SAGE Commission

Streamlined
Integrated
Strengthened

May 19, 2011
Boards and Commissions

May 19, 2011
New York State government is a complex web of over 100 agencies and state authorities, and around 300 boards, commissions and the like.

While many of these boards, commissions, etc. serve a useful purpose, others result in a confusing patchwork of antiquated and unused entities.

The Commission is reviewing these boards and commissions to see which should be eliminated or merged.

Objective: To clear out the “underbrush” of state government.
Defining the Scope of Initial Effort

~1,000 total entities

~100

● Agencies
● Major State Authorities
● Other State Authorities as recognized by ABO (Authorities Budget Office)

~300

● Authority Subsidiaries with independent board or operations
● Boards, Commissions, Councils with regulatory, rulemaking or other authority
● Advisory Boards created by Statute or Executive Order

~600

● Authority subsidiaries with no independent board or operations
● Authority Financing Subsidiaries
● Local IDAs
● Boards and Commissions not created by Statute or Executive Order
Criterion for Review

- Has it ever been constituted?
- Does the reason it was created still exist?
- Has it completed its work?
- How often does it meet?
- Does it overlap or duplicate the efforts of other State entities?
- Is a board, commission, or agency necessary to fulfill this function?
- Does it need to function independently?
- Is it mandated by federal law?
### Examples of Candidates for Elimination or Merger

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inactive</td>
<td>25+</td>
<td>• Barbers Board&lt;br&gt;• Statewide Wireless Network Advisory Council</td>
</tr>
<tr>
<td>Mission Completed</td>
<td>5+</td>
<td>• Bottled Water Interagency Workgroup</td>
</tr>
<tr>
<td>Duplicative</td>
<td>2</td>
<td>• Freshwater Wetlands Appeals Board</td>
</tr>
<tr>
<td>Active Dialogue Through Informal Channels</td>
<td>9+</td>
<td>• NYS Security or Fire Alarm Installer Advisory Committee&lt;br&gt;• Funeral Directing Advisory Board</td>
</tr>
<tr>
<td>Mergers</td>
<td>9+</td>
<td>• Merge Organic Food Advisory Committee with Organic Advisory Task Force</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>50+</strong></td>
<td></td>
</tr>
</tbody>
</table>
The Authorities Budget Office (ABO) is Recommending Elimination of 166 Local Authorities

- ABO has conducted a review of local authorities to identify those that are inactive
- 166 local authorities have been identified for elimination
- ABO has asked SAGE to endorse its recommendations to eliminate these local authorities
Should New York Adopt a Sunset Provision?

- The Texas Sunset Commission reviews each agency and board every 12 years

- The SAGE Commission could recommend:
  - A sunset provision in New York for boards created for a transitory purpose
  - A regular review process for other entities
Enterprise Services

May 19, 2011
A centralized shared services model for providing back-office services is the best practice in the private and public sector.

Efficiencies from shared services are greatest where standardization is possible and resources are underutilized in a decentralized model.

Shared Services

Finance / Procurement
- Contracting
- Purchasing
- Payroll
- Accounts Payable and Receivable
- Travel & Expense

Human Capital Management
- Payroll
- Personnel Management
- Benefits
- Training
- Time & Attendance

Asset Management
- Real Property Management
- Leasing
- Property Maintenance and Repair
- Asset Management

Information Technology
- Data Centers and Disaster Recovery
- Email
- IT Help Desk
- Hardware and Applications Support

Customer Service
- Licensing and Permitting
- Call Centers
- Web Services
- Communications
Our GIE Shared Services model allows IBM to provide global support to all IBM business units efficiently and effectively.

IBM GIE Shared Services

Information Technology
Marketing and Communications
Legal
Real Estate Operations
Finance
Sales Management Support
Integrated Supply Chain
Human Resources
Sales Transaction Hub

INTEGRATE AUTOMATE OPTIMIZE ELEVATE

Capitalize on talent and skills around the world

Global support for the local front office

“"We no longer have to replicate IBM from floor to ceiling in every country. We are optimizing key operations in the right places in the world – eliminating redundancies and excess overhead – and integrating those operations horizontally and globally. ... This is about doing the right tasks, with the right skills, in the right places."

- Sam Palmisano, IBM Chairman, President and Chief Executive Officer

© 2011 IBM Corporation
Best practice states are using a shared services model

- Virginia, Georgia, Ohio, Michigan, North Carolina, and Washington are implementing shared services
- For example, Ohio has created a statewide shared services model for managing financial services for its agencies
- At full implementation, Ohio expects about $26 million in average annual savings\(^1\)

---

1. Gartner Industry Research, Case Study: Ohio Shared-Service Project Succeeds With Internal Path to Process Efficiency and Cost Savings, August 6, 2010
The Cuomo Administration directed the Division of the Budget to benchmark NYS’s back-office operations against best practices.

Preliminary results identified great inefficiencies, so the Administration is pursuing transformation efforts in procurement, IT, real estate and customer relations.

The Administration is also looking to maximize efficiencies in transaction processing from NYS’s Statewide Financial System (SFS) that is expected to go live in October 2011.
A NYS Department of Enterprise Services (DoES) could provide all Statewide back-office functions.
Enterprise Services (6/10)

SAGE and PwC analyzed a possible Business Services Center within a DoES

Department of Enterprise Services

- Executive Chamber
  - Commissioner

- Governance Councils
- Office of the Chief Information Officer (CIO)
- External Services Support Group
  - Client Agency Relationship Mgmt
  - Level II Support
  - Performance Management
- Internal Services Support Group
  - Project Management Office (PMO)
  - Inter-Agency Billing
  - Legal
  - Admin

Business Services Center
- Customer Relations
- Financial Operations
- Procurement
- Human Resources
- Real Estate
- Information Technology

Mission-specific Functions
- Finance/Accounting
  - Management roles
  - Liaison roles
  - Budgeting
  - Grants Management
- Human Resources
  - Management roles
  - Liaison roles
  - Employee & Labor Relations
  - Agency-Specific Training
- Procurement
  - Management roles
  - Liaison roles
  - Procurement Planning
  - Requirements definition

Service Delivery

Agencies
Operational efficiency gains were determined in each function based on a combination of industry benchmark analysis, evaluation of existing and future system capabilities, and agency interviews.

<table>
<thead>
<tr>
<th>Function</th>
<th>Savings %</th>
<th>Rationale</th>
</tr>
</thead>
</table>
| Procurement       | 25%       | • SFS implementation and technology improvements will improve Procurement efficiency  
                           • Procurement processes are less transaction-based than Finance, so the savings will be slightly less |
| Human Resources   | 15%       | • Savings will result from process improvements and centralization  
                           • Savings are lower than Procurement, Finance, and benchmarks due to the absence of a unified HR platform and timekeeping system |
| Finance           | 30%       | • SFS implementation and technology improvements will result in substantial savings realization, consistent with industry benchmarks |
The State would save an estimated $178 million while reducing FTEs by 760 over a five year period.

An average salary of $83,602 (includes fringe benefits) was used to estimate savings over the 5 year plan.

Savings accrue based on a phased implementation schedule.

Once an agency has been moved to the Business Services Center, recurring savings are estimated for a period of 5 years until 2016. Agency FTE savings are realized over a period of two years based on the following rate: Year 1 – 65% Savings, Year 2 – 35% Savings. All numbers are rounded to the nearest whole number.

Savings totals do not reflect any one-time implementation costs.
**Retirement and attrition could absorb many FTE reductions**

### Estimated Total FTE Reduction/Savings Summary

<table>
<thead>
<tr>
<th></th>
<th>FY '12</th>
<th>FY '13</th>
<th>FY'14</th>
<th>FY'15</th>
<th>FY'16</th>
<th>Total (5 Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Projected Personal Service Savings (Core and Support Staff FTEs)</strong></td>
<td>$0</td>
<td>$31 million</td>
<td>$34 million</td>
<td>$50 million</td>
<td>$63 million</td>
<td>$178 million</td>
</tr>
<tr>
<td><strong>FTE Reduction</strong></td>
<td>0</td>
<td>309</td>
<td>207</td>
<td>139</td>
<td>105</td>
<td>760</td>
</tr>
</tbody>
</table>

### FTE Impact - Eligibility for Retirement and Estimated Attrition Summary

<table>
<thead>
<tr>
<th></th>
<th>FY ’12</th>
<th>FY ’13</th>
<th>FY’14</th>
<th>FY’15</th>
<th>FY’16</th>
<th>Total (5 Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>**Core FTEs Eligible to Retire * **</td>
<td>201</td>
<td>23</td>
<td>41</td>
<td>26</td>
<td>33</td>
<td>324</td>
</tr>
<tr>
<td>**Support Staff FTEs Eligible to Retire * **</td>
<td>88</td>
<td>21</td>
<td>16</td>
<td>22</td>
<td>24</td>
<td>171</td>
</tr>
<tr>
<td><strong>Retirement Subtotal</strong></td>
<td>289</td>
<td>44</td>
<td>57</td>
<td>48</td>
<td>57</td>
<td>495</td>
</tr>
<tr>
<td>**Estimated Attrition † **</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>69</td>
<td>345</td>
</tr>
<tr>
<td>**Total FTEs Eligible for Retirement Plus Estimated Attrition **</td>
<td>358</td>
<td>113</td>
<td>126</td>
<td>117</td>
<td>126</td>
<td>840</td>
</tr>
</tbody>
</table>

* FTE's eligible to retire includes all employees reaching 30 years of service or higher and 55 years of age

† Based on the Statewide attrition rate of 2% of FTEs annually
The SAGE Commission recommends the State create a new department, *the Department of Enterprise Services (DoES)*, to deliver back office services and produce savings through centralizing activities and conducting transaction processing through modern technology platforms.
<table>
<thead>
<tr>
<th>Source</th>
<th>Quantity</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td></td>
<td>May 19, 2011</td>
</tr>
</tbody>
</table>
Background

- DOT, the Thruway Authority and the Bridge Authority have similar missions—to keep roads and bridges safe and reliable.

- All three entities have similar assets, functions and types of workers.

- Thruway and Bridge both fund operations and capital expenditures from toll revenue and borrowing in the bond market.

- All three entities face the same macro issues of aging infrastructure and the need to fund expensive maintenance improvements.
# Similar Core Missions

<table>
<thead>
<tr>
<th>Mission</th>
<th>Department of Transportation</th>
<th>Thruway Authority</th>
<th>Bridge Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To ensure our customers - those who live, work, and travel in New York State -- have a safe, efficient, balanced, and environmentally sound transportation system</td>
<td>To provide safe and reliable transportation</td>
<td>To maintain and operate the safe vehicle crossings over the Hudson River entrusted to its jurisdiction for the economic and social benefit of the people of the State of New York</td>
</tr>
<tr>
<td>Headquarters</td>
<td>Albany</td>
<td>Albany</td>
<td>Highland</td>
</tr>
</tbody>
</table>
## Similar Assets and Functions

<table>
<thead>
<tr>
<th>Budget and Agency Scope</th>
<th>Department of Transportation</th>
<th>Thruway Authority</th>
<th>Bridge Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road Miles</td>
<td>15,102</td>
<td>570</td>
<td>12</td>
</tr>
<tr>
<td>Lane Miles</td>
<td>~43,000</td>
<td>2,818</td>
<td>38</td>
</tr>
<tr>
<td>Bridges</td>
<td>Over 7,700 (168 long-span)</td>
<td>811 (15 long-span)</td>
<td>5 (long-span)¹</td>
</tr>
<tr>
<td>Bridge Deck Surface</td>
<td>83 M sq. ft</td>
<td>14 M sq. ft</td>
<td>2 M sq. ft</td>
</tr>
<tr>
<td>Budget²</td>
<td>$4.0B</td>
<td>$1.1B</td>
<td>$47M</td>
</tr>
<tr>
<td>Debt Outstanding</td>
<td>N/A</td>
<td>$2.9B</td>
<td>$41M</td>
</tr>
</tbody>
</table>

(1) Including the Walkway Over the Hudson, the Bridge Authority has six long-span bridges (1000+ feet). Long-span bridges require greater expense and resources.

(2) Includes operational and capital spend. DOT data excludes funding on local transit authorities (e.g., MTA). Thruway and Bridge Authorities include interest expense on borrowings.
## Similar Workforce

<table>
<thead>
<tr>
<th>Employees</th>
<th>Department of Transportation</th>
<th>Thruway Authority</th>
<th>Bridge Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employees</td>
<td>8,784&lt;sup&gt;1&lt;/sup&gt;</td>
<td>2,767 (+1,120)&lt;sup&gt;2&lt;/sup&gt;</td>
<td>137 (+62)&lt;sup&gt;2&lt;/sup&gt;</td>
</tr>
<tr>
<td>Engineering</td>
<td>2,639</td>
<td>193</td>
<td>5</td>
</tr>
<tr>
<td>System Maintenance</td>
<td>4,829</td>
<td>2,018</td>
<td>173</td>
</tr>
<tr>
<td>Administrative/Support</td>
<td>534</td>
<td>556</td>
<td>21</td>
</tr>
<tr>
<td>Bargaining Units</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
</tbody>
</table>

<sup>1</sup> For DOT, “Total Employees” includes employees in rights-of-way, safety and security, planning, rail, aviation, and transit, in addition to engineering, system maintenance and administrative/support.

<sup>2</sup> 2,767 figure includes Canal Corporation; additional 1,120 within TA and 62 within BA are part-time toll collectors.
## Similar Facilities

<table>
<thead>
<tr>
<th>Facilities</th>
<th>Department of Transportation</th>
<th>Thruway Authority</th>
<th>Bridge Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Depots</td>
<td>204</td>
<td>41</td>
<td>5</td>
</tr>
<tr>
<td>Salt Depots</td>
<td>261</td>
<td>38</td>
<td>0</td>
</tr>
<tr>
<td>Maintenance/Repair Facilities</td>
<td>81</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td>EZ Pass Lanes/Terminals</td>
<td>0</td>
<td>417</td>
<td>23</td>
</tr>
</tbody>
</table>
## Similar Spending Requirements

<table>
<thead>
<tr>
<th>Spend</th>
<th>Department of Transportation</th>
<th>Thruway Authority</th>
<th>Bridge Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salt</td>
<td>$62M</td>
<td>$8M</td>
<td>$150K</td>
</tr>
<tr>
<td>Fuel</td>
<td>$25M</td>
<td>$7M</td>
<td>$100K</td>
</tr>
<tr>
<td>Fleet</td>
<td>$72M</td>
<td>$4M</td>
<td>$350K</td>
</tr>
<tr>
<td>Engineering Consultants</td>
<td>$210M</td>
<td>$74M</td>
<td>$2M</td>
</tr>
<tr>
<td>Construction</td>
<td>$2B</td>
<td>$272M</td>
<td>$12M</td>
</tr>
</tbody>
</table>
Key Guiding Principles

- Do not compromise safety of roads and bridges
- Do not change integrity of authority borrowing structure
- Do not change current funding sources
- Create efficiencies
- Generate savings
- Improve and/or preserve service levels
- Create transparency and accountability in government
What is “Functional Consolidation?”

NYS Homes and Community Renewal
- Commissioner/CEO
- Senior Management Team

BOARDS OF DIRECTORS

SONYMA\(^1\)
HTFC\(^2\)
HFA\(^3\)
AHC\(^4\)

GOVERNOR

DHCR\(^5\)

(1) State of NY Mortgage Agency
(2) Housing Trust Fund Corporation
(3) Housing Finance Authority
(4) Affordable Housing Corporation
(5) Division of Housing and Community Renewal
Organizational Structure - Before

Authority

- Board of Directors
  - New York State Bridge Authority

Authority

- Board of Directors
  - New York State Thruway Authority

Agency

- Governor
  - New York State Department of Transportation

Canal Corporation
Organizational Structure - After

Board of Directors (for Thruway and Bridge)

Commissioner/Executive Director and Senior Leadership Team

New York State Thruway and Bridge Authority

Canal Corporation

New York State Department of Transportation

Governor (for DOT)
<table>
<thead>
<tr>
<th>Description</th>
<th>Current Spend</th>
<th>Targeted Cost Reduction</th>
<th>Process Improvement or Synergy Impact</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADMINISTRATIVE SUPPORT CONSOLIDATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Back-Office Consolidation</td>
<td>$74M</td>
<td>$35M DOT $38M TA $0.7M BA</td>
<td>$2-4M</td>
<td>• Savings achieved by eliminating direct overlap in functions</td>
</tr>
<tr>
<td>IT Consolidation</td>
<td>$56M</td>
<td>$41M DOT $13M TA $0.5M BA</td>
<td>$1-3M</td>
<td>• Unified leadership team</td>
</tr>
<tr>
<td>• Rationalize IT spend for the</td>
<td></td>
<td></td>
<td></td>
<td>• Consolidated application development</td>
</tr>
<tr>
<td>combined organization</td>
<td></td>
<td></td>
<td></td>
<td>• Data center consolidation</td>
</tr>
<tr>
<td>Joint Purchasing of Materials</td>
<td>$200M</td>
<td>$180M DOT $20M TA $0.4M BA</td>
<td>$6M</td>
<td>• 3% reduction in spend based on expected performance of statewide procurement efforts</td>
</tr>
<tr>
<td>Office Space Consolidation</td>
<td>n/a</td>
<td>n/a</td>
<td>$2-4M</td>
<td>• May include consolidation of headquarters and/or regional offices into Albany</td>
</tr>
<tr>
<td>• Could include consolidation of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>underused office space</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total:</strong></td>
<td><strong>$11-17M</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) “Targeted Cost Reduction” is a long-term goal and may take months or years to achieve.
(2) Process improvements are savings that can be achieved by transfer of best practices. Synergy impacts are savings created by (or enabled by) a combination of the organizations.
## Potential Savings Opportunities When Phased In

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Spend</th>
<th>Targeted Cost Reduction</th>
<th>Process Improvement or Synergy Impact</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FIELD / CORE ACTIVITY CONSOLIDATION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineering Consolidation</td>
<td>• Staff engineers as part of combined pool</td>
<td>$276M</td>
<td>$200M DOT $74M TA $2M BA</td>
<td>$3-4M</td>
</tr>
<tr>
<td></td>
<td>• Assume DOT able to move closer to TA best practices in construction inspection</td>
<td>$234M</td>
<td>$188M DOT $45M TA $0.6M BA</td>
<td>$15-20M</td>
</tr>
<tr>
<td>Fleet Consolidation</td>
<td>• Right-size and create shared and standardized fleets to reduce lease/purchase costs, maintenance, repairs, and parts</td>
<td>$192M</td>
<td>$139M DOT $52M TA $0.6M BA</td>
<td>$7-15M</td>
</tr>
<tr>
<td>Consolidation of Field Facilities</td>
<td>• Reduce total number of fuel facilities, maintenance facilities, wash bays, and storage facilities</td>
<td>$31M</td>
<td>$18M DOT $12M TA $0.6M BA</td>
<td>$0-2M</td>
</tr>
<tr>
<td>Field Labor</td>
<td>• Toll collection, snow removal, and highway maintenance</td>
<td>$453M</td>
<td>$325M DOT $122M TA $5.7M BA</td>
<td>$5-9M</td>
</tr>
<tr>
<td>Sub-Total:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Potential Savings Opportunities When Phased In

<table>
<thead>
<tr>
<th>Description</th>
<th>Current Spend</th>
<th>Targeted Cost Reduction</th>
<th>Process Improvement or Synergy Impact</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRATEGIC RE-ALIGNMENTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional Consolidation</td>
<td>n/a</td>
<td>$3-5M</td>
<td>[PI][SI]</td>
<td>• Primarily specialized support functions</td>
</tr>
<tr>
<td>• Combine and centralize some functions in field offices to regional or central centers of excellence</td>
<td></td>
<td></td>
<td></td>
<td>• May understate true opportunity</td>
</tr>
<tr>
<td>Span of Control</td>
<td>n/a</td>
<td>$6-10M</td>
<td>[PI][SI]</td>
<td>• Initial focus on engineering and system maintenance organizations</td>
</tr>
<tr>
<td>• Flatten management structure over time to increase span of control</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Worker Flexibility</td>
<td>n/a</td>
<td>$4-6M</td>
<td>[PI][SI]</td>
<td>• For example, ability to deploy Canal employee where skills transferrable</td>
</tr>
<tr>
<td>• Broaden job classifications to increase flexibility and utilization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coordination with Localities</td>
<td>n/a</td>
<td>TBD</td>
<td>[PI][SI]</td>
<td>• Pilot needed to determine optimal model of division of responsibilities and funding structure</td>
</tr>
<tr>
<td>• Improve operational coordination (e.g., snow/ice removal) with towns &amp; counties performing same functions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total:</strong></td>
<td></td>
<td><strong>$13-21M</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td></td>
<td><strong>$54-88M</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Potential Headcount Impact

<table>
<thead>
<tr>
<th>Department</th>
<th>Total Employees (FTEs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation</td>
<td>8,784</td>
</tr>
<tr>
<td>Thruway Authority(^1)</td>
<td>2,767 (+ 1,120 part-time toll collectors)</td>
</tr>
<tr>
<td>Bridge Authority</td>
<td>137 (+ 62 part-time toll collectors)</td>
</tr>
<tr>
<td></td>
<td><strong>12,870</strong></td>
</tr>
</tbody>
</table>

\(^1\)Includes 485 employees of the Canal Corporation

**Total FTE Reduction:**

450 - 600

**FTE Reduction after Attrition and In-Sourcing:**

<100

115, Thruway Authority, Bridge Authority
Keys to Implementation Success

- Stakeholder and employee input
- Implementation team, led by Chief Restructuring or Chief Integration Officer
- Performance management report
  - Document savings
  - Provide transparency on service and operational improvements
  - Create goals and metrics to focus team
Environment

May 19, 2011
Belleayre Ski Center

- State-operated ski center on state-owned land in the Catskills
- Part of Department of Environmental Conservation (DEC)
- Losses of $4mm annually
- Olympic Regional Development Authority (ORDA) manages ski centers profitably (Whiteface and Gore Mountains)
- Potential opportunity to transfer Belleayre to ORDA to improve operations and reduce cost to taxpayers
Hudson River Valley Greenway

- Created by state legislation in 1991
  - Greenway Council (Executive Department)
  - Greenway Heritage Conservancy
- 6-person staff; two boards with 40+ members
- Similar to DEC Hudson Estuary Program
- Loss in resources creates challenge to achieve core mission
- Opportunity to bolster effectiveness by combining with DEC’s program
Health and Disabilities
New York State has five independent Health and Disability operating agencies and two oversight agencies:

- Department of Health (DOH)
- Office of the Aging (OFA)
- Office of Alcohol and Substance Abuse (OASAS)
- Office of Mental Health (OMH)
- Office of People with Developmental Disabilities (OPWDD)
- Commission on Quality of Care and Advocacy for Persons with Disabilities (CQC)
- Office of the Medicaid Inspector General (OMIG)

These agency “siloes” create challenges in providing integrated service delivery and coordinated policies and functions.
Governance

- The lack of a clear governance structure among these agencies hampers timely decision making and coordinated actions.
- Regular, consistent and ongoing communication among agency and Chamber leadership is essential.
- Common functions, such as support services and Medicaid rate setting, would be more efficient and effective if jointly managed, but subject to a governance structure.
Medicaid rate setting and Managed Care contracting could be managed centrally

- Agencies would retain control over policy direction, but with greater coordination and oversight
- Technical aspects of Medicaid rate setting and managed care contracting would be centralized in DOH
- The main technical aspects of rate setting include cost reporting, integration of property/capital costs in reimbursement rates, and interface with the federal government and other third parties
Certain pairs of agencies require closer coordination, or possibly consolidation (1 of 3)

The Office of the Aging (OFA) and DOH Have Similar Missions and Programs

- Both agencies have programs and a common goal of helping the frail elderly live independently outside of institutions
- Despite similarities between OFA and DOH, Federal Medicaid requirements force DOH to operate in a less efficient “medical model” of delivering services
- OFA should probably remain independent given DOH’s “medical model” requirement, but the agencies could coordinate policy objectives and similar programs more effectively
Certain pairs of agencies require closer coordination, or possibly consolidation (2 of 3)

OASAS and OMH Have Major Overlaps of “Customers” and Business Practices

- Roughly 40% of people served by OASAS and OMH have a “co-diagnosis” of mental health and substance abuse
- Many providers serve, or wish to serve, those with both substance abuse and mental health problems
- OMH and OASAS have common relationships with counties and Managed Care Organizations
- OASAS and OMH have similar field organizations
Any merger of OMH and OASAS should follow certain guiding principles

- Any merger should follow a significant period of integration planning and preparatory steps
- A merged agency should maintain a focused capacity for those without a co-diagnosis
- The most senior executive for both substance abuse and mental health should be part of the Health and Disabilities governance council
Agencies should maintain control of Quality Assurance, but co-locating field offices where possible could improve efficiency and coordination

- Quality assurance and related functions are essential components of achieving agencies’ policy goals
- Agencies use field offices to oversee quality and support operations at the local level, and have many similar functions
- Co-located field offices among agencies with common territories (where possible) and coordinated scheduling would relieve providers serving more than one agencies’ population
- The regional operating functions of OPWDD and DOH mean they need to retain more distributed capacity for now
A Division of Central Services could efficiently provide support functions not suitable to be included in a Statewide Department of Enterprise Services (1 of 3)

- Some functions are not “agency agnostic” Statewide, but are common within this cluster of agencies
- IT applications play a critical role in the operations of every agency in the Health and Disabilities cluster, and in the closely related Human Services agencies
- Each agency operates separate Administrative Services departments, all of which perform similar functions
A Division of Central Services could efficiently provide support functions not suitable to be included in a Statewide Department of Enterprise Services (2 of 3)

A Consolidated IT Department for the Health, Disabilities and Human Services Agencies Could Potentially Improve Efficiency and Performance

- Currently, these agencies spend more than $500 million annually on IT products and services and employ 2,294 FTES (including contractors)
- Despite the similarity of IT requirements, these agencies run approximately 670 different applications, far more than necessary due to overlaps and redundancy
- A consolidated department would create opportunities for sharing resources and centers of excellence, as well as improve interoperability of IT systems
A Division of Central Services could efficiently provide support functions not suitable to be included in a Statewide Department of Enterprise Services (3 of 3)

---

Centralized Management Of Common Administrative Services Could Potentially Improve Efficiency and Performance

- Agencies have similar administrative services, but manage them in inconsistent ways
- Administrative services include Legal, Communications, Audit, Human Resources, and Contracting and Procurement
- Agencies should retain strategic functions (such as a General Counsel and PIO), but could gain efficiencies by pooling more routine work
DOB and Staff analyzed potential savings from the creation of a Division of Central Services

Annual savings could be achieved from reduction in state employees, reduced contract personnel and non-personal savings resulting from efficiencies

- Personnel savings of $25.5 million annually after 3 years could be achieved through economies of scale, reduced redundancy and other efficiencies.
- Savings from functions that could be provided by a Statewide Business Services Center have not been included—no double counting.
- Savings reflect a reduction of 182 State FTEs—which could be largely offset by retirement and attrition.
- Savings reflect a reduction of 97 contract FTEs in IT through in-sourcing.
- Additional NPS savings from improved purchasing, lease savings, reduction in IT applications and other efficiencies have not been estimated.
Responsibility for New York’s Human Services system rests with two agencies:
- The Office of Children and Family Services (OCFS)
- The Office of Temporary and Disability Assistance (OTDA)

Commission project managers conducted over 40 interviews and several focus groups with key internal and external stakeholders to evaluate whether a merger made sense.

Despite some similarities, because the core mission and functions of OCFS and OTDA are very different, a merger would not generate significant meaningful savings and could compromise each agency’s core mission.

Combining much of the IT functions of OCFS and OTDA with those of the Health and Disability agencies could generate savings and improve performance due to the heavy overlap of IT applications and requirements.