



SAGE Commission

Overview for Commission Members

April 25, 2011

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Overview for commission members

“To modernize and right-size State government, this administration will propose the Spending and Government Efficiency (SAGE) Commission whose charge will be to undertake a comprehensive review of every agency of state government and recommend structural and operational changes to it.

“The SAGE Commission[‘s]...charge will be simple: make our State government more modern, accountable and efficient.”

Governor Andrew M. Cuomo
New York at a Crossroads:
A Transformation Plan for a *New New* York
ANNUAL MESSAGE
STATE OF NEW YORK
January 5 ,2011

A SAGE Commission is needed because:

- The sprawl of state agencies, authorities, and boards and commissions, hinders effective and efficient government, since many of these entities have overlapping functions and missions
- The state faces massive fiscal deficits so improving the efficiency of government operations and services is essential to help close budget gaps and ensure that spending is as productive as possible
- The lack of meaningful metrics and targets to measure performance masks inefficiencies and contributes to mediocre performance



Preparing for the Commission

Designing the SAGE process

1

The Cuomo Transition team, with support from SUNY's Rockefeller Institute and a grant from the Rockefeller Foundation, worked with management consultants from McKinsey & Co. to give the SAGE Commission a head start in designing a state government performance transformation

2

McKinsey studied the experience of other states that have used commissions and "dedicated delivery units" to achieve successful government performance transformations

3

McKinsey identified six elements of successful government performance transformation efforts

McKinsey's six elements of a successful government performance transformation

- 1 Strong leadership and visible executive sponsorship
- 2 Clearly defined scope and goals
- 3 Innovative operational improvement ideas
- 4 Strategic analytics to support recommendations
- 5 Ability to secure approval from the Executive and the Legislature
- 6 Effective implementation

McKinsey's six elements of success: Examples (1 of 2)

1 Strong leadership and visible executive support

The Commission for a New Georgia, which implemented 127 of 130 recommendations, received strong leadership from private sector Chairs who had experience with “best practice” process improvements and benefited from Governor Perdue’s strong and visible support

2 Clearly defined scope and goals

Virginia’s 2010 Government Reform and Restructuring Commission produced recommendations in six months to reduce State spending by a target of 2% by organizing its efforts around the following four subcommittees:

- Government Simplification & Operations
- Consolidation of Shared Services & Enterprise Architecture
- Intergovernmental Relations
- Customer Service, Performance, Accountability & Transparency

3 Innovative Operational Improvement Ideas

Pennsylvania drew upon private sector expertise to develop innovative ideas for improving government procurement. By adopting a “strategic sourcing” approach that had proven successful in the private sector, Pennsylvania reduced its procurement costs by close to 10% while increasing the share of State business won by Disadvantaged Business Enterprises

McKinsey's six elements of a success: Examples (2 of 2)

4 Strategic analytics to support recommendations

New York City's Office of Operations (a type of "Dedicated Delivery Unit") produced detailed business cases with specific implementation dates to support the achievement of \$500 million in savings from modernization of five key areas of back-office services

5 Ability to secure approval from the Executive and the Legislature

Utah and Maine included legislators on their performance transformation commission to help inform recommendations and secure legislative passage. By contrast, the 2004 California Performance Review accomplished few of its 1,200 recommendations because it failed to build consensus for its recommendations

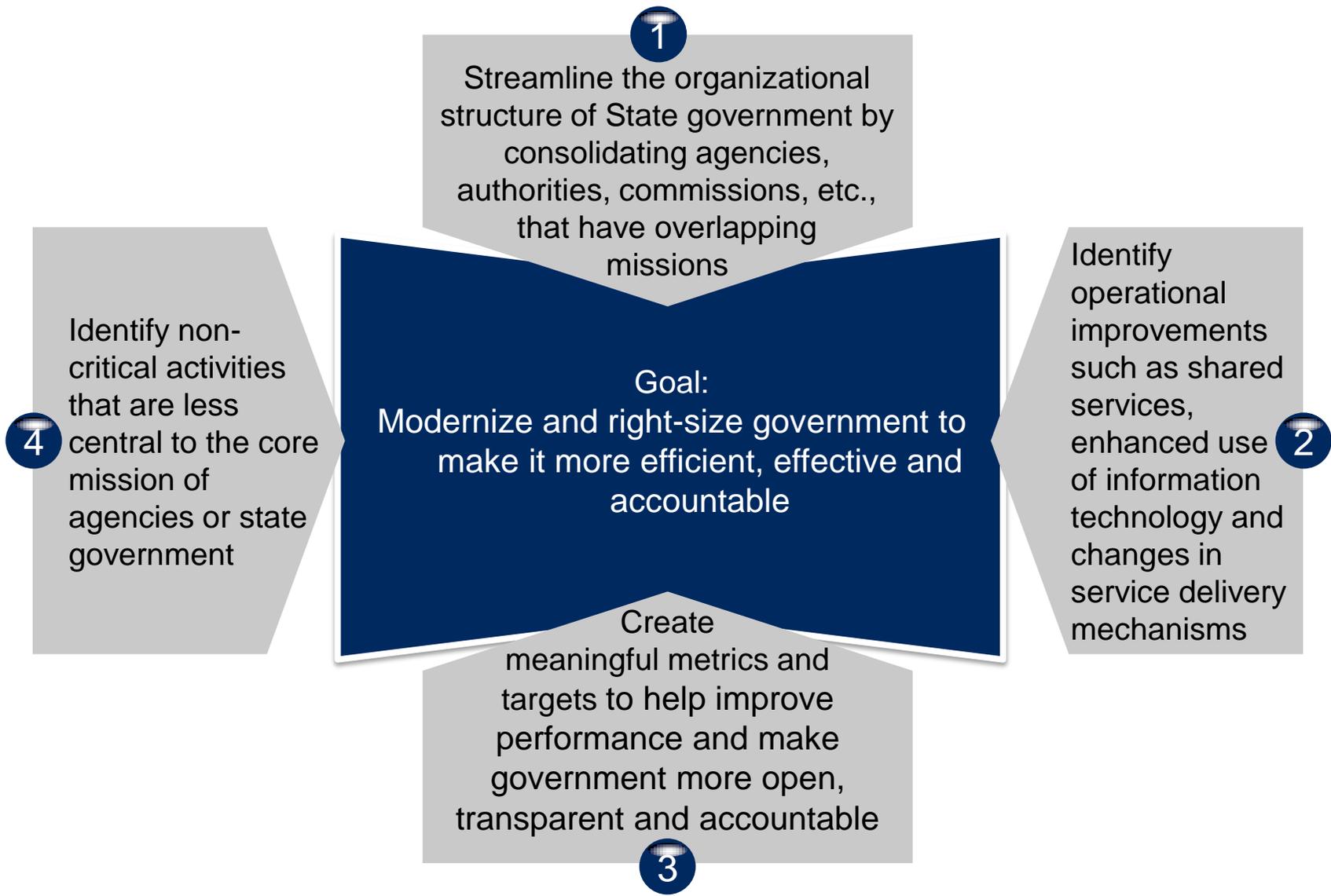
6 Effective Implementation

Prime Minister Blair's success in improving the British Government's performance on priorities across education, health, crime, and transportation was supported by the Prime Minister's Delivery Unit (PMDU) that reported frequently to the Prime Minister on the progress of implementing various initiatives



The Commission's Charter and Scope

Four activities define the commission's charter and scope



Streamline State government (1 of 4)

Since the last reorganization of the Executive Branch by Governor Al Smith in 1927, New York’s government has grown into a tangled web of entities with overlapping and duplicative functions that obstruct effective governance

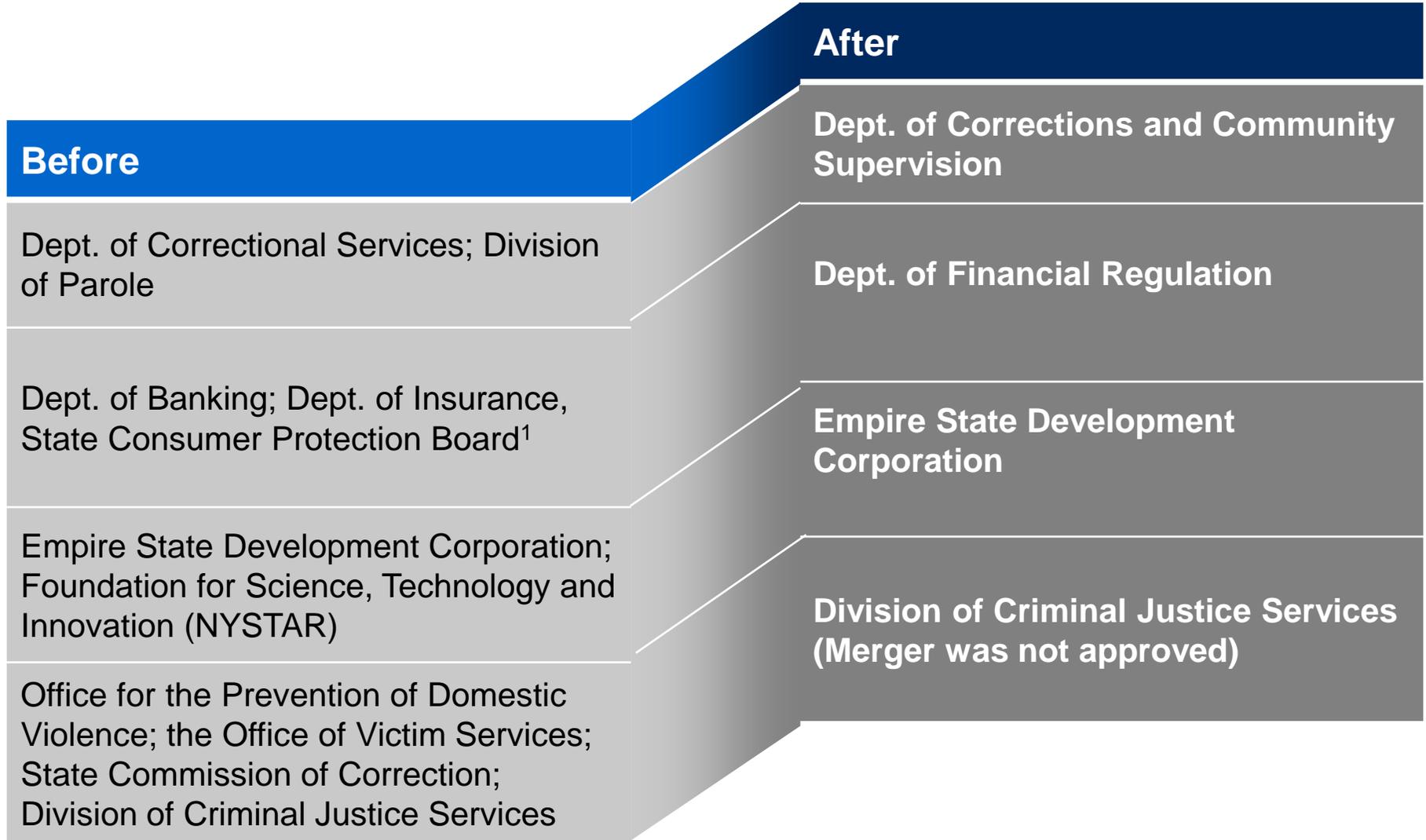
1927	Present Day
Legislation creating the Executive branch stipulated there could be no more than 20 departments	Today, there are more than 600 State agencies, authorities, and commissions.
Executive Branch consisted of four “staff” units: <ol style="list-style-type: none"> 1.Division of the Budget 2.Division of Standard 3.Division of State Police 4.Division of Military and Naval Affairs 	The Executive Department now consists of 41 agencies. In addition, the State has at least 15 major authorities, and more than 500 boards, commissions, councils and taskforces
Executive Branch workforce totaled 29,000	Today it is over 195,700

Target

- A 20% reduction in number of agencies, authorities, commissions, etc.

Streamline State government (2 of 4)

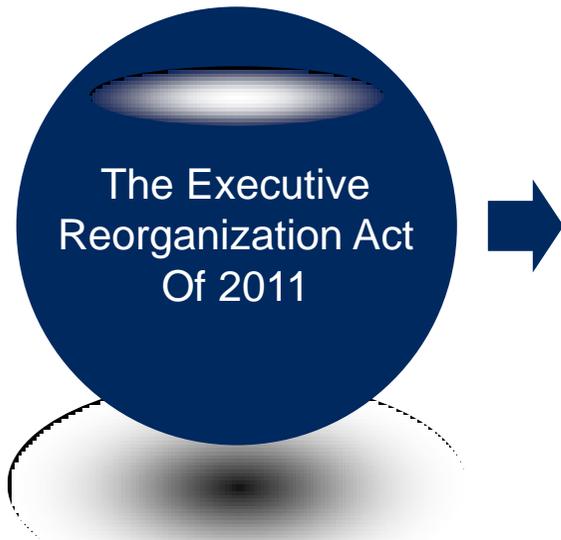
THE LEGISLATURE APPROVED 3 OF THE 4 CONSOLIDATIONS AND MERGERS GOVERNOR CUOMO PROPOSED IN THE 2011-12 EXECUTIVE BUDGET



¹The State Consumer Protection Board was merged into the Department of State

Streamline State government (3 of 4)

THE LEGISLATURE APPROVED THE EXECUTIVE REORGANIZATION ACT OF 2011,
PROPOSED IN THE 2011-2012 EXECUTIVE BUDGET



Authorizes the Governor to reorganize one or more agencies

Where a reorganization requires the force of law, authorizes the Governor to submit a Reorganization Plan to the Legislature

Requires the Legislature to vote on any Reorganization Plan within 30 days of the plan's submission.

Streamline State government (4 of 4)

BY THE END OF MAY 2011, THE SAGE COMMISSION WILL SEND THE GOVERNOR ADDITIONAL REORGANIZATION RECOMMENDATIONS IN THE FOLLOWING AGENCY CLUSTERS, COMPLETING THE FIRST PHASE OF THE ORGANIZATIONAL STRUCTURE REVIEW

Health and Disabilities	Environment and Parks	Transportation
Human Services	Economic Development	Enterprise Services

Increase Operational Efficiency (1 of 2)

AFTER SUBMITTING THE MAY 2011 REORGANIZATION PLAN, THE SAGE COMMISSION WILL CONTINUE ITS COMPREHENSIVE REVIEW OF ALL AGENCIES TO IDENTIFY OPERATIONAL IMPROVEMENTS THAT CAN IMPROVE PERFORMANCE AND EFFICIENCY



Leveraging technology and enterprise services to improve service and reduce costs

Process redesign based on “best practices” and guided by metrics and targets

Human capital improvements developed in partnership with State employees and their representatives

Reform of outdated and burdensome regulations that don't improve outcomes

Increase Operational Efficiency (2 of 2)

Increased operational efficiency will generally be achieved by identifying operational improvements, rather than by pursuing sharply different policy goals

The Policy Choice–Operational Improvement Distinction (Examples)

Policy choice	Operational improvement
<ul style="list-style-type: none">▪ The level of State employee contribution to health care	<ul style="list-style-type: none">▪ Whether the State should self-insure for health care
<ul style="list-style-type: none">▪ Whether the State should provide transportation to Medicaid beneficiaries	<ul style="list-style-type: none">▪ What is the most cost-effective way to provide such transportation
<ul style="list-style-type: none">▪ Whether the State should close certain parks	<ul style="list-style-type: none">▪ Whether the Parks Department and other agencies should have a shared Police force

Establish metrics and targets (1 of 3)

A COMPREHENSIVE PERFORMANCE MANAGEMENT SYSTEM WILL INCREASE ACCOUNTABILITY AND FACILITATE CONTINUING IMPROVEMENTS



Create benchmarks to measure operational performance and efficiency

Help to measure program effectiveness in achieving policy goals

Serve as a management tool for improving performance

Provide transparency to the public about government efficiency and performance

Establish metrics and targets (2 of 3)

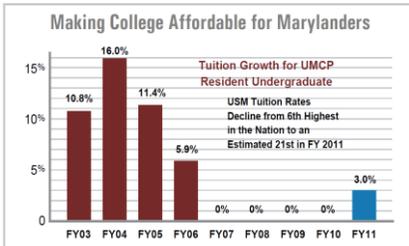
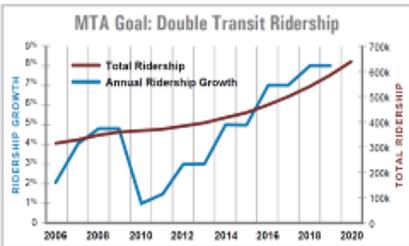
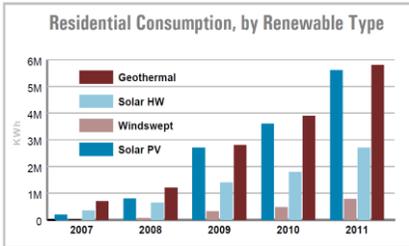
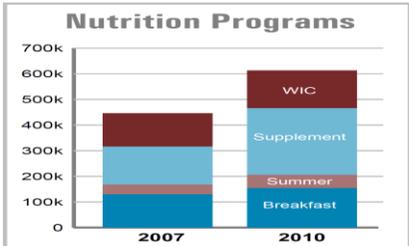
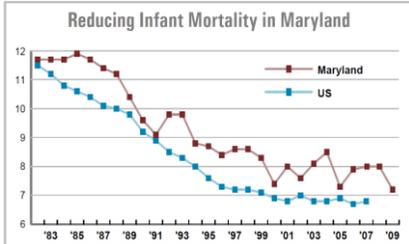
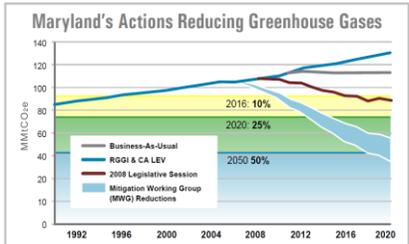
In Maryland, the StateStat performance system is used to measure progress against key goals

Approach

StateStat drove a fact-based data analysis approach to Maryland's state operations improvement effort

- i Four key areas of focus were identified by the Governor to improve quality of life
- ii 15 key goals with specific targets were developed to support the four areas of focus
- iii Metrics and dashboards were clearly defined upfront to track the progress
- iv Dashboards were reviewed on a bi-weekly basis by the Governor and his executive staff
- v A problem solving culture was fostered to identify gaps and find solutions for key issues
- vi Progress of each initiative is visible to the public through the StateStat website

Dashboard example



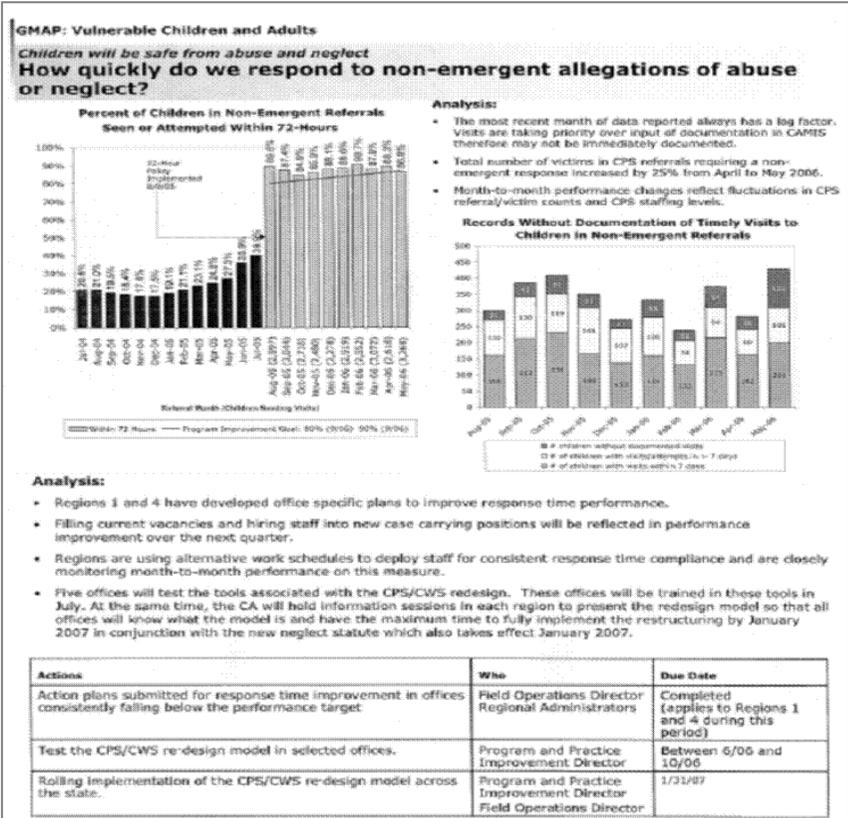
Establish metrics and targets (3 of 3)

Washington State developed the Government Management, Accountability and Performance Program (GMAP) to improve agency performance and build public confidence

Approach

- i Seven key priority areas were identified by the Governor to focus on during GMAP process
- ii Agencies conducted workshops to identify key metrics, designed to evaluate the achievement against an ultimate policy goal
- iii A GMAP forum is convened to address each of seven key priority areas on a quarterly basis and inform policy-making
- iv The GMAP sessions focus on actions, barrier identification and resources needed to accomplish goals
- v Based on these performance reviews the Governor issues reports to the public on the status of agency operations and performance

Dashboard example



Identify non-core mission activities

EXAMPLES FROM OTHER STATES

The SAGE Commission will identify activities that are not central to the core mission of agencies or State government in order to improve the focus of government spending

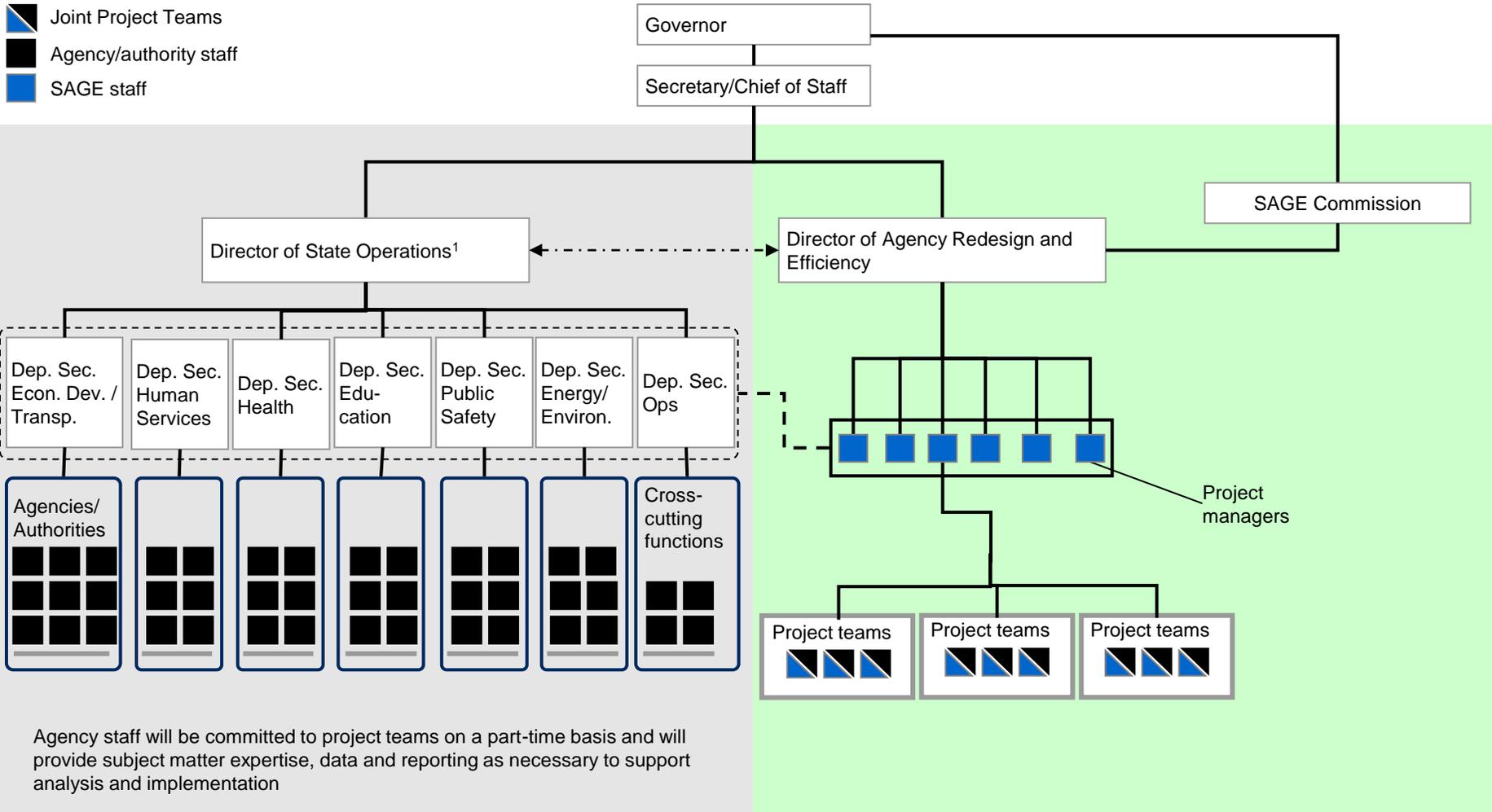
Recommendation	State
Require agencies to identify their core activities and priorities, the cost of providing those activities and meeting those priorities, and describe the implications for eliminating other activities and the costs of those activities	North Carolina
Distribute licenses to businesses and relinquish the government monopoly of alcohol	Virginia
Implement a centralized electronic disease recording system in collaboration with the local health departments through a public/private partnership with Collaborative Software Initiative and Novell	Utah
Improve child support collections through private sector efforts	North Carolina



Supporting the Commission's Work

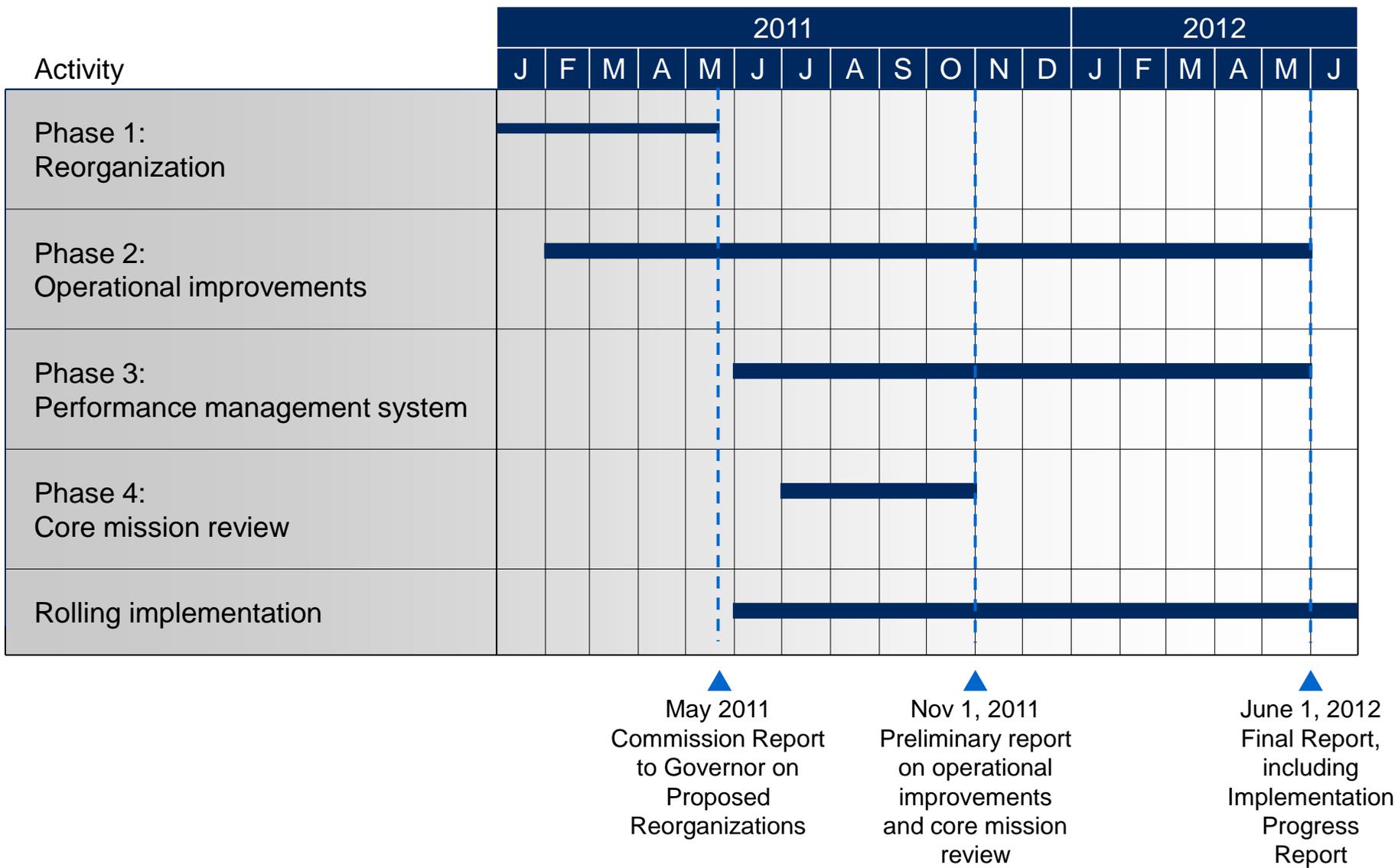
The Agency Redesign and Efficiency staff and numerous project teams work with Deputy Secretaries and agencies to develop recommendations for the Commission

-  Joint Project Teams
-  Agency/authority staff
-  SAGE staff



¹ For illustration purposes only; the final structure of agency clusters may be different than shown here

Proposed Timeline for the SAGE Commission's Work



Conclusion

“A new generation of governors is focusing on management, in part because citizens are so skeptical of government, but also because tough economic times demand it and because their own backgrounds point them in that direction”

-David Broder, Washington Post