



SAGE Commission

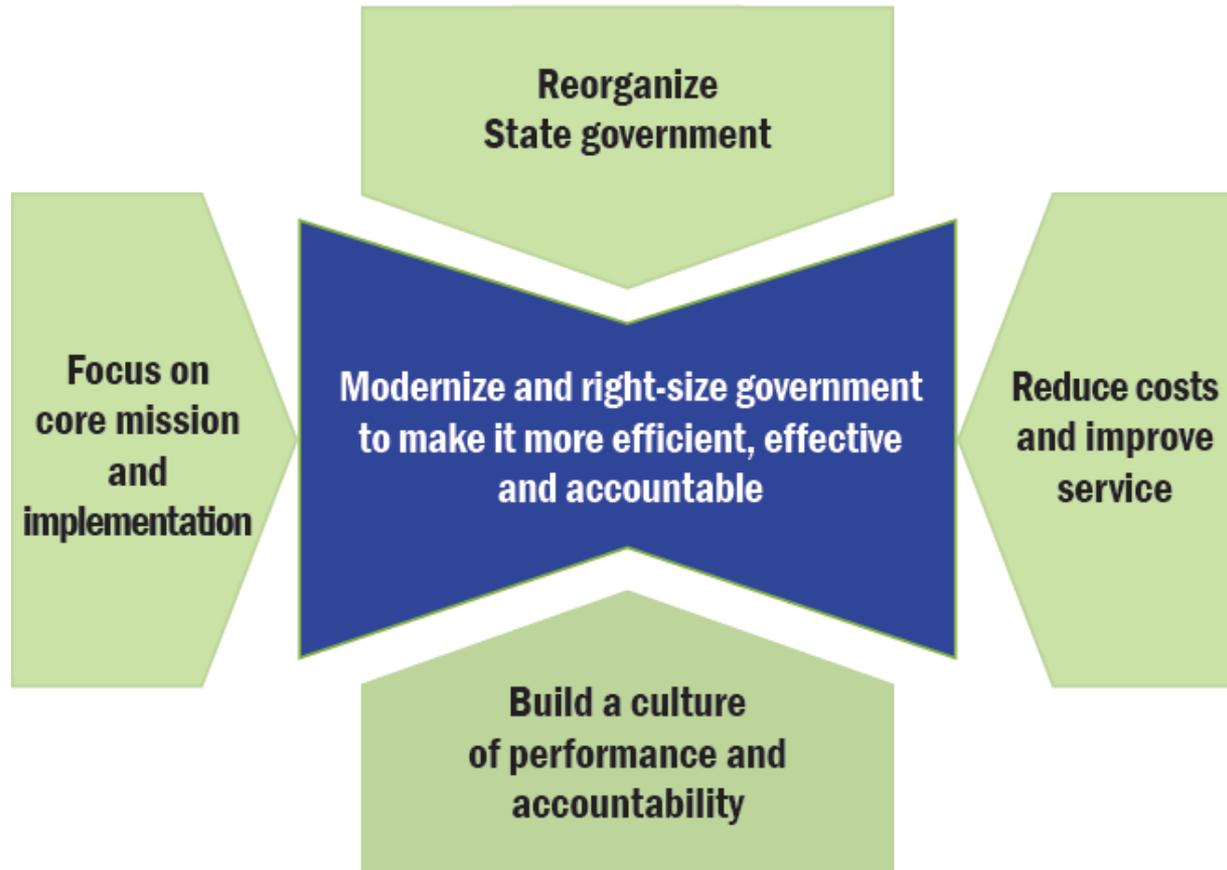
January 31, 2013

Meeting Agenda

- Overview of the SAGE Project
- Review of Highlights and Initiatives
- Discussion
- Approval of Final Report
- Concluding Remarks

The Redesign of State Government

SAGE Commission Charter and Mission



You can't see the glacier move when you watch it every day...



But sweeping change is underway...

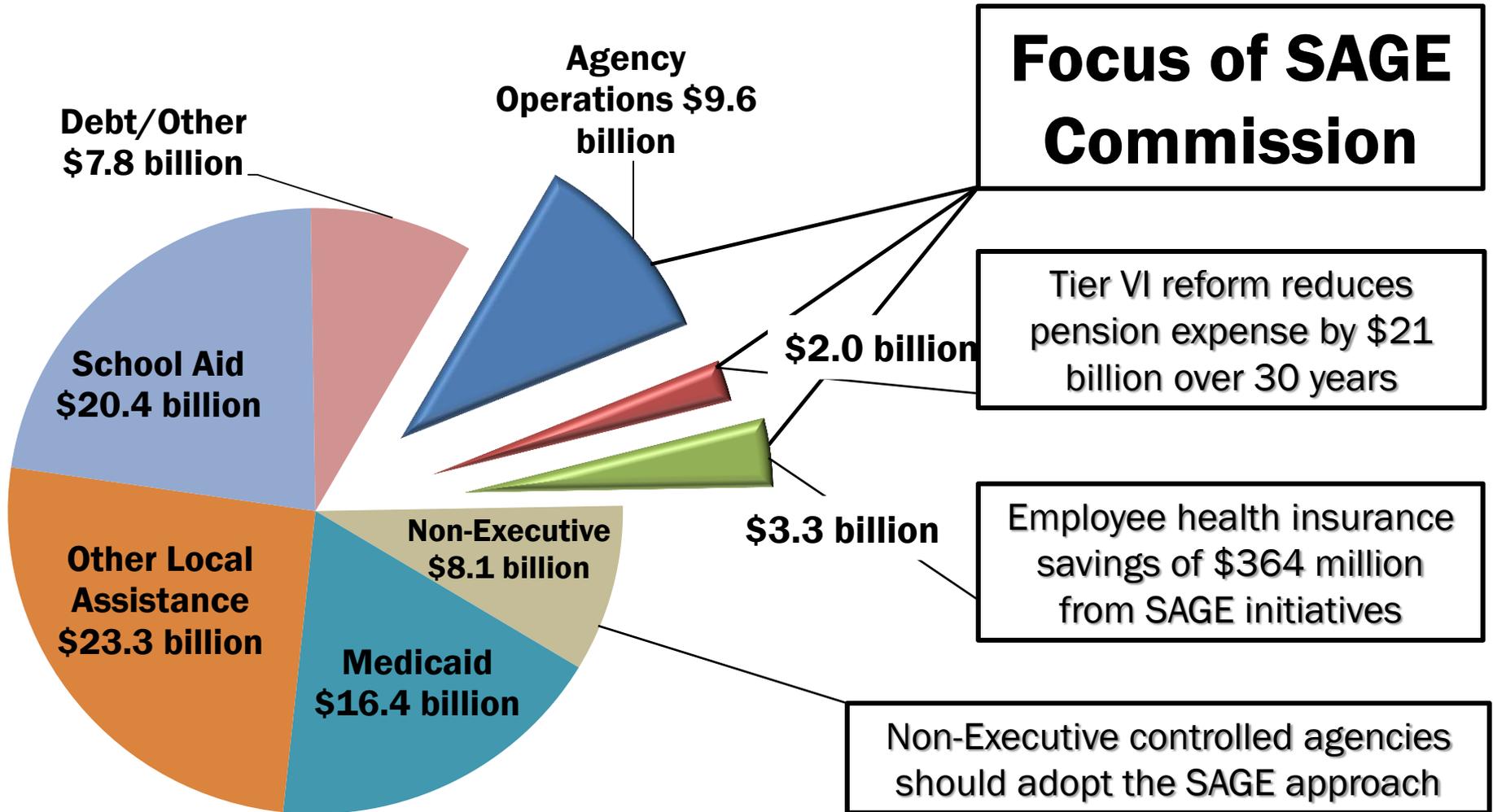
SUMMARY OF GOVERNMENT REDESIGN INITIATIVES

	Initiative	Status
Chapter 1: Introduction	The State's Fiscal Situation	
	Global Medicaid Spending Cap	Completed
	School Aid	Completed
	New Collective Bargaining Agreements	Completed
	Tier VI Eliminating Formula-Based Spending Increases	Completed
PART I: REORGANIZATION OF STATE GOVERNMENT		
Chapter 2: Consolidation and Rightsizing of Facilities	Rightizing Prisons and Custodial Care Facilities	
	Closing Excess Prisons	In Process
	Community-Based Juvenile Justice Strategy	In Process
	De-institutionalization of Mental Health and Developmental Disabilities Care	
	Mental Health	In Process
	Developmental Disability	In Process
	Consolidating Real Estate and Ancillary Activities	
	Office Space Re-stacking	Completed
	Warehouses	In Process
	Printing Operations	In Process
Laboratory Facilities	In Process	
Fleet Management	In Process	
Chapter 3: Consolidated Functions	Enterprise Shared Services	
	Business Services Center	In Process
	Procurement and Strategic Sourcing	In Process
	Cluster-Based Call Centers	In Process
	Shared Services with Other State Entities and Local Governments	Future Option
	Reassignment of Functions	
	Creation of Justice Center	Completed
	Belleaire Ski Center to ORDA	Completed
	Health and Disabilities Cluster Shared Services	
	Centralize Medicaid Rate-Setting Authority	2013-14 Budget Proposal
	Create a Division of Central Services for the Health Cluster	Future Option
	Coordinated Health Insurance Purchasing	2013-14 Budget Proposal
	Homeless Housing Assistance Program to HCR	2013-14 Budget Proposal
	Milton-Lama Housing Portfolio to HCR	2013-14 Budget Proposal
	Reassignment of Overlapping Functions Between DPS and NYSDORA	Future Option
Coastal Zone Management to DEC	Future Option	
Chapter 4: Consolidated State Agencies and Authorities	Merge and Consolidate	
	Department of Financial Services	Completed
	Department of Corrections and Community Supervision	Completed
	Merge of NYSTAT into CCG	Completed
	Merge of CONDUCTOR/PROBATION BOARD into Department of Social Services	Completed
	Sanitary Commission	Completed
	Renovation of Long Island Power Authority	2013-14 Budget Proposal
	Merge of the Office of the Health Insurance Council into the Department of Social Services	2013-14 Budget Proposal
	Consolidation of Supervisors Office of Statutory Relations with OCS	2013-14 Budget Proposal
	Consolidation of Regulatory Agencies and Authorities	Future Option
	Merge of Behavioral Health Agencies	Future Option
	Higher Education Services Corporation Consolidation	Future Option
	Merge of Education Priorities Reviewing Sub-PCF	Future Option
	Administrative Public Safety Agencies Consolidation	Future Option
	Business and Professional Licensing Agency	Future Option
Establish or Reestablish Boards and Commissions		
PA Township Commission	Completed	
EmpireOne Medical Services	2013-14 Budget Proposal	
all additional boards and commissions	Future Option	
Chapter 5: Consolidation of Inter Agency Activities	New Formal Relationships, Mechanisms	
	National Security Leadership (NSLSEC)	Completed
	Consolidated Funding Application	Completed
	NY State Bank Force Capital Planning	Completed
	Workforce Development Initiatives	
	Reorganization of the State Workforce Investment Board (SWIB)	2013-14 Budget Proposal
	Training Community College Act to Employee Partnerships	2013-14 Budget Proposal
	Consistent Performance Metrics for Workforce Development Programs	2013-14 Budget Proposal
	SWIB	
	Master Plan for Study Efficiency in All State Facilities	In Process
Reorganizing Emergency Response	In Process	

PART II: REDUCING COSTS AND IMPROVING SERVICE

Chapter 6: Information Technology Transformation	Enterprise-wide Initiatives		
	Organizational Restructuring IT Infrastructure Modernization Data Center Modernization Digital Network Consolidation Email Consolidation Enterprise Identification and Access Management	In Process In Process In Process In Process In Process	
Chapter 7: Customer Service and Process Improvement	IT-Enabled Business Process Redesign		
	Accelerating High ROI / High Impact Projects Rent Regulation System Redesign Workers Compensation System Modernization	In Process In Process In Process	
Chapter 8: Modernizing the Workforce	Customer Service Solutions Involving Licensing and Permitting		
	E-Licensing	In Process	
	DMV Licensing and Customer Service	In Process	
	Reform the State Environmental Quality Review (SEQRA) Process	In Process	
	Professional and Business Licensing	In Process	
	Contracting and Grants Management		
	Streamlining of the MWBE Certification Process	Completed	
	Contracting with Not-For-Profits and Other Third-Party Providers	In Process	
	Other Process Improvements		
	LEAN Process Improvements	In Process	
	Design-Build Procurement	Completed*	
	Controlling the Cost of New York State Workforce		
	Controlling Wage Increases	Completed	
	New Tier VI Pension Plan	Completed	
	Increased Employee Contribution for Health Insurance	Completed	
Reduction in Size of Workforce	Completed		
Layoff Avoidance	2013-14 Budget Proposal		
Flexibility in Hiring, Promotion and Transfers			
Civil Service Law Reform			
Temporary Project Jobs Expedited Hiring Extension	Future Option		
Open Promotion	Future Option		
Promotion List and Expanded Transfer Flexibility	Future Option		
Operational Improvements in Administering Current Law	Future Option		
Performance Appraisal and Disciplinary Process			
Discipline and Removal	Future Option		
Reform the Performance Appraisal Process	Future Option		
Attract and Manage Talent Through DCS and GOER Consolidation			
Aligning Agency and Authority Compensation	2013-14 Budget Proposal		
Future Option	Future Option		
PART III: BUILDING A CULTURE OF PERFORMANCE AND ACCOUNTABILITY			
Chapter 9: Performance Management and Open Government	Performance and Accountability in Education		
	Performance-based School Aid Grants	Completed	
	Statewide Teacher Evaluation System	Completed	
	NY Performs - a Statewide Performance Management System		
	Screenshots for NY Performs	In Process	
	Roll Out Plan for NY Performs	In Process	
	Agency-based Performance Management Initiatives		
	Medicaid Redesign Team Dashboard	Completed	
	Grading Performance of Third-Party Providers	In Process	
	"Pay for Success" Program	2013-14 Budget Proposal	
	Performance Analytics	In Process	
	Review of Public Authorities by the Division of Budget	Future Option	
	Increasing Transparency Through Open New York	In Process	
	Chapter 10: Core Mission and Implementation	Framework for a Core Mission Review	
		Regulatory Relief from Unnecessary Statutory Mandates	Future Option
Commercial Activities		In Process	
Competitive Benchmarking		In Process	
Unauthorized Assets		In Process	
Align Roles with Local Governments		Future Option	
Implementation			
Internal Implementation Efforts		In Process	
Private Sector Partners		In Process	
Civic Consulting Alliance		In Process	
Executive Loan Program	In Process		

FY 14 Agency Operations \$800M Lower Than Jan 2011 DOB Forecast



Savings Upon Full Implementation

Annual Savings (MM)

Consolidation and Rightsizing of Facilities

Closing Excess Prisons	\$112
Community-based Juvenile Justice Strategy	48
Deinstitutionalization of Mental Health and Developmental Disabilities Care	50
Office Space Re-stacking	27

Consolidation of Functions and Enterprise Shared Services

Business Service Center	63
Procurement and Strategic Sourcing	160
Cluster-based Call Centers	18
Coordinated Health Insurance Purchasing	104

Consolidation of Agencies and Authorities

Mergers and Consolidations	75
----------------------------	----

Information Technology

Organizational Restructuring	90
High ROI IT Projects	100
IT Infrastructure Modernization	100

Process Improvements

Design-Build Procurement	100*
Energy Efficiency Master Plan	100

Modernizing the Workforce

Tier VI Pension Plan	**
Increased Employee Contribution to Health Insurance	260
Controlling Wage Increases	161

Total

\$1,568

* Represents 10% savings on the estimated amount of annual infrastructure spending affected by the Design-Build authority under the Infrastructure Investment Act. Excludes savings for the Tappan Zee Bridge project which are estimated to be at least \$1 billion.

** The Tier VI pension plan will save the State approximately \$21 billion and localities approximately \$61 billion over the next 30 years.

SAGE Initiatives Make Leaner Government Possible

- A workforce 14% smaller than 4 1/2 years ago
- Trend toward community-based care and not-for-profit service delivery
- Innovation makes technology infrastructure less expensive
- Business process redesign plus technology streamlines process and improves service

State Government is Performing Better

- The Justice Center is bringing a new level of accountability for abuse
- The new Department of Financial Services is playing a vital role post-Sandy
- Comprehensive not-for-profit contracting reform will improve service delivery
- Sophisticated performance analytics are driving innovation in the Public Safety agencies

Lessons of the Last Two Years

- Rightsizing facilities and consolidating functions has a larger impact than agency mergers - with fewer obstacles
- Transformational change is complex and ongoing initiatives require sustained focus for the next 2-3 years
- State government is still opaque and it is hard to get a fully integrated view of what we do
- Political opposition, bureaucratic inertia and restrictive work rules are a fact of life
- Incremental progress adds up



Highlights of Initiatives

Highlights of Government Redesign Initiatives

Category

Initiative

Reorganization of State Government

- Consolidating and Rightsizing of Facilities
- Consolidation of Functions
- Consolidation of Agencies and Authorities
- Consolidation of Interagency Activities

Reducing Costs and Improving Service

- IT Transformation
- Customer Service and Process Improvements
- Modernizing the Workforce

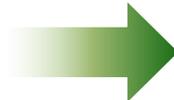
Building a Culture of Performance and Accountability

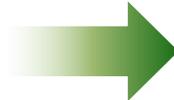
- Performance Management and Open Government
- Core Mission and Implementation

Consolidating and Rightsizing Facilities

- Closure of 9 prisons and 17 other custodial-care facilities completed or proposed over the last two years
- 25% excess leased office space fixed by "re-stacking"
- Consolidating support functions
 - Warehouses
 - Printing Operations
 - Laboratory Facilities
 - Fleet Management
- Savings of **\$237 million** annually from rightsizing initiatives

Consolidation of Functions

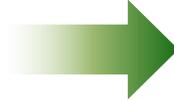
- Enterprise-wide Shared Services to capture efficiencies of scale
 - Business Services Center
 - Procurement and Strategic Sourcing
 - Cluster-based Call Centers

Approximately 8,100 employees transferred
- Realigning agency functions promotes excellence
 - Creation of the Justice Center
 - Coordinated Health Insurance
 - Purchasing

Single point of oversight and transparency



Aligns purchasing with core competency



Reduces bureaucratic overlaps
- Savings of approximately **\$345 million annually**

Consolidation of Agencies and Authorities (1 of 2)

Before	After	Status
Department of Banking Department of Insurance	Department of Financial Services	Completed
Department of Correctional Services Division of Parole	Department of Corrections & Community Supervision	Completed
NYSTAR Empire State Development	Empire State Development	Completed
Consumer Protection Board Department of State	Department of State	Completed
Division of the Lottery Racing and Wagering Board	Gaming Commission	Completed
Long Island Power Authority	Privatization	2013-14 Budget
Office of the Welfare Inspector General Office of the Inspector General	Office of the Inspector General	2013-14 Budget
Governor's Office of Employee Relations Department of Civil Service	Department of Civil Service	2013-14 Budget

Consolidation of Agencies and Authorities (2 of 2)

Before	After	Status
Higher Education Services Corporation	Merger with another agency	Future Option
Hudson River Valley Greenway Department of Environmental Conservation	Department of Environmental Conservation	Future Option
Division of Criminal Justice Services Office for the Prevention of Domestic Violence Office of Victim Services	Office of Crime Prevention	Future Option
Thruway Authority Bridge Authority	Thruway Authority	Future Option
Thruway Authority Department of Transportation	Management consolidation	Future Option
Office of Alcoholism and Substance Abuse Office of Mental Health	Office of Behavioral Health	Future Option
State Liquor Authority Department of State	Department of State	Future Option

Coordination of Interagency Activities

- **Consolidated Funding Application (CFA)/REDCs**



The CFA covers 10 agencies and 29 funding programs coordinated by the Regional Economic Development Councils

- **New York Works Task Force**



Task Force capital plan coordinates 20 agencies, 27 authorities and approximately \$167 billion in capital spending

- **Workforce Development**



Revitalized State Workforce Investment Board will coordinate 13 agencies, 90 funding programs and more than \$1 billion in spending

- **Energy Efficiency**



Enterprise-wide management of all facility retrofits generates \$100 million in annual savings and a 20% ROI

IT Transformation... (1 of 3)

- **Organizational Restructuring**
 - Transfer of 3,300 agency professionals to form a statewide IT organization
 - Enterprise-wide standards and cluster-based design and execution
- **Infrastructure Modernization**
 - Data centers, VoIP/communications, email standardization and identity/access management
- **High ROI/High Impact Projects**
 - Captures easy savings and drives strategic priorities
- **Disciplined Implementation**
 - Defined timelines with critical milestones
- Savings of approximately **\$290 million annually**

IT Transformation... Timeline for IT Infrastructure Implementation (2 of 3)

In progress

Completed

	Data Center	VoIP/Communications	Email	Identity and Access Management
Main objective	Consolidate 50 data centers to 2 data centers (1 primary, 1 DR)	Convert 95% (120,000+) phones to VoIP	Transition 100% of agency email (51 agencies) to new ITS email platform	Implement a secure, statewide directory service
2012-2013 Milestones	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Procure 10,000 sq. ft. Tier 3 data center space <input checked="" type="checkbox"/> Complete cluster-level data center consolidation for all clusters <input checked="" type="checkbox"/> Close 6 data centers <ul style="list-style-type: none"> <input type="checkbox"/> 2 Agency Data Centers have closed this reporting period (from the Finance cluster) 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Finalize standards for routers, firewalls and switches <input checked="" type="checkbox"/> Procure additional network capacity and deployment services <input checked="" type="checkbox"/> Migrate Phase 1 phones to VoIP (10,000) – 4,367 phones have been migrated onto existing VoIP instances for restacking 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Complete NYSeMail Migration Playbook <input checked="" type="checkbox"/> Set up new NYSeMail 2010 servers <input checked="" type="checkbox"/> Migrate 9 agencies to NYSeMail <input type="checkbox"/> Revise Business Case and ROI based on Cloud email platform <input type="checkbox"/> Determine scope for higher level secure email 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Procure Hardware and Software <input checked="" type="checkbox"/> Launch NYS Central Web login portal <input type="checkbox"/> Issue NYS Trust Assurance Policy <input type="checkbox"/> Pilot EIAM solution with DOH Health Commerce System <input type="checkbox"/> Complete Wave 1 implementations
2013-2014 Milestones	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Procure 30,000 sq. ft. Tier 3 data center space <input type="checkbox"/> Migrate Wave 1 at-risk data centers to new data center space <input type="checkbox"/> Begin Wave 2 data center planning for future migrations 	<ul style="list-style-type: none"> <input type="checkbox"/> Migrate 60,000 users and 2,000 call center agents (remaining phones to VoIP anticipated FY14-15) <input type="checkbox"/> Consolidation of existing VoIP instances onto central core infrastructure 	<ul style="list-style-type: none"> <input type="checkbox"/> Complete build of new ITS Statewide email system <input type="checkbox"/> Migrate all agencies to ITS Statewide email (Fall 2013) 	<ul style="list-style-type: none"> <input type="checkbox"/> Complete Hardware and Software Upgrades <input type="checkbox"/> Complete Wave 2 and 3 application implementations

IT Transformation... Project Portfolio Management Structure (3 of 3)

100%

IT Project Funds
(State, Federal, and grants)

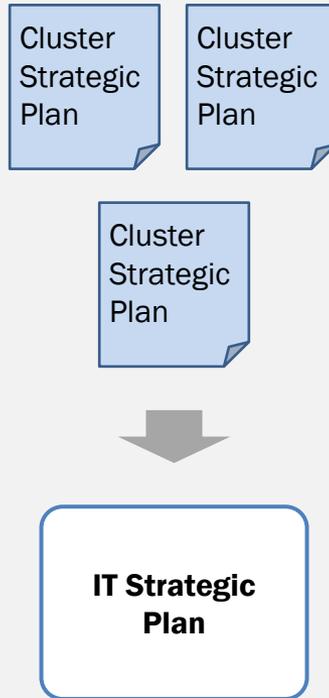
Base

(“Lights-on”)

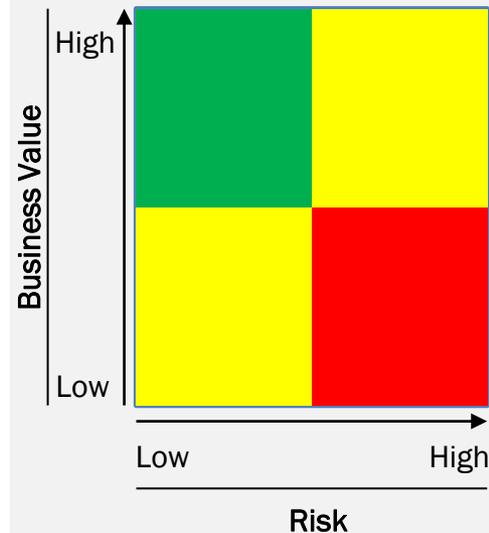
- Mandatory updates
- Break & Fix
- Operations

IT investment (project) governance overview

Set Direction

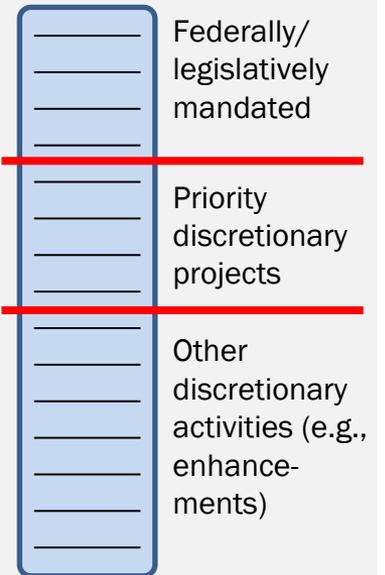


Select Investments & Monitor Performance



Prioritize Project Portfolio

List of Projects



Agency IT spending

Improving Customer Service... Touch Points (1 of 3)

Use cases	Service category	Pain points (typical)
Permissions and payments <i>"I need to go to the state to get permission or make a payment"</i>	1 Licensing, permitting and registration <ul style="list-style-type: none"> Starting a business Getting a drivers license 	<ul style="list-style-type: none"> Long wait times Slow and inconsistent service Confusing "state-centered" processes Inflexible, uncaring staff Can only solve problems in person, not online Redundant interactions with many state agencies, not "one New York State"
	2 Tax processing <ul style="list-style-type: none"> Tax filing 	
	3 Businesses doing business with state <ul style="list-style-type: none"> Construction bidding and contracting Payments to vendors 	
	4 Inspections and oversight <ul style="list-style-type: none"> Group home inspections Construction inspections 	
Case management <i>"The state is helping me manage my [benefits, complex] situation"</i>	5 Human services <ul style="list-style-type: none"> Disabled care 	<ul style="list-style-type: none"> Unfriendly, uncaring staff Confusing, multi-step enrollment process Long wait times
	6 Safety net services <ul style="list-style-type: none"> Housing vouchers Medicaid enrollment 	
Infrastructure and information <i>"I have targeted interactions with the state as I am navigating my world"</i>	7 Transportation <ul style="list-style-type: none"> Train and road const., operation, and maintenance 	<ul style="list-style-type: none"> Access difficulties Unpredictable delays No easy access to information No transparency Friendliness
	8 Parks, recreation and tourism <ul style="list-style-type: none"> Parks maintenance and operation 	
	9 Information and complaints <ul style="list-style-type: none"> Open data Complaint resolution 	
	10 Emergency response <ul style="list-style-type: none"> Disaster response (physical and informational) Police 	

Source: McKinsey & Company

Improving Customer Service... Transforming DMV (2 of 3)

- **New Yorkers interact with DMV more than any other State agency**
 - 17 million web visits; 4 million online transactions
 - Over 12 million office visits
 - 5 million incoming calls
- **Current:**
 - Office wait times > 60 minutes
 - Outmoded technology
 - Long call center hold times
 - Inconvenient office hours for people who work
- **Objectives:**
 - Reduce office wait times to < 30 minutes
 - Increase self-service transactions to 50% of total (from 32% today)
 - Improve call center metrics and customer satisfaction levels

Other Customer Service and Process Improvements (3/3)

- **Customer service solutions involving licensing and permitting**
 - E-Licensing for more than 400 State-issued licenses
 - Reform of the SEQRA process
 - Professional and business licensing consolidation
- **Operational process efficiencies**
 - Contracting with not-for-profits
 - Design-Build contracting for infrastructure projects
 - LEAN process improvements

Modernizing the Workforce

- **Controlling the cost of the State workforce**
 - Savings of \$421 million from new collective bargaining agreement
 - State and local pension savings of more than \$80 billion over the next 30 years from Tier VI reform
- **Merger of GOER into Civil Service will be a catalyst for change**
 - Recruitment initiatives
 - Employee training
- **Flexibility in hiring and managing employees**
 - Civil Service Law reform – future options
 - Administrative changes – incremental progress
 - Performance appraisals and discipline – collective bargaining

Performance Management and Open Government

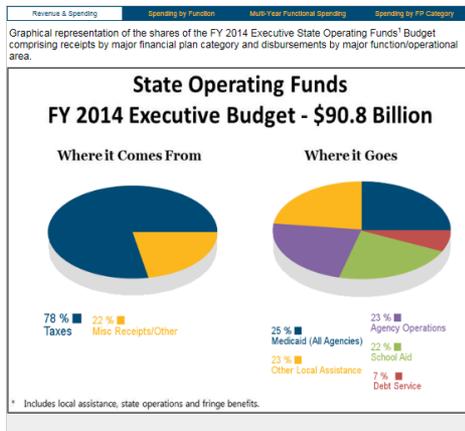
• New York Performs

- A Statewide performance management system for all major agencies and authorities
- Public launch scheduled by the end of 2013

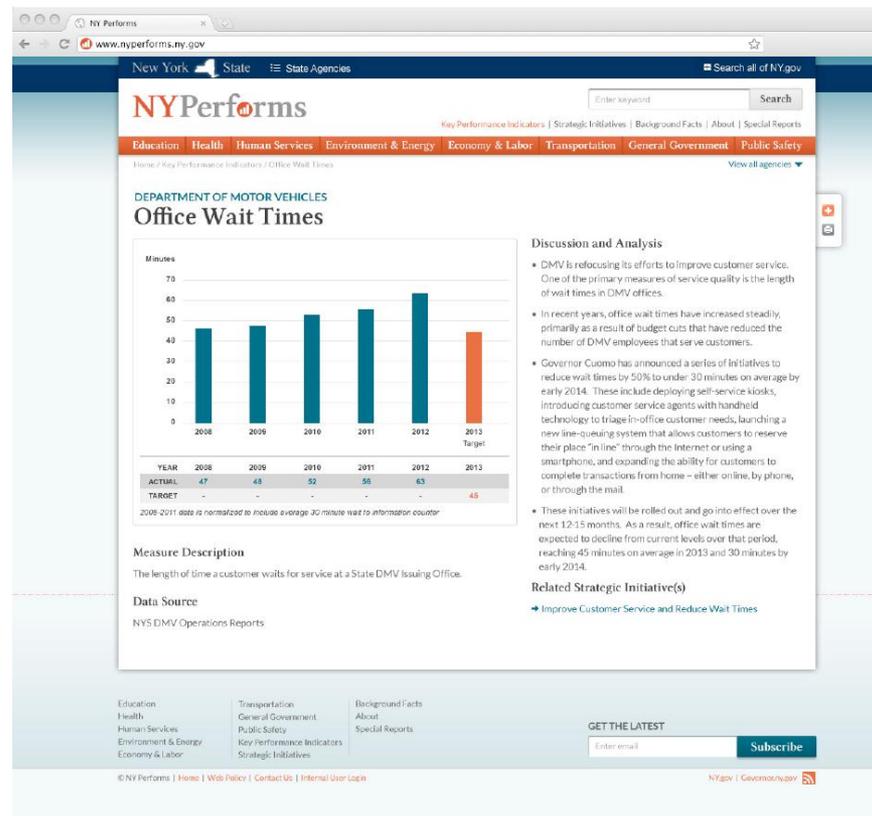


Charts and tables make access to New York's budget data more impactful by illustrating where New York's budget dollars come from and how taxpayer money is being spent.

These visuals are based on data from the Executive Budget Financial Plan for FY 2014, which summarizes the State of New York's official Financial Plan projections for FY 2013 through FY 2017. This data is available for download in machine-readable Microsoft excel format [here](#).



***State Operating Funds:** The State Funds operating budget comprises the General Fund and other State-supported activities financed by dedicated revenues in State Special Revenue funds, as well as Debt Service funds accounting for the payment of debt service on all tax-financed State long-term debt. All capital spending, regardless of financing source, is included in the Capital budget.



• Open New York

- Initiatives to increase State government transparency and accountability

- **Core Mission**

- Regulatory Relief from Unnecessary Statutory Mandates
- Commercial Activities
- Competitive Benchmarking
- Underutilized Assets
- Align Roles with Local Governments

- **Implementation**

- LEAN management process
- Leverage private sector resources and expertise



SAGE Commission

Conclusion