

# Redesigning Government

Governor Cuomo's Executive Budget reflects a new approach to managing New York State government designed to produce lasting, significant and fundamental changes in the governing and management of New York State, and better results for taxpayers.

*To help address the enormous fiscal challenges facing New York*, the budget restructures programs in every area of State government and makes funding decisions based not on past practices, but on performance.

*To help make New York more attractive to families and businesses*, the budget advances a new and more regional approach to economic development that will reenergize the State's economy and maximize the potential of our economic development investments.

With this budget, Governor Cuomo is building a government that brings New Yorkers into the problem-solving process, incentivizes performance, demands results, and provides greater accountability to the taxpayers of New York State.

Governor Cuomo is guided by three principles in designing State government in ways that reduce costs and create jobs. He believes government must:

- **Recalibrate.** Governor Cuomo believes that for too long, New York's government grew without any concern for the costs this growth imposed on taxpayers. The Executive Budget reflects his goal to readjust and recalibrate New York's spending and programs to match State resources, and to stop the current unsustainable trajectory.
- **Redesign.** Governor Cuomo believes we must reinvigorate State government with new ideas and new approaches that fund programs based on merit and results. Throughout State government, Governor Cuomo is shifting from the pattern of funding programs based on historical trends to supporting programs that best demonstrate their value to taxpayers.
- **Rebuild.** Governor Cuomo believes that New York's dysfunctional government has had a lasting, negative impact on our State's economy. He believes that by opening the doors to State government, the best ideas will emerge. Through his Executive Budget, the Governor is inviting New Yorkers from the public and private sectors to work in partnership with their government to address the challenges we face and to build for the future, break down bureaucracy, and reverse the top-down approach that has created a government we can no longer afford.

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Key Reforms include the following:

### ***Rightsizing Government***

- **Mergers and consolidations.** This budget starts the important process of redesigning State government to make it more efficient and effective. This starts with reducing the number of State agencies. The budget proposes consolidating 11 agencies or authorities into four. To help redesign and transform government, Governor Cuomo has created the Spending and Government Efficiency (SAGE) Commission. As part of this effort, Governor Cuomo has directed the Commission to make recommendations to reduce the number of agencies, authorities, and commissions by 20 percent over the long term. The SAGE Commission is directed to submit to the Governor a rightsizing plan to reduce the number of agencies by May 1, 2011. Under legislation proposed by the Governor, the Governor would then submit the rightsizing plan to the Legislature for action with the plan going into effect pursuant to a resolution of the Legislature.

Executive Budget proposals for consolidation and mergers:

Before	After
Department of Correctional Services, Division of Parole	Department of Corrections and Community Supervision
Office for the Prevention of Domestic Violence, the Office of Victim Services, the State Commission of Correction, Division of Criminal Justice Services	Division of Criminal Justice Services
Department of Banking, Department of Insurance, State Consumer Protection Board	Department of Financial Regulation
Foundation for Science, Technology and Innovation and Empire State Development Corporation	Empire State Development Corporation

- **State Operations and Workforce Efficiencies.**

- *State Operations.* Noting that he cannot expect reductions in local governments without first addressing his own operations, Governor Cuomo is demanding efficiencies in every State agency. Governor Cuomo is proposing a 10 percent year-to-year General Fund reduction for all State agency operations, and a 5.4 percent overall reduction in State Operating Funds. A comparable reduction is proposed for the State and City University Systems and the SUNY Hospitals.
- *Workforce Savings.* Guided by the belief that shared sacrifice from all parties is needed to address the State's chronic inability to live within its means, Governor Cuomo will seek a partnership with State employee unions to reduce workforce costs. In addition to the reductions that will occur with consolidations and mergers, Governor Cuomo will seek to work with State employee unions to develop a fair and affordable compensation package for the State workforce.

Proposal	Savings
Rightsizing Initiatives	\$100 million
SUNY Efficiencies	\$115 million
CUNY Efficiencies	\$70 million
SUNY Hospitals	\$180 million
Non-personal services	\$485 million
Labor Management Partnership	\$450 million
<b>TOTAL</b>	<b>\$1.4 billion</b>

- Prison Consolidation Implementation Plan.** To realign the prison system's capacity with its significantly reduced offender population and achieve real and recurring savings for State taxpayers, Governor Cuomo will create a task force by Executive Order that will recommend the specific prisons to be closed. If the task force fails to make recommendations or if the recommendations are rejected by the Legislature, the Commissioner of Correctional Services would be empowered to implement facility closures. It is projected that there are at least 3,500 excess beds in medium and minimum security facilities. Communities affected by the closures would receive assistance from the Governor's new Regional Economic Development Councils, with \$100 million available to help communities end their reliance on incarceration as a major source of employment and economic sustainability.
- Juvenile Justice Reform.** Governor Cuomo's juvenile justice proposals reflect a fundamental reform of the State's juvenile justice system that will offer services proven to help young people lead productive lives while reducing State and local costs. This will be achieved by investing savings derived from right-sizing State facilities, and redirecting funding from local detention operations, to community-based programs that better meet the needs of troubled youth.

### ***Redesigning Government***

Governor Cuomo's ambitious agenda will address many of the programs that drive unsustainable spending. Governor Cuomo is assembling teams of key stakeholders with significant expertise to provide input on and recommendations for ways to redesign State government. These teams will develop recommendations by March 1 for the Governor and Legislature to consider including in the Enacted Budget.

- **Recalibrating Medicaid.** Governor Cuomo has created a new Medicaid Redesign Team to find ways to redesign the costly and ineffective Medicaid program for the 2011-12 Fiscal Year. Governor Cuomo is advancing a new and inclusive approach that will bring New Yorkers into the process of developing proposals to provide critical health care services at lower costs. The Executive Budget reflects savings anticipated from the proposals of the Medicaid Redesign Team, established pursuant to Executive Order Number Five. The team's 27 members will bring vast experience as health care providers, consumers and industry experts, to address the challenge of refocusing our health care system to provide quality health care at lower costs.
- **Redesigning State Mandates.** Recognizing that State mandates have, over the years, placed an unsustainable burden on local governments, Governor Cuomo created a Mandate Relief Redesign Team to review unfunded and underfunded mandates imposed by State government on school districts, local governments and other local taxing districts. The Team includes representatives from private industry, education, labor and government and seeks to identify ways to reduce the costs of mandated programs, target mandates that are ineffective and outdated, and determine how school districts and local governments can have greater ability to control expenses.
- **Incentivizing Recurring Savings in Local Government.** Governor Cuomo is creating a multi-faceted approach to help local governments improve the efficiency of their operations, share services, or consolidate. The Executive Budget provides \$79 million for programs to encourage and reward local governments that consolidate or achieve efficiencies and performance improvements. These include Citizen Empowerment Tax Credits to incentivize local government consolidation or dissolution; Citizens Reorganization Empowerment Grants to cover costs associated with studies, plans and implementation efforts related to local government reorganization activities; local government competitive awards to those that have achieved efficiencies or improvements; and local government efficiency grants that cover the costs of new initiatives.
- **Rewarding Education Performance.** New York public schools spend more per student than any other state – fully 71 percent above the national average – yet New York ranks 40th in graduation rates and 34th in the nation in the percentage of adults who have a high school diploma or the equivalent. To improve performance and efficiency, Governor Cuomo has proposed restructuring a portion of State education aid to create incentives that reward school districts for improving student performance and implementing management efficiency policies. These include two competitive grants: a \$250 million School District Performance Improvement Award program of grants awarded to school districts that demonstrate significant improvements in their student performance outcomes, and a \$250 million School District Management Efficiency Award program that awards funding to school districts that undertake long-term structural changes that will reduce costs and improve efficiency.

### ***Rebuilding New York's Economy***

Governor Cuomo has said that restoring the State's historically thriving private sector will require holding the line on taxes and working to lower taxes in the future. His New York Open for Business development agenda seeks to facilitate rather than frustrate job creation through the following initiatives:

- **Creating Regional Economic Development Councils.** Noting that those working locally know their area economies best, he will create Regional Economic Development Councils to work with State agencies to allocate resources. To ensure that State agencies and the Councils are working to create jobs, Lt. Governor Robert Duffy has been designated to lead these Councils, which will be drawn from the private sector, local governments, State agencies and academic institutions.
- **Maximizing the Recently-enacted Excelsior Tax Credit Program.** Governor Cuomo has proposed to revise the recently enacted Excelsior Tax Credit Program to produce better results. His proposals would restructure the value and length of the tax credit to provide greater incentives for job creation, restructure incentives for improving properties, pay credits as job-creation milestones are met rather than at the end of the proposal, expand research and development tax credits, and streamline the application and approval process.
- **Creating a Permanent Power for Jobs Program.** To help keep manufacturers in New York State, Governor Cuomo introduced the Recharge New York Power Program to replace the Power For Jobs program. The program will provide predictability and stability of supply with long-term contracts and will be open to new applicants.
- **Enacting Property Tax Relief.** Governor Cuomo's property tax cap will be set at the rate of inflation or 2 percent, whichever is less, prohibit any property tax levy above the cap unless endorsed by both the local governing board and a 60 percent majority of the people during an election, and provide only limited exceptions such as extraordinary legal or capital expenditures.

