

State of the State



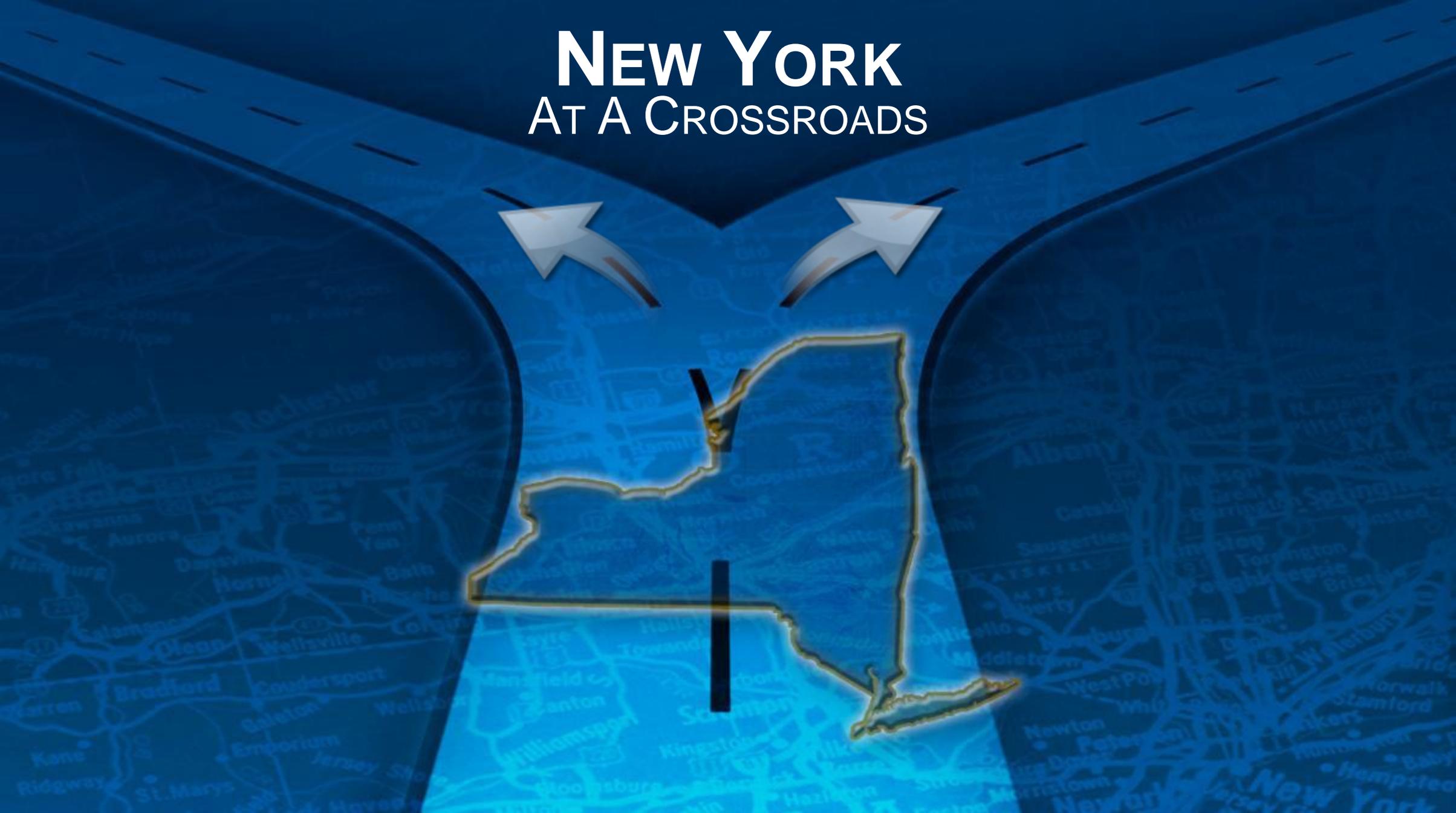
NEW YORK at a CROSSROADS

A Transformation Plan for a *New* New York

January 5, 2011

NEW YORK

AT A CROSSROADS





NEW YORK

AT A CROSSROADS

NATIONAL ECONOMIC PRESSURES

STATE GOVERNMENT COSTS

DYSFUNCTIONAL GOVERNMENT

THE PEOPLE HAVE LOST TRUST IN GOVERNMENT



NEW YORK

AT A CROSSROADS

ASSETS
LEGACY
TENACITY
AND PEOPLE



NEW YORK

AT A CROSSROADS

**WE CAN TURN THIS CRISIS INTO AN
OPPORTUNITY**

State of the State

This is a time of crisis

V
I

State of the State

**We must transform our
government**

**To become the progressive
capital of the nation once
again**

**To seize this moment of
opportunity**

NEW YORK AT A CROSSROADS

JANUARY 2011

For New York it's time to
change

What we do today...

...will determine the course of
this State for decades to come.



WELCOME, NEW YORKERS
TO YOUR GOVERNMENT.

State of the State

I. This is a time of crisis

II. We must transform our government

III. To become the progressive capital of the nation once again

IV. To seize this moment of opportunity

NEW YORK

AT A CROSSROADS

**In government, as in life,
you can never solve a problem
you refuse to acknowledge.**

Time of Crisis: Challenges

JOB LOSS

in New York
26-Year high in
2009



Source: Department of Labor

Time of Crisis: Challenges

Worst Business-Tax Climate in the Nation





Time of Crisis: Challenges

TAXES

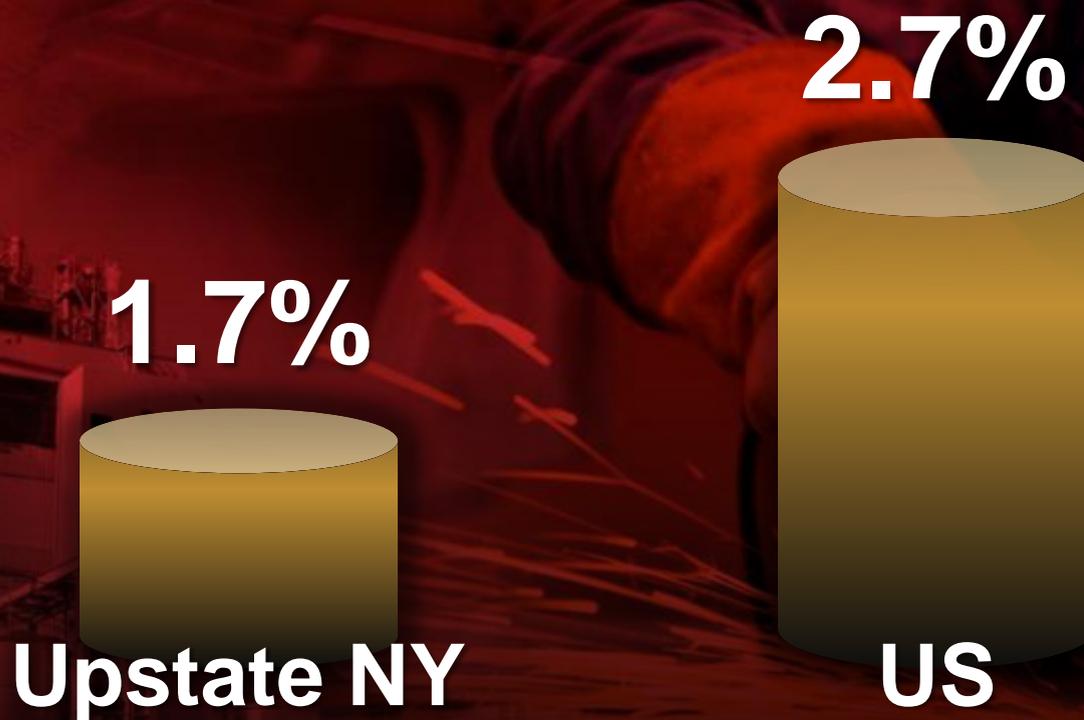
**66% Higher
Than National Average**

Time of Crisis: Challenges

Upstate New York Economy

RATE OF GROWTH

in Real GDP 2001-2006



Source: Federal Reserve Bank of New York

Time of Crisis: Challenges

EXPLODING

Pension Costs

\$1.3 B



1998-99

476%

\$6.2



2013-14

Source: New York State Division of the Budget

Time of Crisis: Challenges

SPENDING

Far Exceeds

INFLATION

Inflation
2.7 %



Medicaid Spending

5.4%



Education Spending

6.2%

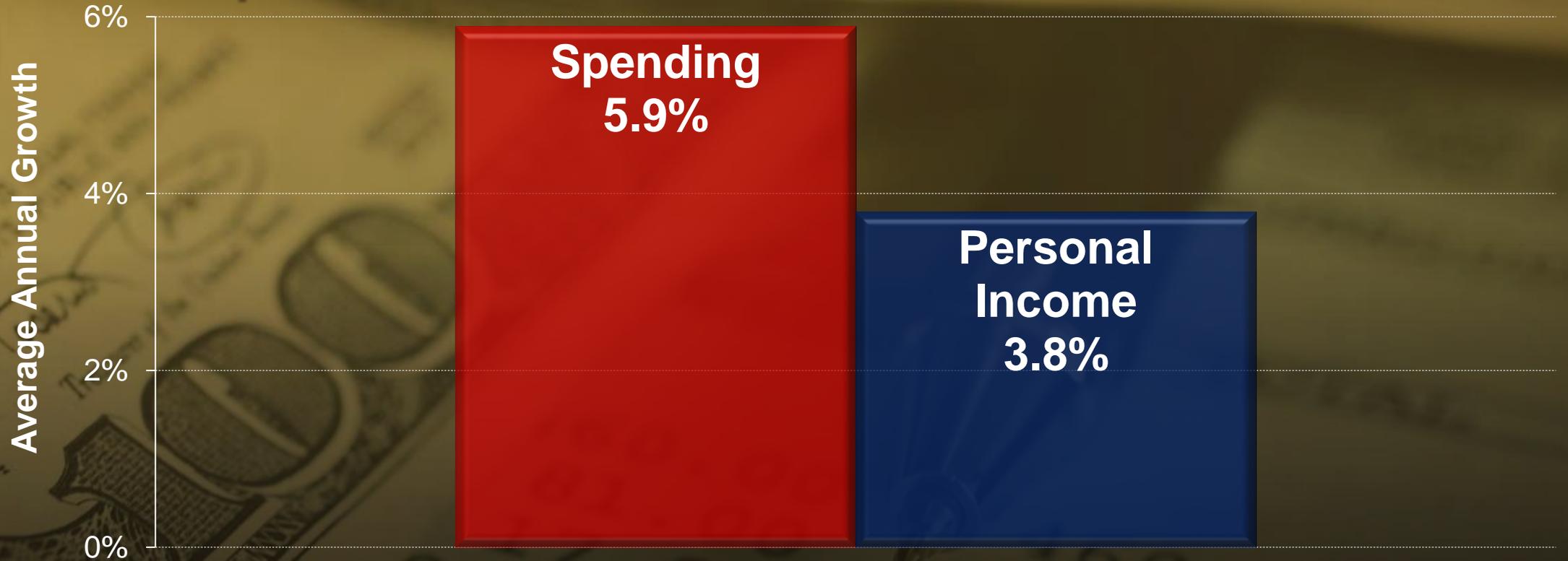


**1994-
2009**

Time of Crisis: Challenges

State Spending

Outpaces Income



Ten Year (SFY 2000 to 2010)

Source: New York State Division of the Budget

Time of Crisis: Challenges

EXPENSES

Far Exceed
Revenue



Source: New York State Division of the Budget

Time of Crisis: Challenges

SPEND TOO MUCH

Get Too Little in Return

#1

in Spending



Education

#34

In results

#1

in Spending



Medicaid

#21

In results



Economic
Development

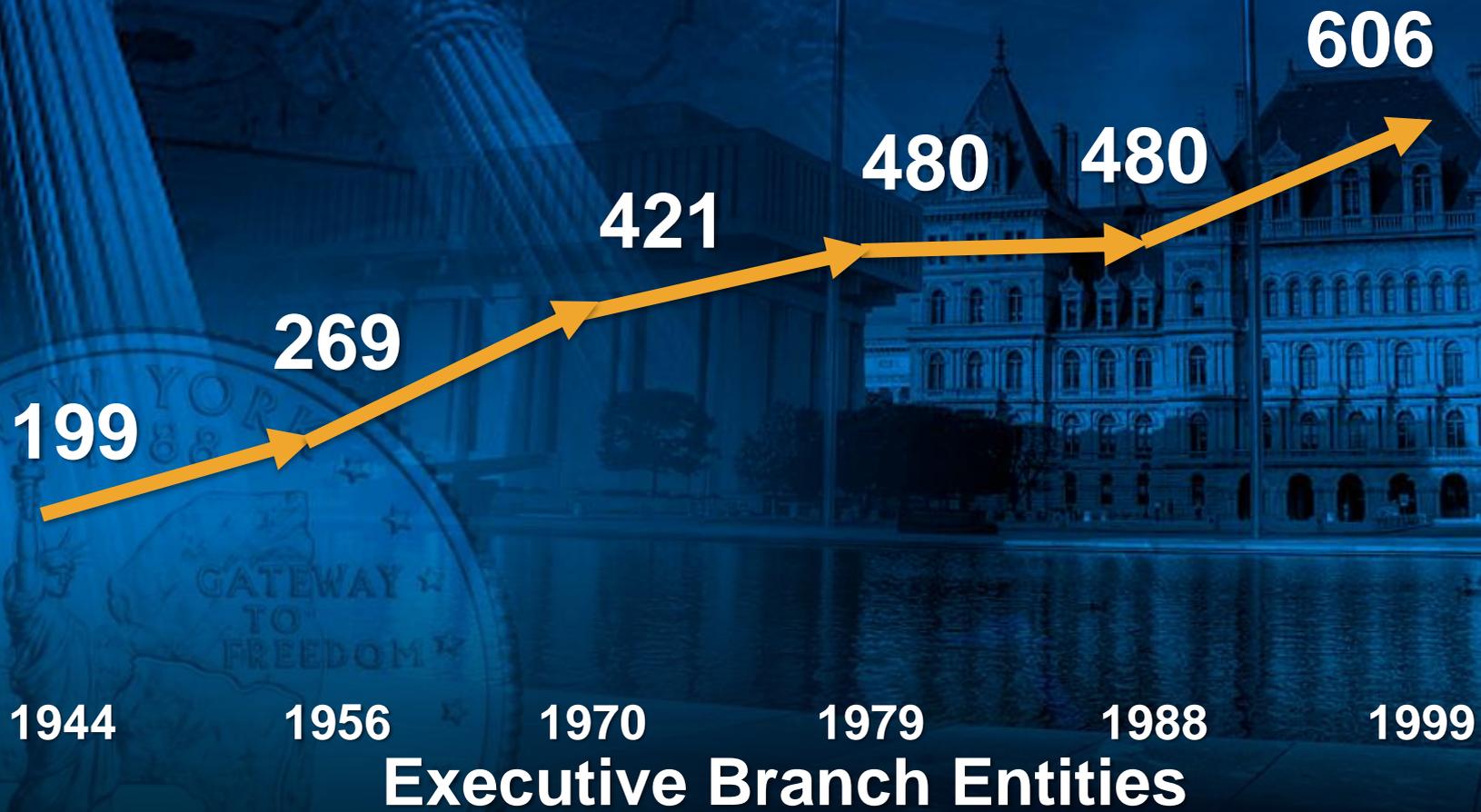
\$

1.6 billion
Annually

#50

In results

Time of Crisis: Challenges **GROWTH** of Government



Time of Crisis: Challenges

OVERGROWN

Local Government



10,500 Local Governments

Time of Crisis: Challenges

SPECIAL INTERESTS,

Over People

The People



Special Interests



Time of Crisis: Challenges

PEOPLE...

are voting with their feet

Two Million New Yorkers Have Left the State

Source: Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index (from 1998-2007)

Time of Transformation

**We need RADICAL
REFORM**

Layoff Notice

A Director of Personnel, it is my unpleasant duty to inform
will no longer be required at our company.

Please be assured that this action in no way reflects upon
but is strictly a result of the severe economic downturn
is currently experiencing.

While no guarantees of rehiring can be made, it will be
our goal as economic conditions improve.

50,000

at

00 jobs

Money



Time of Transformation

A New Approach A New Perspective

Layoff Notice

A Director of Personnel, it is my unpleasant duty to inform you that you will no longer be required at our company.

Please be assured that this action in no way reflects upon you, but is strictly a result of the severe economic downturn we are currently experiencing.

No guarantees of rehiring can be made, if and when economic conditions improve.



Time of Transformation

We need it Now

Layoff Notice

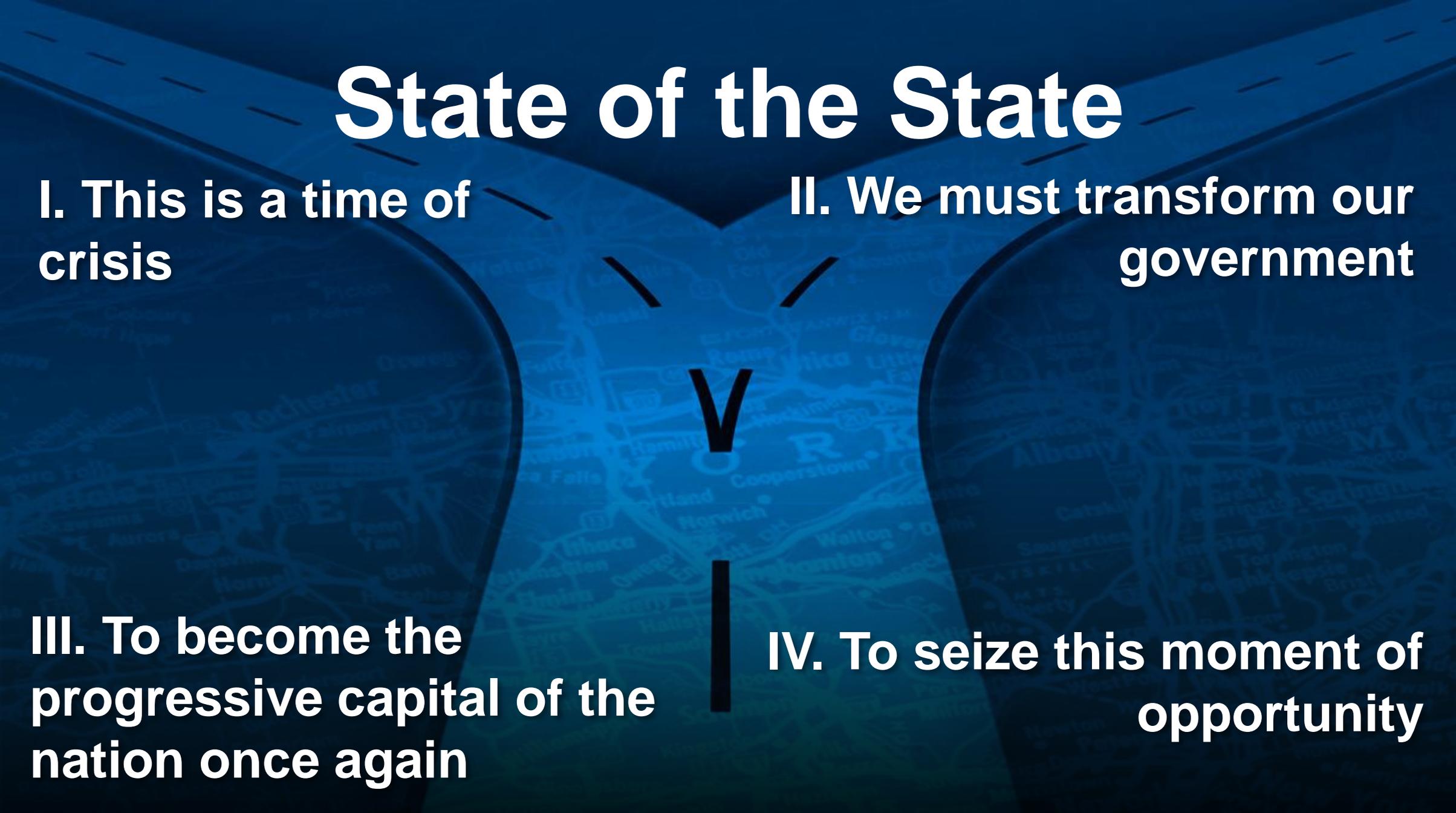
As Director of Personnel, it is my unpleasant duty to inform you that you will no longer be required at our company.

Please be assured that this action in no way reflects upon you, but is strictly a result of the severe economic downturn our company is currently experiencing.

While no guarantees of rehiring can be made, if the economic conditions improve, you may be considered for rehire.



State of the State



**I. This is a time of
crisis**

**II. We must transform our
government**

**III. To become the
progressive capital of the
nation once again**

**IV. To seize this moment of
opportunity**

Time of Transformation

A Government of:

dysfunction, gridlock and
corruption

performance, integrity and pride

Time of Transformation

**It's TIME FOR RESULTS,
Not RHETORIC.**



Time of Transformation

IT'S NOT BUDGET CUTTING OR TRIMMING,

it's reinventing, reorganizing &
redesigning government programs &
agencies



A TRANSFORMATION PLAN FOR A **NEW** NEW YORK

Andrew Cuomo
The New NY Agenda:
A Plan for Action

Time of Transformation

1. PAYS for performance

2. GETS RESULTS
in real time

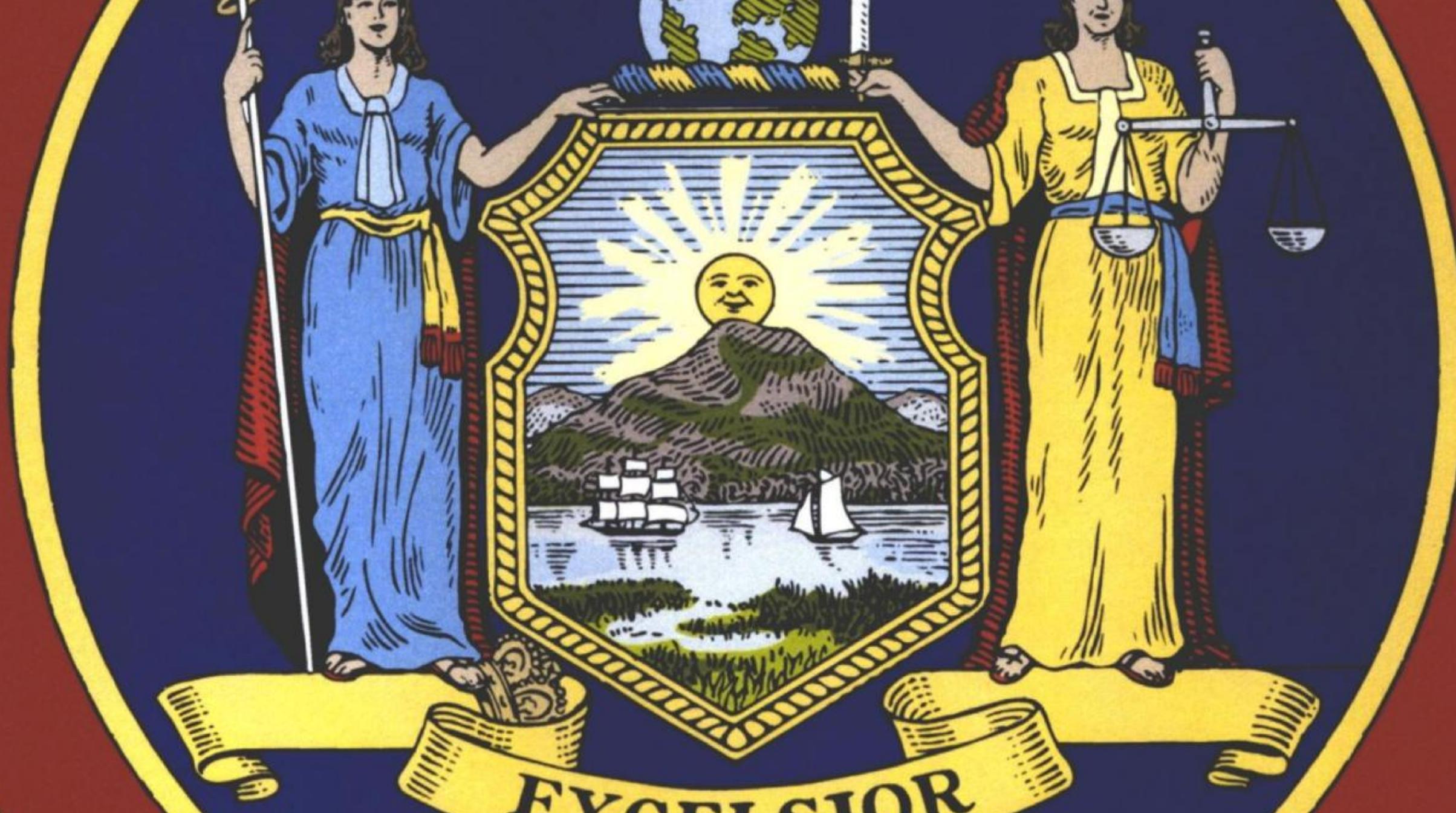
3. Puts PEOPLE FIRST

4. Is an icon for INTEGRITY

Principles of Government for a **New** New York



Transform NY's Economy



EXCELSIOR

Transform NY's Economy



BUSINESS

Transform NY's
Economy

ESTABLISH

Economic Regional
Councils



10 Regional Councils

Lt. Gov. Duffy to

Chair

Transform NY's
Economy

PRIVATE/PUBLIC PARTNERSHIPS

to Spur Economic Growth



Transform NY's
Economy

HIGHER EDUCATION

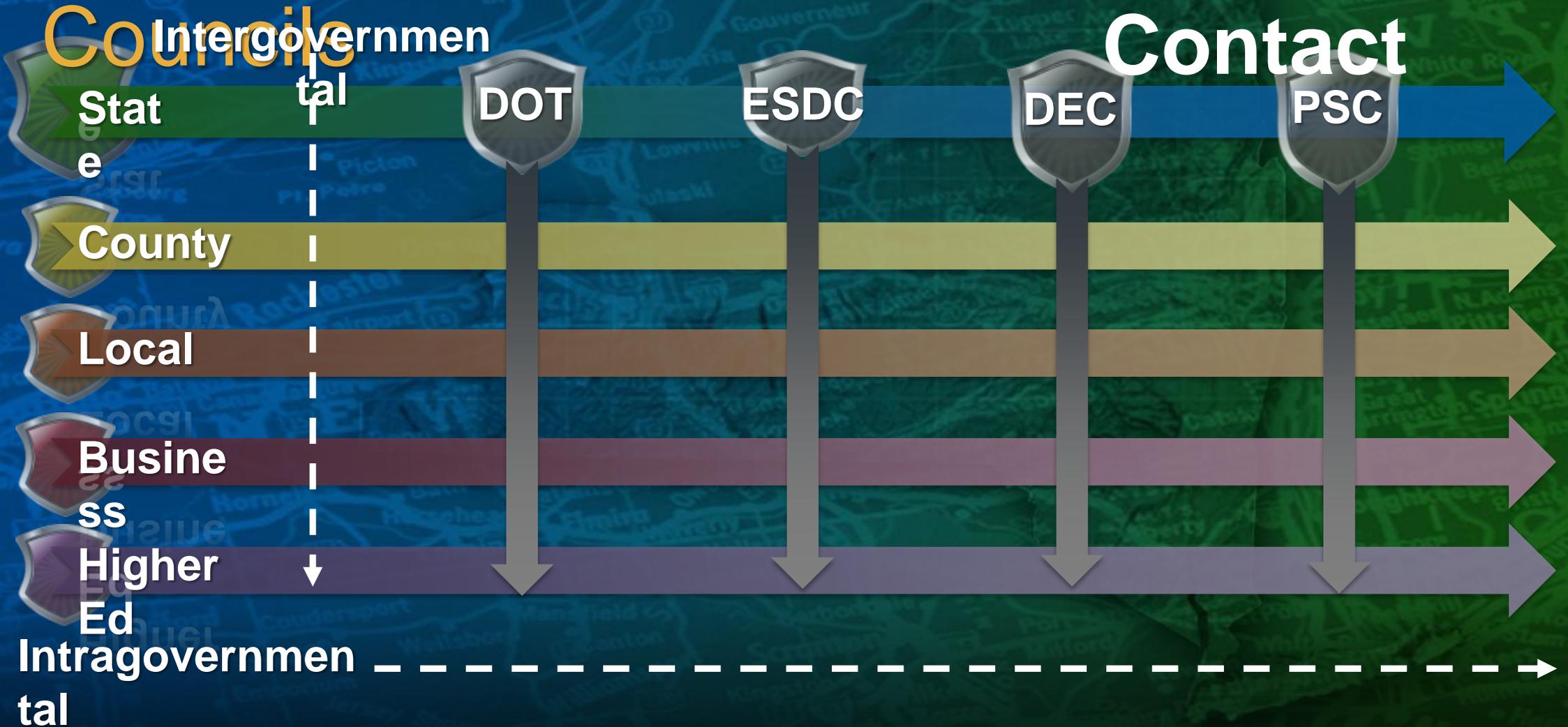
Is a key economic driver



Transform NY's Economy

Economic Regional Councils

Single Point of Contact



**Transform NY's
Economy**

Pays for Performance

**Millions of Existing
Dollars**

**\$200 Million of Money
for Best Jobs Plan**

**Coordinated thru
Councils
Regional
Councils**

**Competition
for Best Ideas**

Transform NY's
Economy

HIGHEST

Property Taxes in the Nation

13 of the 16
highest tax
counties are in
New York when
assessed by
home value

In absolute dollars,
Westchester is #1
and Nassau is #2

Property Taxes
are **Destroying NY**

Transform NY's Economy

Hold taxes for now...

EQUALIZED VALUE	PURPOSE	FULL MARKET VALUE	TAX LEVIED-PAY THIS AMOUNT PAYABLE IN U.S. FUNDS ONLY.
			\$15000.00
			TAXES DUE BY 2/15/2008 PENALTY SCHEDULE ON BACK

LEVY DESCRIPTION	TOTAL LEVY	% OF CHANGE	TAXABLE	RATE	TAX AMOUNT
COUNTY TAX			130,900.00	.000000	149.00
LIBRARY PURPOSE	22,171,833.00	.0	130,900.00	.000000	149.00
NYS MANDATE MEDICAID	189,665,960.00	6.6	130,900.00	.000000	149.00
GENERAL TOWN TAX	1,698,774.00	13.3	130,900.00	2.663718	341.77
24600 Village #8	967,112.00	41.6	130,900.00	1.049351	137.36
24600 Village #8	967,112.00	41.6	130,900.00	.963718	126.15
24600 Village #8	967,112.00	41.6	130,900.00	.963718	126.15
24601 Village #8		.0	130,900.00	.000000	25.00
24604 Aurora User #8		.0	130,900.00	.000000	90.00
				.000000	422.50

...reduce for the future

**Transform NY's
Economy**

**New York has no future as the
tax capital of the nation**

**Transform NY's
Economy**

**Our people cannot afford to pay
more taxes**

The background is a blue-tinted composite image. On the left, the facade of a grand building with classical columns is visible, with the words "STATE EDUCATION BUILDING" inscribed on the upper part. On the right, a chalkboard is shown with a hand-drawn organizational chart or flowchart. The chart consists of several rectangular boxes connected by lines, with some boxes containing illegible text. The overall scene suggests a focus on government structure and education reform.

Transform State Government

TRANSFORM State Government

**In 1938 reform, Constitution says
there will only be 20 departments**

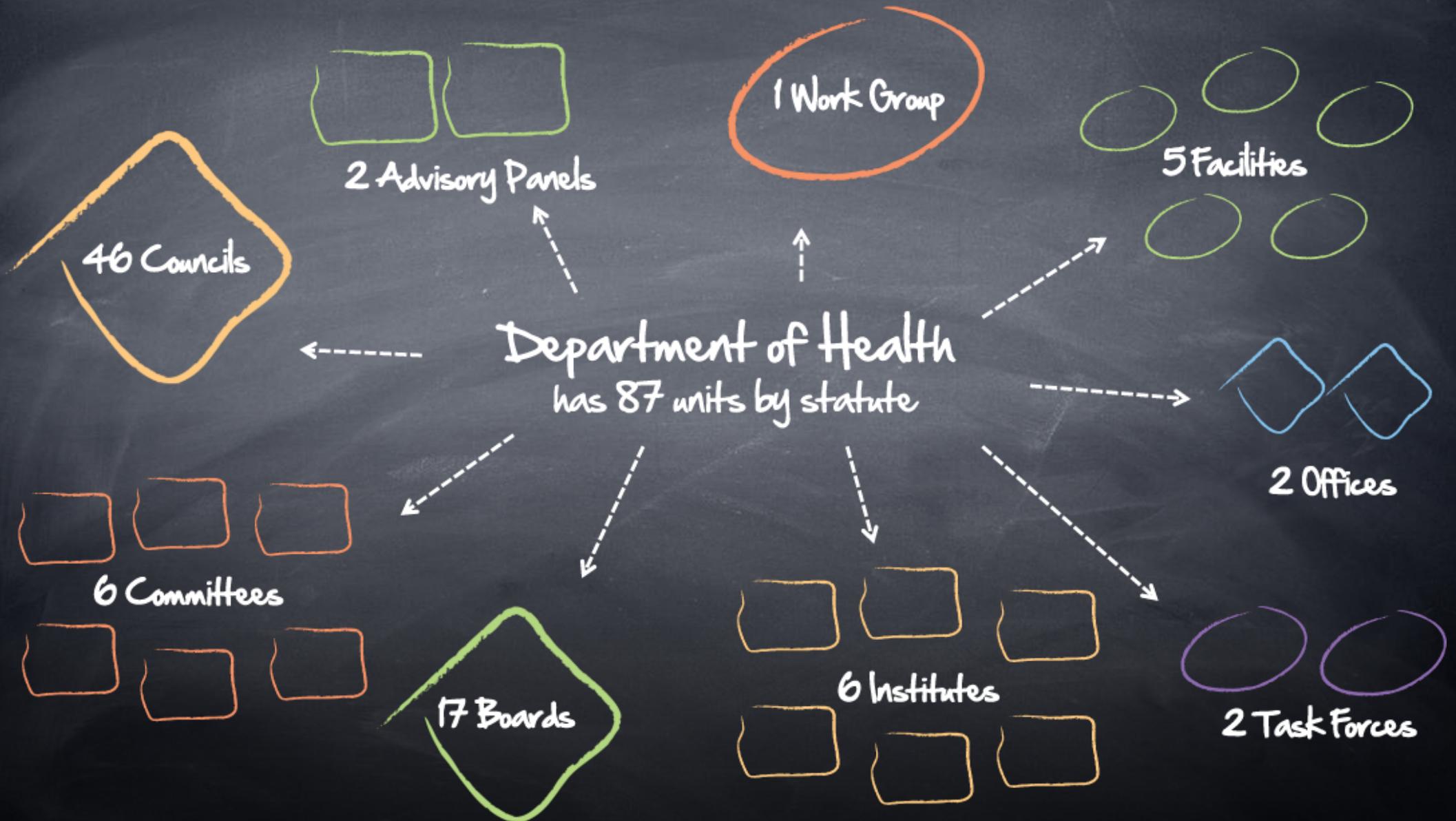
TRANSFORM State Government

So what happened since?

TRANSFORM State Government

**Created hundreds of councils,
advisory panels, working groups,
facilities, offices, task forces,
institutes, boards & committees**

Transform State Government



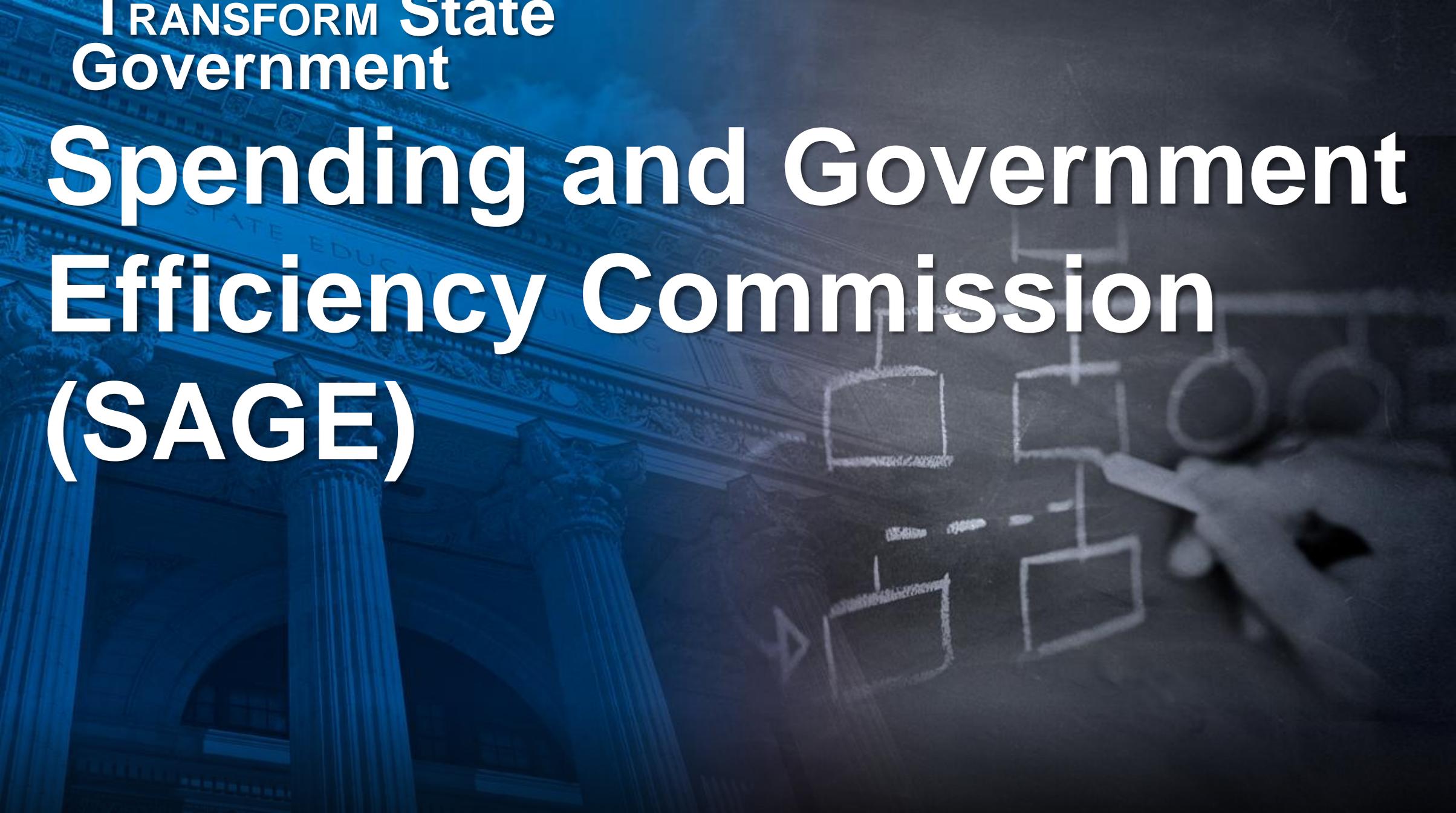
TRANSFORM STATE GOVERNMENT

COMPREHENSIVE REVIEW

to eliminate, transfer & consolidate

**TRANSFORM State
Government**

Spending and Government Efficiency Commission (SAGE)



TRANSFORM State Government: SAGE

Operational improvements, metrics and targets. Berger Commission-style law allowing government reorganization that automatically goes into effect in 30 days after submission unless rejected by the Legislature.

First reorganization plan due in 6-months. Consists of private sector experts & Legislature.

Transform Budget



Time of Transformation

Emergency Financial Plan to Stabilize Finances

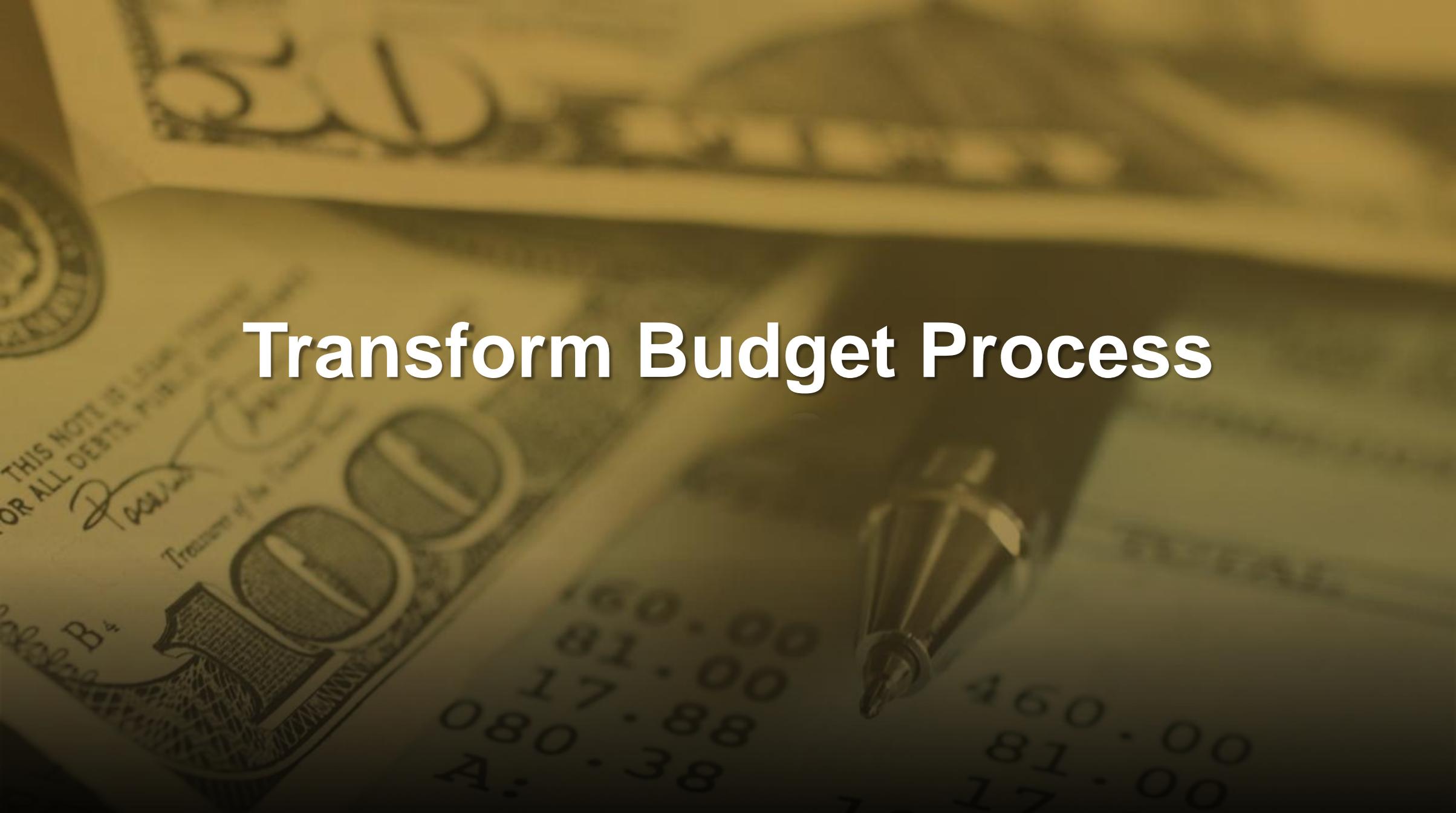
1. Wage Freeze

2. Hold Line on Taxes

3. State Spending Cap

4. Close \$10 billion gap w/o borrowing or new taxes

Transform Budget Process



THIS NOTE IS VALID FOR ALL DEBTS PUBLIC

100

160.00
81.00
17.88
080.38
A:



460.00
81.00
17

TOTAL

Transform Budget Process

...FROM

Partisan political theatre

...TO

Productive debate and compromise

Transform Budget Process

...Ships passing in the night



Transform Budget Process

We Need to Try a Different Way

TRANSFORM BUDGET
PROCESS

ISOLATE

Budget Flashpoints

Education



Medicaid



State & Local
Mandates



Transform Budget Process

**Try a new approach:
Medicaid**



Transform Budget Process

Interesting Model

Governor announced across the board cuts; industry said they couldn't live with.



Transform Budget Process

Interesting Model

Alternative dispute resolution meets
binding arbitration



Transform Budget Process

How Wisconsin made big Medicaid cuts with little controversy

By Jake Grovum, Special to Stateline

Lessons learned Wisconsin

Stakeholders brought to the table to redesign programs



IT'S NOT BUDGET CUTTING OR TRIMMING,

it's reinventing, reorganizing &
redesigning government programs &
agencies

Transform Budget Process

Crisis Management Approach: Redesign Team

Medicaid



Transform Budget Process

Medicaid Redesign

Team

Starts January 7

Commit to Reinventing in Time for
April 1st Deadline

Assumes Governor's Budget Target

Includes, Legislative, Executive and
Stakeholders

Transform Budget Process

**Michael Dowling,
LIJ**

**Dennis Rivera,
SEIU**

**Ken Raske,
GNYHA**

Stakeholders

**George Gresham,
1199**

**Dan Sisto,
HANYS**

Legislature

Transform Budget Process

The background of the slide features a warm, golden-brown color palette. On the left side, there are several large, unrolled architectural blueprints with various technical drawings and lines. In the center and right, three business professionals (two men and one woman) are seated around a table, engaged in a discussion. The overall image has a soft, slightly blurred quality, emphasizing a professional and collaborative atmosphere.

**Jason Helgerson,
Former Medicaid
Director, Wisconsin**

**Jim Introne,
Director of
Healthcare
Redesign**

Transform Budget Process

Crisis Management Approach: Redesign Team

Mandate Relief

Transform Budget Process

Mandate Relief

Starts January 7

Commit to First Action in Time for
April 1st Deadline

Will propose eliminating mandates

Includes, Legislative, Executive and
Stakeholders

Transform Budget Process

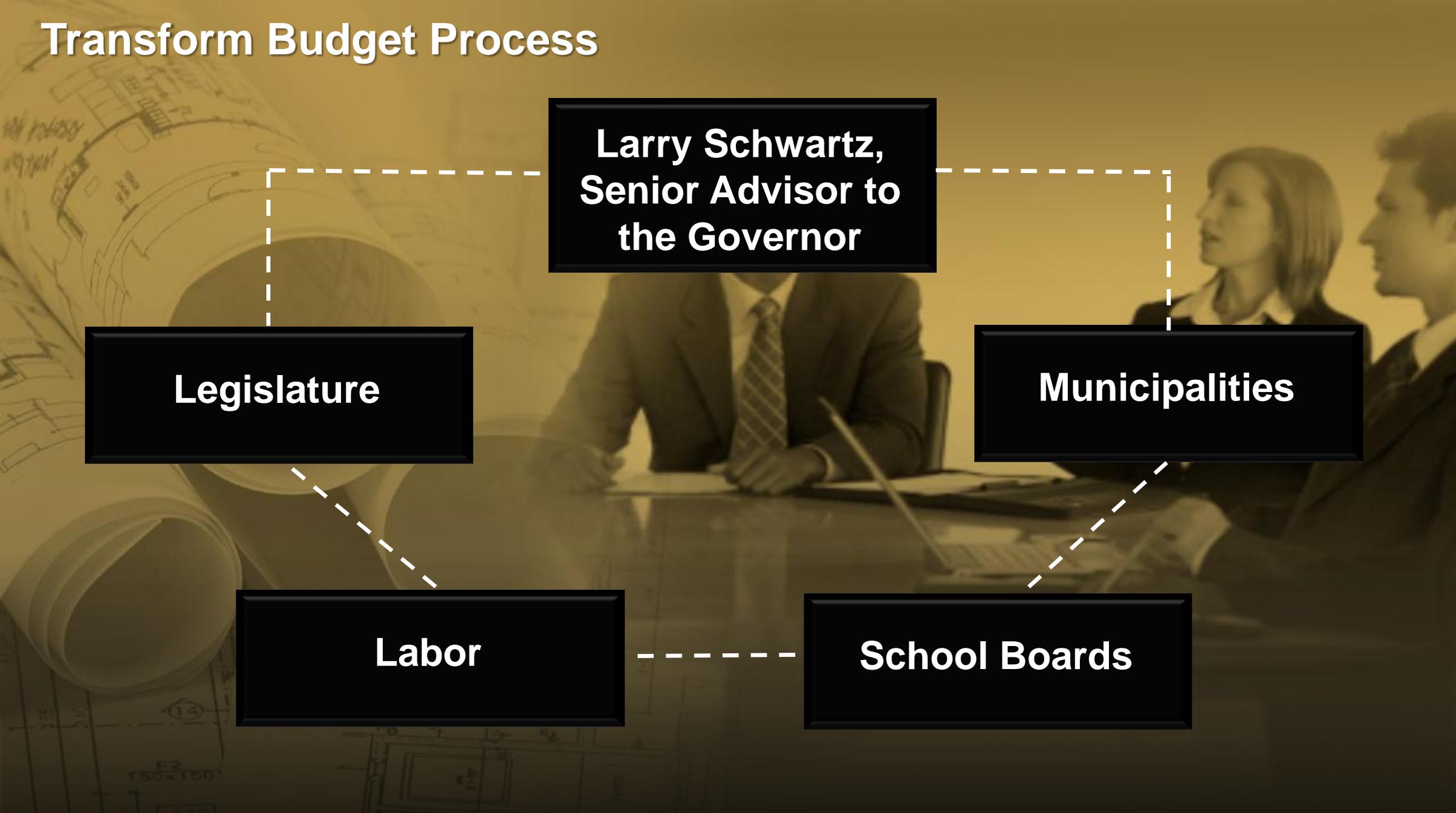
**Larry Schwartz,
Senior Advisor to
the Governor**

Legislature

Municipalities

Labor

School Boards



Transform Budget Process

#1

in Spending



#34

In results

Education

Transform Budget Process

Current Education Funding

Formula Grants

No Performance Incentives

A photograph of graduates in a classroom setting, with the text overlaid. The image is tinted with a warm, golden-brown color. In the foreground, a young man in a graduation cap and gown is looking towards the right. Behind him, other graduates are visible, some looking towards the camera and others looking away. The background shows rows of desks and chairs in a classroom, with large windows on the right side. The overall atmosphere is one of accomplishment and reflection.

Transform Budget Process

Federal Government is More Innovative

Race to the Top, incentives tied to millions in funding, made the legislature act on education reform.

Transform Budget Process

Competition Funds

Management Improvement Incentives

SCHOOL PERFORMANCE & ADMINISTRATIVE EFFICIENCY

\$250 million for districts that proportionally increase performance in the classroom (e.g. improving grades of historically underperforming children)

\$250 million for districts that can find administrative savings through efficiencies

Transform the Budget

Consolidation Bonus Pool

Local governments would be eligible for bonus money for consolidations, mergers & shared services

50% of the bonus must go for direct property tax relief

Transform the Ethical Environment

Disclosure?

DAILY NEWS
State of shame

FBI, IRS raid clinic

ALBANY (AP) - The state legislature dodges action on \$315M deficit

(Sentinel photo by John Clifford)

news reacting to," he said of Monday's announcement by the president. But,

CONTINUED ON PAGE 2
Wage freeze

ALBANY (AP) - The state legislature dodges action on \$315 million deficit Monday evening, saying inaction would be the best way to address the problem.

Cuomo files civil suit against Democrat, accusing him of siphoning \$14 million

NEW YORK (AP) - Federal authorities raided a government-funded clinic run by the state Senate's majority leader, one day after New York's attorney general accused him of siphoning \$14 million from it.

through e-mail. FBI spokesman Jim Margolin said only that the search was part of an ongoing investigation.

Cuomo accuses Espada, 19 others of 'siphoning' \$14M from nonprofit.

CARA MATTHEWS
GANNETT ALBANY BUREAU

ALBANY — State Senate Majority Leader Pedro Espada and 19 current or former executives of his Bronx nonprofit health care company were accused Tuesday

Cuomo announced money used for his restaurant as Vegas and his political

raid. frequently and was "I know he is da of getting the trols to give him

CARA MATTHEWS
GANNETT ALBANY BUREAU

STATE OF CHAOS



Corrupt state Sen. Vincent Leibell instructing an unidentified lawyer feds about their kickback

You and I say there any cash relationships

Since you and I are in didn't happen... All long as you and I are consistent, I'm fine, you're fine.

State order filing suit to

accuses Espada, 'siphoning' nonprofit.

ough to flush out the cynical, greed-driven

**Sometimes the issue
is
black and white**

Lost Trust

Lost Credibility

Pass Ethics Reform

Pass It Now

Clean Up Albany Plan

End Pay-to-Play

Full Disclosure

Independent Monitor

Independent Redistricting

Public Financing of

Campaigns

State of the State

**I. This is a time of
crisis**

**II. We must transform our
government**

**III. To become the
progressive capital of the
nation once again**

**IV. To seize this moment of
opportunity**



While we deal with the fiscal realities, we must also continue to achieve social progress

Forge a Progressive
Agenda

Wall Street Corruption

Where was Washington?

Where was Albany?

Forge a Progressive
Agenda

Better Protect Consumers

New Department of Financial
Regulation

Insurance

Department
of Financial
Regulation

Consumer
Protection

Green Jobs

NY Cleaner, **Greener**
Communities Program—a \$100
million competitive grants for
local public/private partnerships
to improve our environment.



Create Green Jobs
Pollution Reduction
Further Environmental Justice

Forge a Progressive
Agenda

Minority & Women- Owned Business

Enterprise

ECONOMIC OPPORTUNITY

Goal from

10%

For all New Yorkers

Goal to

20%

Forge a Progressive Agenda

Present Realities...

Modern Day

Deinstitutionalization

Can't warehouse children
and charge taxpayers
simply to save jobs

Bad Memories

Willowbrook Facility

TRYON CAMPUS



New York State
Office of Children & Family Services
Tryon Boys Residential Center &
Girls Reception Center
Tryon Girls Center

Nationally Accredited Since 1991

Forge a Progressive
Agenda

Justice for All MARRIAGE EQUALITY

for all New Yorkers

I ♥ =
NY

EQUAL ★ JUSTICE ★ UNDER ★ LAW

Forge a Progressive
Agenda

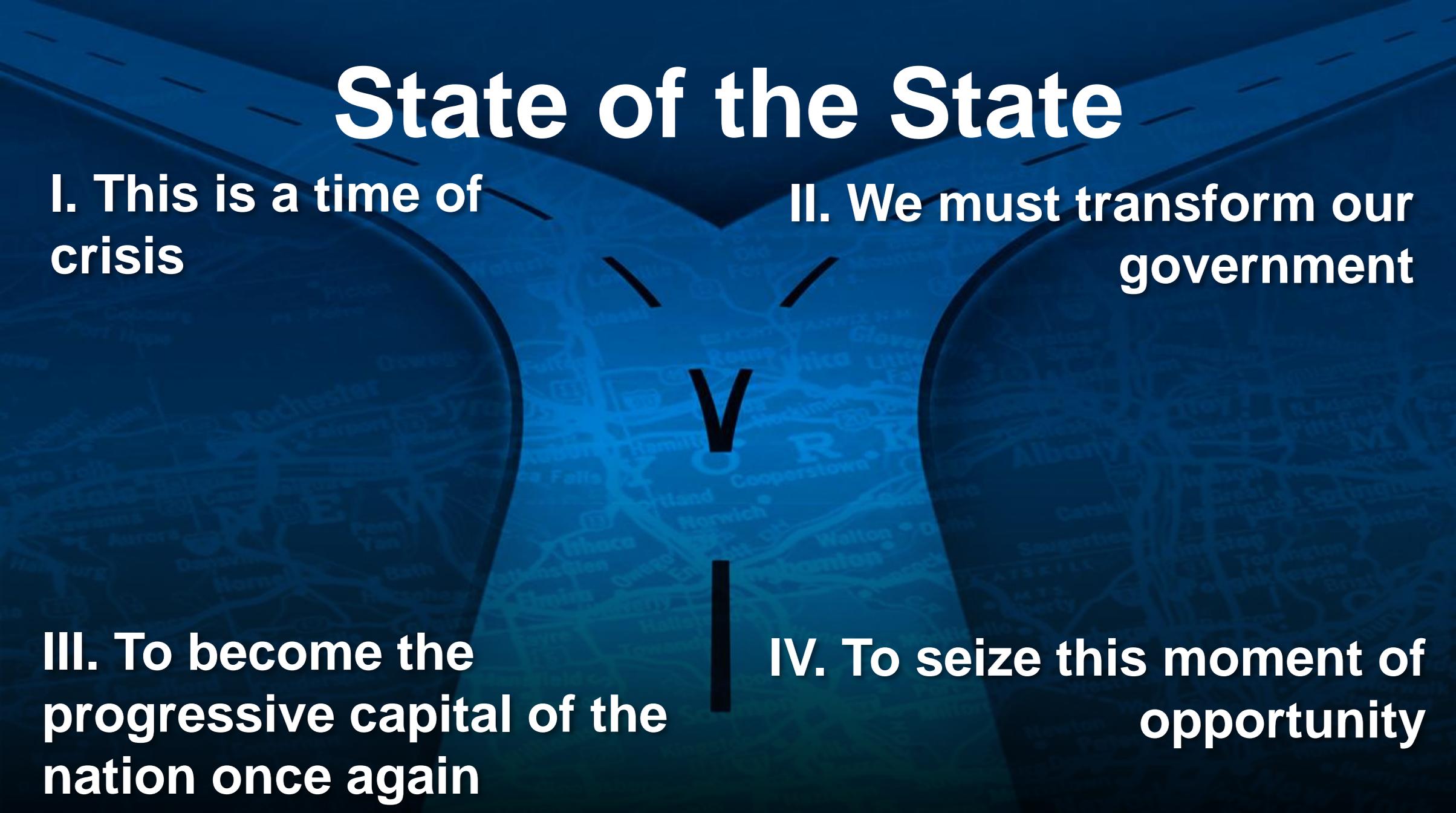
Urban Green Markets

New York
Produce



GREENMARKET
farmers market

State of the State



**I. This is a time of
crisis**

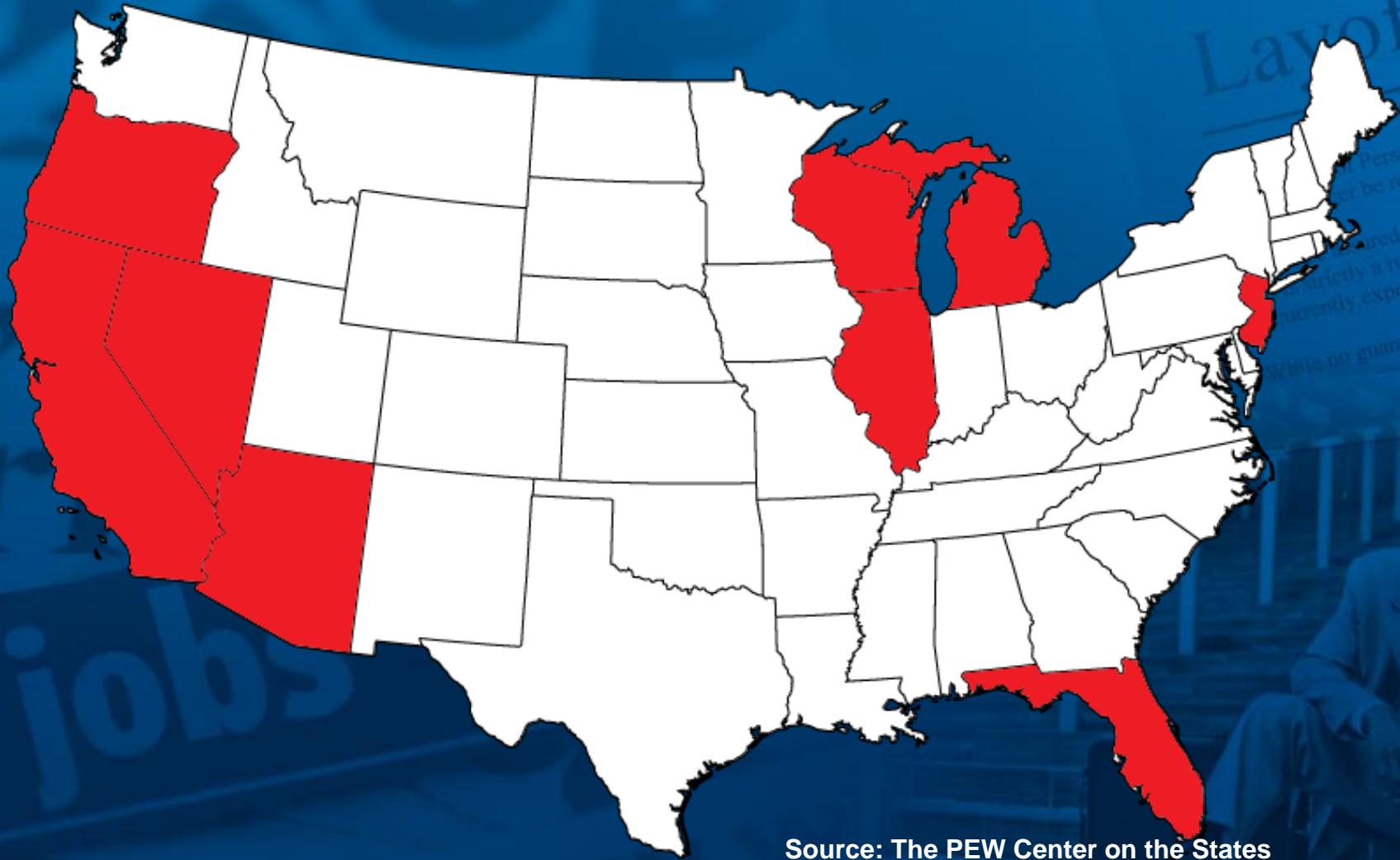
**II. We must transform our
government**

**III. To become the
progressive capital of the
nation once again**

**IV. To seize this moment of
opportunity**

New York is Not Alone

Moment of Opportunity



Source: The PEW Center on the States

8 States with fiscal conditions worse than NY

Moment of Opportunity

Time of National Transition

An Economic Recalibration

Moment of Opportunity

Like the Agriculture, Industrial and High Tech Transitions....



Moment of Opportunity

...New York
Must Lead the Way Again



JANUARY 2011

SUN

MON

TUES

WED

THURS

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SAT

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Make January 5,
2011...

- EMPIRE STATE -

STRIKES BACK



234th Legislature

Peter J. Abbate, Jr.	Jane L. Corwin	Dov Hikind	Tom McKeivitt	Peter M. Rivera	Eric Adams	Kenneth P. LaValle
Thomas J. Abinanti	Marcos A. Crespo	Earlene Hooper	Steven F. McLaughlin	Samuel D. Roberts	Joseph P. Addabbo, Sr.	Tom Libous
George Amedore	Clifford W. Crouch	Sam Hoyt	Grace Meng	Annette Robinson	James S. Alesi	Elizabeth Little
Carmen E. Arroyo	Brian F. Curran	Rhoda Jacobs	Donald R. Miller	Robert J. Rodriguez	Tony Avella	Carl L. Marcellino
Jeffrion L. Aubry	Michael Cusick	Ellen Jaffee	Joel M. Miller	Linda B. Rosenthal	Greg Ball	Jack M. Martins
William A. Barclay	Steven Cymbrowitz	Hakeem Jeffries	Michael Miller	Addie J. Russell	John J. Bonacic	George D. Maziarz
Inez D. Barron	Michael G. DenDekker	Mark Johns	Joan L. Millman	Joseph S. Saladino	Neil D. Breslin	Roy J. McDonald
Michael Benedetto	RoAnn M. Destito	Tony Jordan	Marcus Molinaro	Teresa R. Sayward	David Carlucci	Velmanette Montgomery
Jonathan L. Bing	Jeffrey Dinowitz	Steve Katz	Michael Montesano	William Scarborough	John A. DeFrancisco	Michael F. Nozzolio
Ken Blankenbush	Janet L. Duprey	Brian Kavanaugh	Joseph D. Morelle	Michelle Schimel	Ruben Diaz	Thomas F. O'Mara
William F. Boyland, Jr.	Steve Englebright	Micah Kellner	Francisco P. Moya	Robin Schimminger	Martin Malavé Dilan	Suzi Oppenheimer
Philip Boyle	Herman D. Farrell, Jr.	Brian M. Kolb	Dean Murray	Mark J. F. Schroeder	Thomas Duane	Kevin S. Parker
Edward C. Braunstein	Gary D. Finch	Rory I. Lancman	Catherine Nolan	Sheldon Silver	Adriano Espaillat	José Peralta
James F. Brennan	Michael J. Fitzpatrick	George S. Latimer	Daniel J. O'Donnell	Aravella Simotas	Hugh T. Farley	Bill Perkins
Harry B. Bronson	Christopher S. Friend	Charles D. Lavine	Bob Oaks	Kevin Smardz	John J. Flanagan	Michael H. Ranzenhofer
Alec Brook-Krasny	Dennis H. Gabryszak	Joseph R. Lentol	Félix Ortiz	Mike Spano	Charles J. Fuschillo, Jr.	Patty Ritchie
Daniel J. Burling	Sandy Galef	Barbara Lifton	Philip A. Palmesano	Eric A. Stevenson	Pat Gullivan	Gustavo Rivera
Marc W. Butler	David F. Gantt	Guillermo Linares	Amy Paulin	Robert K. Sweeney	Michael Gianaris	Joseph E. Robach
Kevin A. Cahill	Vanessa L. Gibson	Peter D. Lopez	Crystal D. Peoples-Stokes	James Tedisco	Martin J. Golden	Stephen M. Saland
Nancy Calhoun	Joe Giglio	Vito J. Lopez	N. Nick Perry	Claudia Tenney	Joseph A. Griffo	John L. Sampson
Karim Camara	Deborah J. Glick	Dan Losquadro	Audrey I. Pheffer	Fred W. Thiele, Jr.	Mark Grisanti	Diane J. Savino
Ron Canestrari	Andy Goodell	Donna A. Lupardo	J. Gary Pretlow	Matthew Titone	Kemp Hannon	Jose M. Serrano
Robert J. Castelli	Richard N. Gottfried	William Magee	Edward P. Ra	Michele R. Titus	Ruth Hassell-Thompson	James L. Seward
Nelson L. Castro	Alfred C. Graf	William Magnarelli	Annie Rabbitt	Lou Tobacco	Shirley L. Huntley	Dean G. Skelos
John D. Ceretto	Aileen M. Gunther	Alan Maisel	Andrew P. Raia	Darryl C. Towns	Owen H. Johnson	Malcolm A. Smith
Barbara M. Clark	Sean T. Hanna	Nicole Malliotakis	Phil Ramos	Helene E. Weinstein	Timothy Kennedy	Daniel L. Squadron
William Colton	Stephen Hawley	Margaret M. Markey	Bill Reilich	Harvey Weisenberg	Jeffrey D. Klein	Toby Ann Stavisky
James D. Conte	Jim Hayes	Nettie Mayersohn	Bob Reilly	David I. Weprin	Liz Krueger	Andrea Stewart-Cousins
Vivian E. Cook	Carl E. Heastie	David G. McDonough	José Rivera	Keith L.T. Wright	Carl Krueger	David J. Valesky
	Andrew Hevesi	John J. McEneny	Naomi Rivera	Kenneth Zebrowski	Andrew J. Lanza	Catharine Young
					William J. Larkin, Jr.	Lee M. Zeldin

