



NEW YORK STATE SENATOR

Jeffrey D. Klein

IDC Issues Recommendations to Streamline State Government \$312 million wasteful spending, potential savings, uncovered

JEFFREY D. KLEIN January 10, 2011

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The Independent Democratic Conference today submitted a series of recommendations to Governor Cuomo and his Spending and Government Efficiency (SAGE) Commission that will help them streamline New York's sprawling bureaucracy.

The IDC's recommendations to *crack down on overtime abuses, develop new accountability standards for outside contractors, review the use of state assets, and eliminate duplicative administrative functions*, are based upon the work performed by the Senate Task Force on Government Efficiency.

IDC members Jeffrey D. Klein, (D-Bronx/ Westchester), David J. Valesky, (D-Oneida), and Diane Savino, (D-Staten Island/ Brooklyn), serve as members of the Task Force, which during the last year uncovered more than \$312 million in questionable spending and potential savings.

“New Yorkers are simply not getting their money's worth from state government,” **Senator Klein said.** “We have seen example after example of inefficiencies, duplications of services and outright abuse of state resources. I applaud Governor Cuomo for his commitment to restructuring Albany and we believe the Task Force's work will be a good starting point for

this critically important job.”

The IDC sent copies of the Task Force's reports and recommendations to Governor Cuomo and SAGE Commission Co-Chair Paul Francis. The materials will be provided to other members of the commission as they are announced.

Senator Savino said: "During these difficult economic times, it is clear that the old ways of doing business simply aren't working anymore. We must look at fresh and innovative ways to find savings—from consolidating bureaucracies, to cutting back on overtime and administrative waste, to reducing our reliance on costly contractors—so that we can bring real relief to New Yorkers, while still providing vital services. I commend Governor Cuomo's efforts to improve government efficiency and look forward to working with the SAGE Commission, as well as my Senate colleagues, in finding ways to craft fiscally sound budgets. ”

Senator Valesky said: "The New York State government is too large and ineffective, and has become unsustainable, especially in this difficult economic climate. I strongly support Governor Cuomo's plan, through the SAGE Commission, to restructure the government, and I look forward to continuing the work the Senate Task Force on Government Efficiency has begun."

Senator David Carlucci, (D-Rockland), said: “New Yorkers work hard for their money and deserve to know that their tax dollars are being used in an ethical and efficient manner. Based on the reports by the Senate Task Force on Governmental Efficiency, the Independent Democratic Conference will recommend examining the practice of how we use taxpayer funded assets, the practice of overtime and the consolidation of redundant administrative positions and offices that increase state costs without increasing the effectiveness of services. Such arrangements undermine taxpayers’ trust in government and

deplete the States' limited financial resources. At a time when we are asking all New Yorkers to do more with less, we cannot allow such waste and inefficiency to continue. We must work to streamline government while retaining jobs and continuing to provide critical services New Yorkers rely on. I commend Governor Cuomo for making government efficiency a top priority.”

The recommendations are based upon Task Force reports that focused on the SUNY system, the State Department of Transportation, the State Department of Correctional Services, and the former Office of Mental Retardation and Developmental Disabilities (now called the Office for People with Developmental Disabilities.)

Based upon these reports, which can be found at www.nysenate.gov/committee/task-force-government-efficiency, the IDC recommends:

Cracking Down on Overtime Abuse

In both Fiscal Year 2008-09 and Fiscal Year 2009-10, the State spent more than \$400 million in overtime. In 2009 alone, the Departments of Transportation, Correctional Services and OMRDD, the Task Force discovered a combined spending of \$198.4 million in overtime.

The IDC recommends that the Division of Budget be granted control over overtime spending in order to curb excessive spending by agency heads. The DOB would have to pre-approve any overtime spending at the various agencies. The Division of Budget should issue clear rules regarding the rules for the assignment of overtime.

The IDC also recommends the administration end the practice of arbitrary hiring freezes, which, in practice, leads to a spike in overtime payments.

Enact Stricter Standards for State Contractors

The Task Force's April 2010 report uncovered millions of dollars in DOT spending on outside contractors for projects and tasks that could have been performed at a lesser cost by in-house workers. The Task Force identified 479 DOT contracts worth \$147.5 million that were approved, but expired before the agreed upon project or service was ever started.

While the money was not lost, it was tied up while the state was cutting back on essential services.

The IDC recommends new accountability standards for those who seek to do business with the state.

Categorize and Re-assess the Use of Certain State Assets

The Task Force's investigation into DOCS spending included claims by employees at DOCS that prison wardens were being given the use of luxurious homes near prisons for little, or no, cost. A separate inquiry found that in 2008, OMRDD paid more than \$1.9 million for the purchase of two homes to care for 13 client. One of those properties, which included a pool and a hot tub, appraised for \$5,000 less than the final purchase price. This price was 63 percent higher than the average area sales price during that time period.

The IDC recommends establishing a comprehensive and centralized database of state assets, and making a determination as to whether these assets should remain under state control. The state must also review policies relating to state-owned "perks," such as apartments and houses.

Eliminate Duplicative Administrative Positions

In the examination of SUNY and DOCS the Task Force found examples of redundant administrative positions and offices that increase State costs without increasing the effectiveness of State services.

The Task Force reviewed the spending of various police forces at SUNY campuses and found a surplus of high priced administrators.

At DOCS, the Task Force focused on several clusters of prisons across the State, i.e., areas in which two, or more correctional facilities are located right next to each other.

Each prison at these clusters had their own independent administrative staff, including payroll and contracting staffs, even though each facility used the same local businesses to provide them with supplies.

The IDC recommends that administrative functions at these various state facilities be consolidated. Assuming these consolidations led to a savings of 20% from the previous cost, the State could save \$10 million each year in payroll expenses.

It further recommends that the administration of the SUNY police system be centralized. As part of this centralization, the position of police chief for these local departments would be eliminated and replaced by a single administrator.