



NEW YORK STATE SENATOR

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## Independent Democratic Conference Plan would save \$37 million; Strengthen State IG Office

DAVID J. VALESKY March 9, 2011

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The Independent Democratic Conference today released a plan to streamline New York's patchwork Inspector General system and further empower the State Inspector General to be the top watchdog of New York's bureaucracy.

This proposal, which would eliminate overlapping and duplicative layers of state government and consolidate what are often competing operations, would result in \$37 million in savings.

“Each of these specialized inspectors general was established with the best of intentions, but over time it has led to an inefficient and increasingly unaffordable system,” said **Senator David J. Valesky, (D-Oneida.)** “The Independent Democratic Conference's aim is to make the **necessary** changes that will allow a more effective and efficient system to root out fraud and abuse in our state government.”

Currently, the state has an overall inspector general, as well as specialized IGs that are intended to oversee the MTA, Medicaid fraud, welfare fraud, and Worker's Compensation Fund. These “boutique” IGs are in statute, which prohibits the State Inspector General from pursuing investigations in these areas. **Former Inspector General Joseph Fisch** railed against this probation and advocated for its change.

“Bureaucracy should not stand in the way of oversight,” **Senator Jeffery D. Klein, (D-Bronx/ Westchester),** **said.** “If someone with multiple state contracts is defrauding one agency, they are likely committing fraud upon another part of state government. The IDC's plan would allow the Inspector General to pursue malfeasance wherever it may hide.”

Additionally, many state agencies have administratively established their own inspector generals that function as internal affairs units. While the IG's Office is not barred from pursuing cases in these agencies, the IDC is concerned about the overall efficiency of this model.

**Governor Cuomo** has also expressed concern with the current proliferation of inspectors general. In the Fourth Volume of his New New York Agenda, “Clean Up Albany; Make It Work,” he called for a review of the current structure as part of his approach to create an “effective system against government corruption.”

#### **The IDC's plan includes:**

- **Empowering the State IG to pursue wrongdoing in every part of state government.**

The IDC plan calls for eliminating any statutory prohibition that would exempt a government entity from State IG scrutiny. Former Inspector General Fisch requested this authority during testimony he gave to the Senate Investigations & Government Operations Committee in 2009:

***“Right now I do not have, statutorily, the authority to investigate agencies that have their own inspector general,” Fisch said. “The perfect example is the MTA. The MTA has its own inspector general. If that impediment did not exist, I would very quickly undertake an investigation of the MTA.”***

- **Establishing a dedicated MTA Oversight Unit within the State Inspector General's Office.** Using funding currently allocated to the MTA Inspector General, this unit would be used to exercise the IG's new-found jurisdiction of the authority. This new structure would preserve much-needed oversight of the MTA and its vendors,

while, if warranted, enabling the full resources of the State Inspector General's Office to be used to pursue an investigation.

- **Merging the Medicaid and Welfare Inspectors General with the Attorney General's Medicaid Fraud Control Unit.** All three entities are charged with pursuing fraud within the Medicaid system. However, the Welfare Inspector General, who is charged with pursuing Welfare recipient fraud throughout New York State has a staff of seven employees. By contrast, the Office of the Medicaid Inspector General has a staff of more than 650 and a budget of \$80.4 million. It also reported **-\$66,000** in fraud recoveries, according to its most recent report. The AG's Medicaid Fraud Control Unit reported fraud recoveries of \$283.2 million in 2009. The IDC recommends that, in order to fulfill these added responsibilities, federal funding that is currently going to the Medicaid Inspector General (projected at \$47.1 million in the 2011-2012 budget) be reallocated to the Attorney General's Office.
- **Directing the Governor's Spending and Government Efficiency (SAGE) Commission to conduct a comprehensive review of all non-statutory IG offices.** The SAGE commission should determine if any duplications exist, and make necessary recommendations for further efficiencies. A search of the Department of Civil Service Web site found at least 523 state agency positions that have investigative functions.

“At a time when New York State is facing a \$10 billion deficit it is critical to streamline the state’s central watchdog in an effort to efficiently root out systemic corruption, fraud and waste,” **Senator David Carlucci (D-Rockland/Orange)** said. “We have identified four areas of consolidation that are projected to save a combined \$37 million to the state which can be used to help plug the state’s current budget deficit.”

The projected savings directed by the IDC's plan are outlined below. (Since the Workers Compensation Fraud Inspector General is funded through a special revenue fund and not taxpayer dollars, the IDC recommends no change in its status. However, by lifting the statutory exemptions, the State IG will have the authority to also pursue Workers Comp cases when appropriate.)

**“This is a win-win,” said Senator Diane Savino, (D-Staten Island/ Brooklyn). “By streamlining the state’s inspectors general system, we ensure that taxpayer dollars are spent as wisely and efficiently as possible and maximize the state’s ability to root out corruption and bring accountability to our government.**