



NEW YORK STATE SENATOR

Joseph P. Addabbo Jr.

Addabbo Cosponsors Legislation to Save State Taxpayers Hundreds of Millions Annually in Outside Consultant Costs

JOSEPH P. ADDABBO JR May 22, 2012

Queens, NY, May 21, 2012 -- New York State Senator Joseph P. Addabbo, Jr. (D-Queens), a member of the Senate Labor and Civil Service Committees, is pushing legislation (S.3093) that could save New York State taxpayers more than \$300 million a year by reducing the number of expensive outside consultants hired by state agencies and having necessary work done “in house” by state public employees.

“According to figures from the Office of the State Comptroller cited in a recent report by the Public Employees Federation, New York State spent an astounding \$3.5 billion on outside consultants last year, which represents an \$840 million increase over the last eight years,” Addabbo said. “When you consider that, on average, consultants are paid almost \$73 an hour – while regular state employees average about \$52 per hour with the cost of benefits factored in – it appears that we’re spending way too much money for people to come in and do the same exact jobs that full-time state workers could do in-house at a lower cost.”

The legislation Addabbo is cosponsoring would require that state agencies, prior to entering into contracts with outside consultants to perform specific jobs, undertake a cost comparison analysis to determine whether the work could be done more economically and efficiently by state employees. “This just seems like common sense,” said Addabbo, noting that the federal government implemented a similar directive in 2009 for agency contracts that is expected to save up to \$40 billion.

In recent years, in addition to the Public Employees Federation, a number of entities including the State Comptroller, New York State Assembly, and New York State Senate Task Force on Government Efficiency have conducted studies concluding that the state

could realize significant savings by reducing its reliance on expensive outside consultants. The Public Employee Federation report estimates savings of \$316 million a year if some consultants are replaced by regular state employees.

“The recent report, entitled *New York’s Consultants: the Invisible Workforce*, says that the state hired at least 1,300 new full-time consultants – a 24 percent increase – in the last three years, while the rank-and-file state workforce was reduced by 14,000 full-time employees,” Addabbo said, noting that most of the consultants were brought in to perform accounting, information technology (IT), and engineering work. “Some of the IT consultants were paid as much as \$240 an hour, while state workers performing the same job earn about \$53 per hour, with the cost of their benefits included. While efforts to make state agency operations more cost-efficient are always necessary, particularly in difficult economic times, the strategy of hiring outside consultants to do the work of a significantly depleted state workforce appears to be backfiring in a very costly way.”

While estimates may vary of the taxpayer savings that would be realized from reduced reliance on outside consultants, Addabbo said that “any savings would be welcome at a time when we are still trying to get our fiscal house back in order and recover from very difficult economic hardships. Passage of my legislation would help get us back on track and ensure that our limited resources and taxpayer dollars are used wisely and cost-effectively to get important state jobs done and done well.”

The legislation has already been approved by the New York State Assembly, and is awaiting a vote by the full membership in the Senate.

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