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
WE CAN TURN THIS CRISIS INTO AN OPPORTUNITY
State of the State

This is a time of crisis
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
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.
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
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

Approx. 800,000 Unemployed New Yorkers

Source: Department of Labor
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

1.7% Upstate NY
2.7% US

Source: Federal Reserve Bank of New York
Time of Crisis: Challenges

EXPLODING Pension Costs

$1.3 B 1998-99

$6.2 B 2013-14

Source: New York State Division of the Budget
Spend on Medicaid far exceeds inflation 5.4% 1994-2009

Medicaid Spending

Inflation 2.7%

Education Spending 6.2%
State Spending Outpaces Income

Time of Crisis: Challenges

Ten Year (SFY 2000 to 2010)

Source: New York State Division of the Budget
EXPENSES Far Exceed Revenue

Time of Crisis: Challenges

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
  - Education

- **#1** in Spending
  - Medicaid

- **#21** in results
  - Medicaid

- **$1.6 billion** Annually
  - Economic Development

- **#50** in results
  - Economic Development
GROWTH of Government

Time of Crisis: Challenges

Executive Branch Entities
Time of Crisis: Challenges

OVERGROWN

Local Government

10,500 Local Governments
Time of Crisis: Challenges

SPECIAL INTERESTS

Over People

The People

Special Interests
People are voting with their feet. Two million New Yorkers have left the state.

We need RADICAL REFORM
A New Approach
Time of Transformation
A New Perspective
We need it Now
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State of the State
A Government of:

dysfunction, gridlock and corruption
performance, integrity and pride
It's TIME FOR RESULTS, Not RHETORIC.
IT’S NOT BUDGET CUTTING OR TRIMMING,

it’s reinventing, reorganizing & redesigning government programs & agencies
A TRANSFORMATION PLAN FOR A NEW NEW YORK
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
Transform NY’s Economy
ESTABLISH Economic Regional Councils

Transform NY’s Economy

10 Regional Councils
Lt. Gov. Duffy to Chair
PRIVATE/PUBLIC PARTNERSHIPS to Spur Economic Growth
HIGHER EDUCATION
Is a key economic driver
Transform NY’s Economy

Economic Regional Councils

Intergovernmental Economic Regional Councils Transform NY’s Economy

Higher Ed

Intragovernmental

State

County

Local

Business

Higher Ed

Intragovernmental

Single Point of Contact

DOT

ESDC

DEC

PSC

Intergovernmental Single Point of Contact
Regional Councils

Competition for Best Ideas

Coordinated thru Regional Councils

$200 Million of Money for Best Jobs Plan

Transform NY’s Economy

Pays for Performance

Millions of Existing Dollars
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
Hold taxes for now...

TAXES DUE BY 2/15/2006
PENALTY SCHEDULE ON BACK

...reduce for the future
New York has no future as the tax capital of the nation
Our people cannot afford to pay more taxes
Transform State Government
SAVING OF MILLIONS PLANNED IN STATE REORGANIZATION

Big Economies Proposed in Governor Smith’s Scheme to Scrap New York’s Ramshackle Administrative Branch, and Substitute a Compact, Efficient Machine With an Executive Budget

Governor Alfred E. Smith
Winning Legislative Opponents of His Reorganization Plan

Hasn’t been redesigned since 1927
In 1938 reform, Constitution says there will only be 20 departments
So what happened since?
Created hundreds of councils, advisory panels, working groups, facilities, offices, task forces, institutes, boards & committees
Transform State Government

Department of Health has 87 units by statute

- 46 Councils
- 2 Advisory Panels
- 1 Work Group
- 5 Facilities
- 2 Offices
- 2 Task Forces
- 6 Committees
- 17 Boards
- 6 Institutes
Transform State Government to eliminate, transfer & consolidate Comprehensive Review
Spending and Government Efficiency Commission (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
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
Transform Budget Process

...FROM
Partisan political theatre

...TO
Productive debate and compromise
Transform Budget Process

...Ships passing in the night
We Need to Try a Different Way
Try a new approach: Medicaid
Interesting Model

Governor announced across the board cuts; industry said they couldn’t live with.
Interesting Model

Alternative dispute resolution meets binding arbitration
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
Crisis Management Approach: Redesign Team

Medicaid
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

Stakeholders

Michael Dowling, LIJ
Dennis Rivera, SEIU
Ken Raske, GNYHA
George Gresham, 1199
Dan Sisto, HANYS
Legislature
Transform Budget Process

Jason Helgerson, Former Medicaid Director, Wisconsin

Jim Introne, Director of Healthcare Redesign
Crisis Management Approach: Redesign Team

Mandate Relief
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
Current Education Funding

Formula Grants

No Performance Incentives
Federal Government is More Innovative
Race to the Top, incentives tied to millions in funding, made the legislature act on education reform.
$250 million for districts that can find administrative savings through efficiencies.

$250 million for districts that proportionally increase performance in the classroom (e.g. improving grades of historically underperforming children).
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: Clean Up Albany
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 on Monday, one day after New York's attorney general accused him of siphoning $14 million from it.

About a dozen IRS agents and investigators raided the general's office and Soundview Health in the Bronx on Monday afternoon.

The agents returned posters and other materials to the front of the clinic and arrested the president of the nonprofit organization.

The president was taken into custody and was later released.

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

Cuomo announced the raid on Monday afternoon.

Cuomo accused Espada of siphoning $14 million from his nonprofit organization.

ALBANY — State Senate Majority Leader Pedro Espada and 19 current or former executives of his Bronx nonprofit health care company were accused Tuesday in a federal lawsuit of siphoning $14 million from the organization.

Cara Matthews
Gannett Albany Bureau

Cuomo accused Espada and 19 others of ‘siphoning’ $14M from nonprofit.
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
I. This is a time of crisis

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

II. We must transform our government

IV. To seize this moment of opportunity
While we deal with the fiscal realities, we must also continue to achieve social progress.
Wall Street Corruption

Where was Washington?
Where was Albany?
Better Protect Consumers

New Department of Financial Regulation

Insurance

Department of Financial Regulation

Consumer Protection
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

For all New Yorkers

Goal from 10%

Goal to 20%
Forging a Progressive Agenda

Present Realities...

Modern Day

Deinstitutionalization

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

Bad Memories

Willowbrook Facility
Justice for All
MARRIAGE EQUALITY
for all New Yorkers
Forge a Progressive Agenda

Urban Green Markets
New York Produce
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State of the State
New York is Not Alone
8 States with fiscal conditions worse than NY

Source: The PEW Center on the States
Time of National Transition

An Economic Recalibration
Like the Agriculture, Industrial and High Tech Transitions...
New York Must Lead the Way Again
Make January 5, 2011...
234th Legislature

Peter J. Abbate, Jr.
Thomas J. A寅nanti
George Amedore
Carmen E. Arroyo
Jeffrion L. Aubry
William A. Barclay
Inez D. Barron
Michael Benedetto
Jonathan L. Bing
Ken Blankenbush
William F. Boyland, Jr.
Philip Boyle
Edward C. Braunstein
James F. Brennan
Harry B. Bronson
Alec Brook-Krasny
Daniel J. Burying
Marc W. Butler
Kevin A. Cahill
Nancy Catsouhon
Karim Camara
Ron Canestrari
Robert J. Castelli
Nelson L. Castro
John D. Ceretto
Barbara M. Clark
William Colton
James D. Conte
Vivian E. Cook

Dov Hikind
Earlene Hooper
Sam Hoyt
Rhoda Jacobs
Ellen Jaffe
Hakeem Jeffries
Mark Johns
Tony Jordan
Steve Katz
Brian Kavanagh
Miacah Kellner
Brian M. Kolb
Rory I. Lancman
George S. Latimer
Charles D. Lavine
Joseph R. Lentol
Barbara Lifton
Guillermo Linares
Peter D. Lopez
Vito J. Lopez
Dan Losquadro
Donna A. Lupardo
William Magee
William Magnarelli
Alan Maisel
Nicole Malliotakis
Margaret M. Markey
Nettei Mayersohn
David G. McDonough
John J. McEneny
Tom McKeivitt
Steven F. McLaughlin
Grace Meng
Donald R. Miller
Joel M. Miller
Michael Miller
Joan L. Millman
Marcus Molinaro
Michael Montesano
Joseph D. Morelle
Francisco P. Moya
Dean Murray
Catherine Nolan
Daniel J. O'Donnell
Bob Oaks
Félix Ortiz
Philip A. Palensano
Amy Paulin
Crystal D. Peoples-Stokes
N. Nick Perry
Audrey I. Pheffer
J. Gary Pretlow
Edward P. Ra
Annie Rabbitt
Andrew P. Raia
Philo Ramos
Bill Reilich
Bob Reilly
José Rivera
Naomi Rivera
Peter M. Rivera
Samuel D. Roberts
Annette Robinson
Robert J. Rodriguez
Linda B. Rosenthal
Addie J. Russell
Joseph S. Saladino
Teresa R. Sayward
William Scarborough
Michelle Schimel
Robin Schimminger
Mark J. F. Schroeder
Sheldon Silver
Aravela Simotas
Kevin Smaizd
Mike Spano
Eric A. Stevenson
Robert K. Sweeney
James Tedisco
Claudia Tenney
Fred W. Thiele, Jr.
Matthew Titone
Michele R. Titus
Lou Tobacco
Darrel C. Towns
Hakeem Jeffries
Earlene Hooper
Dov Hikind
 realizes that he needs to focus on the details provided in the image.