Met

Budgetary Resources

Performance Objective	FY 2008 FTE Personnel	FY 2008 Budgetary Resources
Remedy all Arbitration cases in a timely manner.	24.60	6,940

Goal 5—Provide timely review and disposition of Negotiability cases.

Objective: Remedy all Negotiability cases in a timely manner.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	Met/Not Met
Percentage of Negotiability cases decided within 120 days of assignment to professional case production staff (reflecting reasonable time for a post-petition conference).	N/A	N/A	0%	100%	0%	Not Met

Budgetary Resources

Performance Objective	FY 2008 FTE Personnel	FY 2008 Budgetary Resources
Remedy all Negotiability cases in a timely manner.	6.15	1,735

Goal 6—Provide timely review and disposition of Bargaining Impasse cases.

Objective: Remedy all Bargaining Impasse cases in a timely manner.

Performance Measure	FY 2005 Results	FY 2006 Results	FY 2007 Results	FY 2008 Target	FY 2008 Results	Met/Not Met
Percentage of Bargaining Impasse cases in which the Panel asserted jurisdiction or declined to assert jurisdiction within 90 days of the completion of filing requirements pursuant to FSIP regulations.	N/A	N/A	N/A	100%	79%	Not Met

Budgetary Resources

Performance Objective	FY 2008 FTE Personnel	FY 2008 Budgetary Resources
Remedy all Bargaining Impasse cases in a timely manner.	4	703

SUMMARY OF KEY FLRA MANAGEMENT ISSUES AND INITIATIVES

The FLRA’s capacity to fulfill its mission to provide leadership in establishing policies governing labor-management relations in the Federal sector was seriously diminished by three fiscal years during which the agency left unobligated nearly 25 percent of its appropriations (FY 2005, FY 2006, FY 2007) and another year (FY 2008) where 10 percent of its appropriations were unobligated despite the fact that those monies were sorely needed to fill key positions and fund basic operations.

The foregoing approach to the agency’s management has left the agency with a lack of resources in each component unprecedented in the agency’s nearly 30-year history – almost a 50 percent reduction in FTEs since FY 2001. Moreover, vacancies at the Presidential appointee level legally prevented two of the agency’s three components (the Office of the General Counsel and the Authority) from performing key statutory functions, leaving the agency with severe resource deficiencies and a crippling backlog of cases awaiting resolution. This also created the challenge to identify and manage the resources to permit the FLRA to attack its backlog of cases and to improve the effectiveness and efficiency of agency operations in all components and at all levels.

Case Backlog Reduction Initiative

Beginning in FY 2009, the FLRA is developing a multi-pronged strategy to make the best use of funds to tackle the backlogs of cases awaiting decision by the FLRA’s Chairman and Members as well as cases awaiting investigation and prosecution in the FLRA’s regional offices. The following reflects management FY 2009 initiatives to address the backlog (Several of these initiatives were in effect years ago when the agency was accomplishing its goals.):

- Increase the number of attorneys staffing these functions in the Offices of the Members and the Office of the General Counsel. In addition, the organizational structure of the Offices of the Members will be restructured so that attorneys are now assigned to

individual Members.

- Modify the process for reviewing cases to reinstitute a “screening team” with the function to identify cases susceptible to expedited processing before those cases are formally assigned to the Chairman and Members for processing.
- Aggressively pursue opportunities to provide training to customers and staff. Experience shows that these efforts provide dividends not only in terms of labor-management disputes that are avoided altogether but also in terms of improved quality of the presentations by filers, which assists the components in more timely resolving disputes.
- Recognize the cost-reduction and productivity benefits of telework by implementing an agency telework policy. If the experience of other agencies is indicative, telework should increase employee productivity.

Other Agency Initiatives

- Engage in strategic planning, which has not been attempted at the FLRA in any manner inclusive of FLRA components, staff and the Union of Authority Employees in over five years. This strategic planning will permit Presidential and career leadership to maximize the use of existing resources as well as design strategic initiatives to improve performance and customer service.
- Improve employee morale through increased communication, training, and workplace flexibilities. In this regard, a recent survey conducted by the Office of Personnel Management identified the morale of FLRA employees as the lowest of any agency, large or small, in the entire government.
- Strategically manage human capital. To this end, the agency is developing a new performance goal under which the agency will identify, consistent with the strategic plan, where human resources are needed, and will ensure that the resources are then reallocated as appropriate based on a sustainable staffing plan. In addition, the agency will clearly define individual performance objectives at all levels and in all components and work with, among others, employee representatives to design organizational and individual performance systems that improve agency effectiveness.
- Explore and use all existing resources and flexibilities and technology to enhance agency performance. Among other things, the FLRA Chairman intends to restore to the Office of the General Counsel reasonable administrative and budget authority, so as to promote individual managers’ ability to cut through “red tape” to accomplish their work.
- Address technology issues by implementing an enhanced electronic case tracking system and strengthen the agency’s IT infrastructure.

SUMMARY OF FLRA FINANCIAL STATEMENT INFORMATION

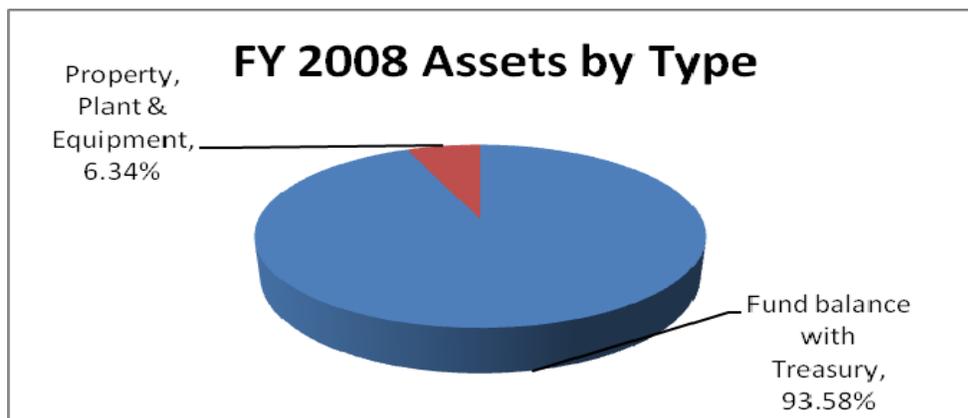
The FLRA’s FY 2008 financial statements report the Agency’s financial position and the result of its financial operations on an accrual basis – where transactions are recorded when they occur, regardless of when cash is received or disbursed. This method of accounting allows an accurate evaluation of operations during a given fiscal period, and takes into account future operations. The financial statements, related footnotes, and other required accompanying information are included in the Financial Section of this Agency Financial Report.

Financial Highlights for Fiscal Years 2008 and 2007 <i>(Dollars in Millions)</i>			
	% Change 2008 over 2007	2008	2007
Total Assets	-6.0%	\$10.9	\$11.6
Total Liabilities	+5.1%	\$4.1	\$3.9
Total Net Position	-9.2%	\$6.9	\$7.6
Total Net Cost of Operations	+0.4%	\$24.1	\$24.0
Total Budgetary Resources	-2.2%	\$30.8	\$31.5

Balance Sheet

Assets

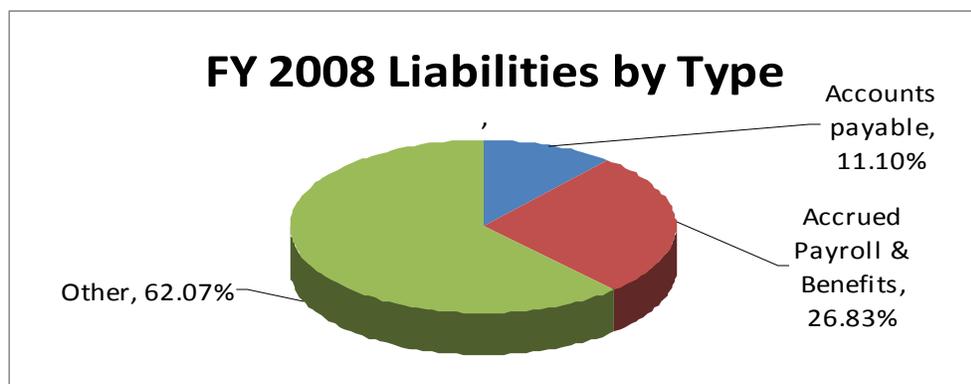
The FLRA’s assets, of which \$10.2 million was the Fund Balance with Treasury, decreased from \$11.6 million in FY 2007 to \$10.9 million in FY 2008. The Fund Balance itself decreased from \$10.8 million in FY 2007, a modest \$0.6 million reduction in the FLRA’s unexpended prior-year appropriations--mainly undisbursed cash balances retained by Treasury to pay current liabilities, accounts payable and undelivered orders. The FLRA does not maintain any cash balances outside of the U.S. Treasury and does not have any revolving or trust funds.



<i>(Dollars in Millions)</i>	2008
As of September 30, 2008	
Fund Balance with Treasury	\$10.2
Property, Plant and Equipment, Net	\$0.7
Total Assets	\$10.9

Liabilities

Relative to assets, FLRA has few liabilities. In FY 2008, the Agency's liabilities totaled \$4.1 million. Accounts payable reflects funds owed primarily for contracts and other services. Accrued leave liabilities reflect both unfunded liabilities for estimated annual leave earned but not as yet paid as well as worker's compensation benefits. Note that these liabilities are unfunded because they are estimates of future liabilities contingent upon passage of new appropriations.



<i>(Dollars in Millions)</i>	2008
As of September 30, 2008	
Accounts Payable	\$0.5
Accrued Payroll & Benefits	\$1.0
Other	\$2.6
Total Liabilities	\$4.1

Statement of Budgetary Resources

The Statement of Budgetary Resources focuses on: budgetary resources available to the FLRA (appropriated and reimbursable); the status of those resources (obligated or unobligated); and the relationship between the budgetary resources and outlays (collections and disbursements). In FY 2008 the FLRA's budgetary resources totaled \$30.8 million, the majority of which represents

new budget authority. There was a decrease of approximately \$0.7 million from FY 2007, during which budgetary resources were \$31.5 million. This statement reflects that approximately 74% (\$22.8 million) of the resources available in FY 2008 were obligated; up from 73% in FY 2007. FLRA's net outlays totaled \$22.6 million in FY2008 which is a slight decrease from its FY 2007 outlays of \$22.7 million.

SUMMARY OF FLRA FINANCIAL STATEMENT AUDIT INFORMATION TABLES

TABLE I - Summary of Financial Statement Audit

FY 2007 Audit Opinion: Unqualified
Restatement: No

	Beginning Balances	New	Resolved	Consolidated	Ending Balances
Material Weaknesses					
<i>Financial Statements:</i>					
<i>Internal Controls:</i>					
Inadequate oversight of financial accounting and reporting	✓		✓		
The Executive Director did not sign the management representation letter	✓		✓		
Delay in submitting the FY 06 Performance and Accountability Report	✓		✓		
Inadequate review and analyses of unliquidated obligations.	✓		✓		
Inadequate review of subsidiary supporting detail	✓		✓		
Weaknesses identified in FY 2005 Management Letter were not responded to by management	✓		✓		
<i>Compliance with Laws and Regulations:</i>					
FY 06 IG semi-annual reports to Congress were not timely reported	✓		✓		
Management did not properly assess the adequacy of internal control in programs and operations	✓		✓		
Ineffective environment for setting a positive and supportive attitude toward internal control and conscientious management	✓		✓		
OIG's request for independent FISMA evaluation was not approved	✓		✓		
Financial Section of FY 05 PAR was incomplete	✓		✓		
Total Material Weaknesses	11		11	0	0

FY 2008 Audit Opinion: Unqualified
Restatement: No

	Beginning Balances	New	Resolved	Consolidated	Ending Balances
Material Weaknesses					
None noted					
Total Material Weaknesses	0	0	0	0	0

TABLE II - Summary of Management Assurances

Section 1 - Effectiveness of Internal Control over Financial Reporting

FY 07 Statement of Assurance	Qualified		Resolved	Consolidated	Reassessed	Ending Balances
	Beginning Balances	New				
<i>Material Weaknesses:</i>						
Inadequate oversight of financial accounting and reporting	✓		✓			
The Executive Director did not sign the management representation letter	✓		✓			
Delay in submitting the FY 06 Performance and Accountability Report	✓		✓			
Inadequate review and analyses of unliquidated obligations.	✓		✓			
Inadequate review of subsidiary supporting detail for propriety	✓		✓			
Weaknesses identified in FY 2005 Management Letter were not responded to by management	✓		✓			
FY 06 IG semi-annual reports to Congress were not timely reported	✓		✓			
Management did not properly assess the adequacy of internal control in programs and operations	✓		✓			
Ineffective environment for setting a positive and supportive attitude toward internal control and conscientious management	✓		✓			
OIG's request for independent FISMA evaluation was not approved	✓		✓			
Financial Section of FY 06 PAR was incomplete	✓		✓			
Total Material Weaknesses	11	0	11			0
FY 08 Statement of Assurance	Unqualified		Resolved	Consolidated	Reassessed	Ending Balances
	Beginning Balances	New				
<i>Material Weaknesses:</i>						
Total Material Weaknesses	0	0				0

Section 2 - Effectiveness of Internal Control Over Operations

FY 07 Statement of Assurance		Unqualified				
<i>Material Weaknesses:</i>	Beginning Balances	New	Resolved	Consolidated	Reassessed	Ending Balances

Total Material Weaknesses	0	0				0
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FY 08 Statement of Assurance		Unqualified				
<i>Material Weaknesses:</i>	Beginning Balances	New	Resolved	Consolidated	Reassessed	Ending Balances

Total Material Weaknesses	0	0				0
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Section 3 - Conformance with Financial Management System Requirements

FY 07 Statement of Assurance		Systems conform to financial management system requirements				
<i>Non-Conformances:</i>	Beginning Balances	New	Resolved	Consolidated	Reassessed	Ending Balances

Total Non-Conformances	0	0	0	0	0	0
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FY 08 Statement of Assurance		Systems conform to financial management system requirements				
<i>Non-Conformances:</i>	Beginning Balances	New	Resolved	Consolidated	Reassessed	Ending Balances

Total Non-Conformances	0	0	0	0	0	0
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Section 4 - Compliance with Federal Financial Management Improvement Act

FY 07 Overall Substantial Compliance		Agency		Auditor
1. System Requirements		Yes		Yes or No
2. Accounting Standards		Yes		
3. USSGL at Transaction level		Yes		

FY 08 Overall Substantial Compliance		Agency		Auditor
1. System Requirements		Yes		Yes or No
2. Accounting Standards		Yes		
3. USSGL at Transaction level		Yes		