SAGE Commission

January 13, 2012

- The SAGE Commission approved a series of recommendations at its December 15th meeting. For a list of these recommendations, please see the Appendix

- All of the approved recommendations were sent to the Governor for his consideration and review

- As discussed at the December meeting, SAGE will review additional proposals that it might submit as recommendations to the Governor

Enterprise Shared Services

SAGE previously endorsed Statewide Enterprise Shared Services

December 15th Recommendations:

1. Endorse broader move towards Statewide Enterprise Shared Services

2. Establish a Human Resources Services Unit within OGS as the first step to creating a full Business Services Center

Additional information on the State's Enterprise Shared Services vision is available in the following areas

Procurement

- Strategic Sourcing
- Contracting
- Vendor Management

Business Services

- Accounts Payable
- Accounts Receivable
- Purchasing
- Payroll
- Benefits Management

Call Center Consolidation

- Licensing and Permitting
- Web Services
- Fulfillment

Information Technology

- Data Centers
- Telecom
- Email
- Network
- Citizen Portal

Learning Management

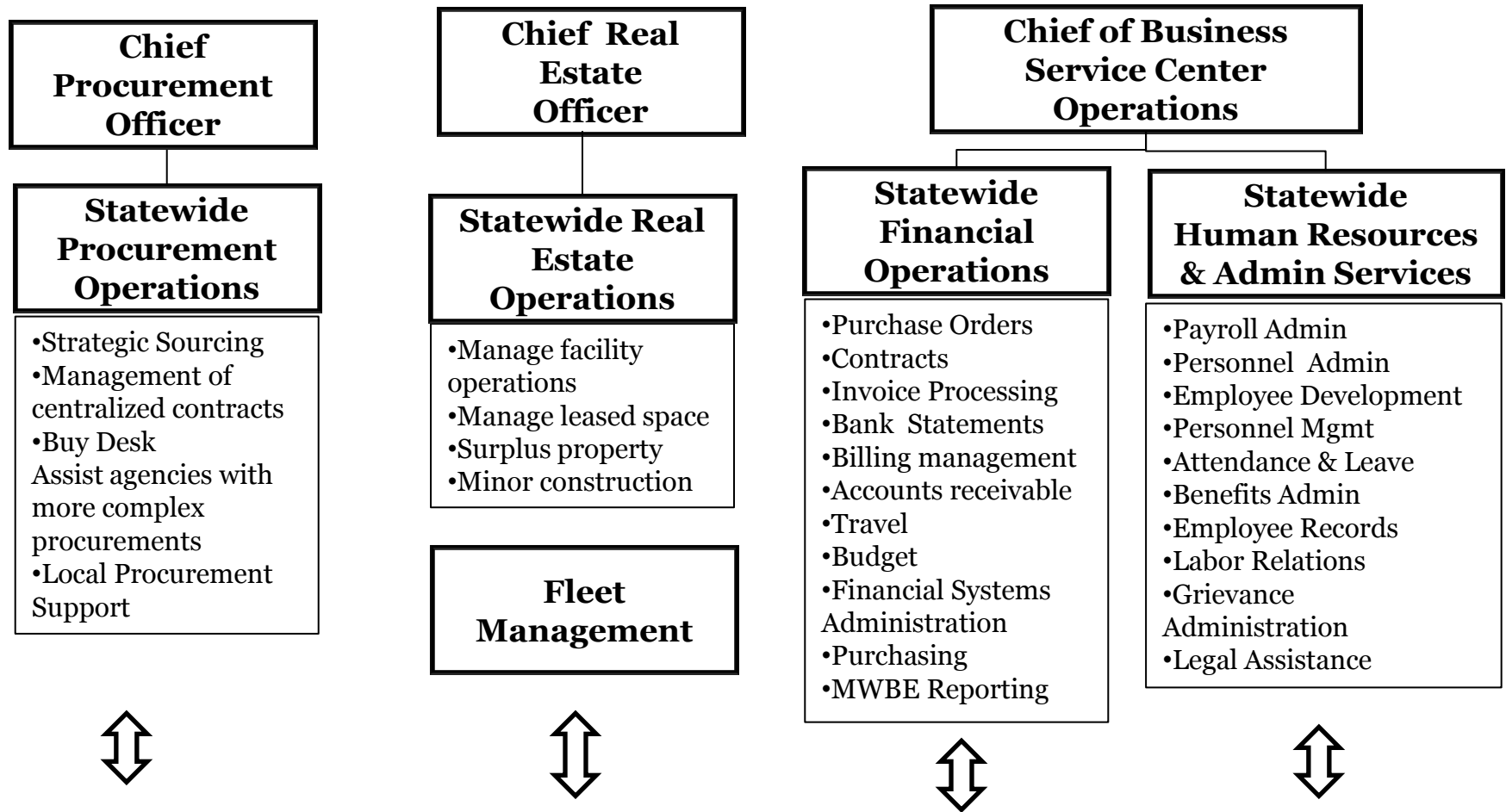- Employee Training Delivery
- Employee Training History

Fleet Management

- Vehicle Purchasing
- Usage
- Repair and Replacement

Real Estate

- Facility Management
- Leasing
- Space Planning and Moves

Reimagining OGS as a "Best In Class Statewide Service Provider"

Chief Procurement Officer

Statewide Procurement Operations

- Strategic Sourcing
- Management of centralized contracts
- Buy Desk
Assist agencies with more complex procurements
- Local Procurement Support

Chief Real Estate Officer

Statewide Real Estate Operations

- Manage facility operations
- Manage leased space
- Surplus property
- Minor construction

Fleet Management

Chief of Business Service Center Operations

Statewide Financial Operations

- Purchase Orders
- Contracts
- Invoice Processing
- Bank Statements
- Billing management
- Accounts receivable
- Travel
- Budget
- Financial Systems Administration
- Purchasing
- MWBE Reporting

Statewide Human Resources & Admin Services

- Payroll Admin
- Personnel Admin
- Employee Development
- Personnel Mgmt
- Attendance & Leave
- Benefits Admin
- Employee Records
- Labor Relations
- Grievance Administration
- Legal Assistance

Agencies receiving services retain responsibility for decision making, approvals, and strategy

Efficiencies from these initiatives can drive significant savings

These initiatives will result in over **$150 million** annually in labor savings by 2016*

	Current State	
Service Group	Total FTE	Labor Cost + Fringe (49%)
Procurement	577	$ 48 million
Business Services	2,893	$ 241 million
Call Center	1,589	$ 116 million
IT	4,063	$ 433 million
Learning Mgmt.	305	$ 31 million
Total	9,427	$ 869 million
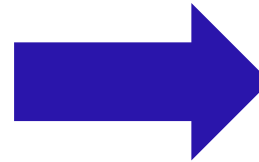
Future State	
Total FTE	Labor Cost + Fringe (49%)
433	$ 36 million
2,277	$190 million
1,366	$ 98 million
3,432	$ 360 million
275	$ 28 million
7,783	$ 712 million

- Savings accrue based on a phased implementation schedule
- Savings totals do not reflect any one-time implementation costs

*Does not include savings from strategic sourcing

Retirement and attrition will absorb most FTE reductions

FTE Impact – Estimated Retirement and Estimated Attrition Summary						
	FY '12	FY '13	FY'14	FY'15	FY'16	Total (5 Years)
Estimated Eligible for Retirement*	443	341	125	119	148	1176
Estimated Attrition†	182	182	182	182	182	910
Total FTEs Estimated Retirement and Attrition	625	523	307	301	330	**2,086**

Estimated Total FTE Reduction/Savings Summary						
	FY '12	FY '13	FY'14	FY'15	FY'16	Total (5 Years)
FTE Reduction	0	309	385	542	378	**1,614**

Includes Procurement, Business Services, Call Centers, and IT. Data unavailable for Learning Management

*Where exact retirement information was unavailable, the number eligible for retirement was estimated based on the Statewide retirement rate of 3% of FTEs annually

†Based on the Statewide attrition rate of 2% of FTEs annually

	Recommendation
Enterprise Shared Services	Endorse the State's move to Enterprise Shared Services, including the following initiatives: • Procurement • Business Services • Call Center Consolidation • Information Technology • Learning Management • Fleet Management • Real Estate Optimization

Technology Initiatives to Improve Customer Service

Problem:

- The grant application and contract process is overly complex, the payment system is cumbersome and causes delays and there is no tie to outcome-based performance standards

Solution:

- Develop standard Master Contract for Grants

- Implement a Statewide Grants Management Portal to standardize grant application, contract, payment and reporting activities

- Implement a rigorous vendor performance management process that holds vendors accountable against the Service Level Objectives

Citizen Portal

Problem:

- Decentralized systems and processes among the agencies harms customer service

Solution:

- Many of the Enterprise technology platforms can be linked through this portal (e-Licensing, Grants, Learning Management, DMV, Tax, etc.)

- Creation of data, security and web design standards by IT governance is the first step in building the portal. The backbone of the portal will be an Identity Access Management (IAM) system

Statewide E-Licensing

Problem:

- Decentralized licensing and permitting processes require businesses and individuals to access multiple entry points to apply for approvals using aging IT systems that fail to leverage economies of scale

Solution:

- Business Wizard to guide businesses through licensing requirements

- Common application form and process for businesses

- Online Self-Service for application, status updates, compliance

- Establish consistent processes across licensing agencies

- Report performance metrics within and across licensing agencies

Recommendations for Technology Initiatives to Improve Customer Service

	Recommendation
Contracting	Simplify and standardize the grant application and contract process, and implement outcome-based performance standards
Citizen Portal	Provide a central point of access for enterprise technology platforms through a new Citizen Portal
Statewide E-Licensing	Streamline licensing process for businesses through a single point of entry to apply for licenses, a common application form and processes, self-service capability and enhanced online support

Modernizing Workforce Rules

SAGE previously approved 2 Civil Service Reform proposals

December 15th Recommendations

1. IT 500 Extension

   Legislation extending the "IT 500" law that sunset on 12/31/11. This law allowed agencies to quickly hire IT employees from outside government on a temporary basis. The extension legislation also expands the law to cover other technical positions (principally engineers, but also senior nurses and some scientific personnel).

2. Open Promotion

   Legislation permitting the use of both Open & Competitive and Promotional lists to fill promotional vacancies for IT and other technical positions. This legislation makes it easier to hire new employees from outside government into mid-level positions.

There are 3 additional proposals for the Commission's consideration

1. **Promotion List Flexibility**

   Legislation similar to "Open Promotion," but for State employees. Provides the flexibility to break down siloes and facilitate the movement of talented State employees between agencies

2. **Expanded Transfer Opportunities**

   Legislation providing the opportunity for employees in certain non-competitive positions to transfer into comparable competitive positions

3. **Consolidation and Merger Flexibility**

   Legislation providing the Civil Service Department additional flexibility with respect to preserving employee status, including test standing, after a consolidation/merger

Recommendations for Modernizing Workforce Rules

	Recommendation
Modernizing Workforce Rules	Pursue civil service reforms to provide greater flexibility in managing the State workforce, including: • Promotion List Flexibility • Expanded Transfer Opportunities • Consolidation and Merger Flexibility

Organizational Streamlining

The Department of Tax and Finance (DTF) will become the functional Center of Excellence for debt collection

- Debt collection is a core competency of DTF and its scale and state-of-the-art technology make it the logical candidate to serve as a Center of Excellence for the function

- The Higher Education Service Corporation (HESC) pursues debt collection of student loans and is facing a dramatic change in its business model

- Having DTF assume the debt collection functions of HESC will leverage DTF's superior capabilities in predictive analytics, VoIP call center technology and other debt collection capabilities while allowing HESC to focus on its core mission of managing TAP financial aid and oversight of loan portfolio servicing

- Of the 500 FTEs currently at HESC, approximately 280 will transfer to DTF and approximately 100 will remain at HESC resulting in approximately 120 FTE reductions

Belleayre Ski Center

Background and Problem

- Belleayre is a ski center in the Catskills operated by the Department of Environmental Conservation (DEC)

- Losses of $4mm annually

- Community leaders have expressed concern that continued need for funding puts the Center at risk

Solution

- The Olympic Regional Development Authority (ORDA) has expertise managing other ski centers profitably (Gore and Whiteface Mountains)

- Transferring management of Belleayre from DEC to ORDA would likely improve operations, with the expectation that Belleayre would become self-sustaining over time

Boards and Commissions: Identifying the Scope

~900 Total Small Entities

~600

~300

Out-of-Scope

- Operating Subsidiaries
- Financial Subsidiaries
- Local IDAs
- Ad-hoc Bodies
- Interstate Entities

In-Scope

- Boards, Commissions, Councils with regulatory, rulemaking or other authority
- Advisory Boards created by Statute or Executive Order

Boards and Commissions Proposed for Elimination

Not Active	20	•Direct Marketing Advisory Council •Agricultural Transportation Review Panel •Hudson Valley Agricultural Advisory Council •Statewide Wireless Network Advisory Council •Child Welfare Research Advisory Panel •Industry Board of Visitors •Upstate and Downstate Tourism Councils •MWBE Advisory Board •Solid Waste Management Board •Surf Clam/Ocean Quahog Management Advisory Board •Environmental Facilities Corporation Technical Advisory Committee	•Tow Truck Advisory Board •Temporary Advisory Committee on the Restoration and Display of New York State's Military Battle Flags •New York State Conservation Corps Advisory Council •NYS Armored Car Carrier Advisory Board •Long Island Sound Coastal Advisory Commission •Manufactured Housing Advisory Council •Barbers Board •Disability Advocacy Program Advisory Council •New York State Veterans Hall of Fame Council
Mission Complete	2	•Child Performer Advisory Board to Prevent Eating Disorders •New York State Statewide Law Enforcement Telecommunications Committee	
Duplicative	2	•Freshwater Wetlands Appeals Board •Organic Food Advisory Committee	
Replaced by Informal Dialogue	5	•Regional Forest Practice Boards •State Forest Practices Board •State Environmental Board	•NYS Home Inspection Council •NYS Security or Fire Alarm Installer Advisory Committee
Mergers	5	•*NYS Veterinary Diagnostic Lab Advisory Board* •*Animal Health Issues Committee* •State Emergency Medical Services Council (SEMSCO) •State Trauma Advisory Committee •Emergency Medical Services for Children Advisory Committee •State Emergency Medical Advisory Committee (SEAC)	•*Breast and Cervical Cancer Detection and Education Program Advisory Council* •*Ovarian Cancer Information Advisory Council*
Total:	34		

Recommendations for organizational streamlining

	Recommendation
Debt Collection	Establish the Department of Taxation and Finance as the Center of Excellence for debt collection
	Have DTF assume the debt collection functions of HESC, subject to approval from the federal Department of Education
	Explore whether other agencies could transfer their debt collection functions to DTF
	Closely monitor performance to measure efficiencies and improved performance
Belleayre Ski Center	Transfer the management of Belleayre Ski Center from the Department of Environmental Conservation (DEC) to the Olympic Regional Development Authority (ORDA)
Boards and Commissions	Eliminate or merge approximately 35 boards and commissions

Summary of Recommendations

Category	Recommendation	
Enterprise Shared Services	Endorse the State's move to Enterprise Shared Services, including the following initiatives: • Procurement • Business Services • Call Center Consolidation • Information Technology • Learning Management • Fleet Management • Real Estate Optimization	
Technology Initiatives to Improve Customer Service	Contracting	Simplify and standardize the grant application and contract process, and implement outcome-based performance standards
	Citizen Portal	Provide a central point of access for enterprise technology platforms through a new Citizen Portal
	Statewide E-Licensing	Streamline licensing process for businesses through a single point of entry to apply for licenses, a common application form and processes, self-service capability and enhanced online support

Summary of recommendations (2 of 2)

Category	Recommendation	
Modernizing Workforce Rules	Pursue civil service reforms to provide greater flexibility in managing the State workforce, including: • Promotion List Flexibility • Expanded Transfer Opportunities • Consolidation and Merger Flexibility	
Organizational Streamlining	Debt Collection	Establish the Department of Taxation and Finance as the Center of Excellence for debt collection
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	Belleayre Ski Center	Transfer the management of Belleayre Ski Center from the Department of Environmental Conservation (DEC) to the Olympic Regional Development Authority (ORDA)
	Boards and Commissions	Eliminate or merge approximately 35 boards and commissions

Appendix: Summary of December 15th Recommendations

Category		Recommendation
Organizational Streamlining	1.1 Transportation Merger	Merge Bridge Authority into Thruway Authority
		Combine functions and/or shared services between DOT and Thruway/Bridge where feasible
		Combine DOT and Thruway/Bridge leadership teams
	1.2 Business Services Center	Endorse broader move towards Statewide Enterprise Shared Services
		Establish a Human Resources Services Unit within OGS as the first step to creating a full Business Services Center
	1.3 Workforce Development	Establish system-wide reporting and standardized performance metrics within the State's proposed Performance Management system
		Revitalize and reorganize the SWIB to serve as the coordinating body for developing a statewide Workforce Development strategy
		Increase the role for economic development in Workforce Development efforts
		Align activities of local WIBs with the statewide Regional Councils

Category		Recommendation
Operational Improvements	2.1 Innovation Fund	Create a dedicated Innovation Fund to finance Business Process Redesign and efficiency-creating technology projects based on the following criteria: • Can be completed in 1-3 years • Generate a Return on Investment of at least 30% annually • Materially improve agency performance and/or government customer service
		Size the Innovation Fund to enable all projects meeting these criteria to be financed
		Expand the existing Enterprise Services Project Management Office so that it can help manage these Innovation Fund projects
	2.2 Lean	Hire two Lean Management professionals staff to establish an Office of Lean Management for New York State
		Conduct 10- 12 Lean events with State agencies in the first year
		Develop Lean capabilities across state government by conducting Lean training sessions for agency managers

Category		Recommendation
Operational Improvements (continued)	2.3 Energy Efficiency	Develop a master plan to implement energy efficiency upgrades in all State facilities with an Internal Rate of Return of 10%
		Implement energy efficiency upgrades in all State facilities with an Internal Rate of Return of 10% or greater, with a goal of completing all projects within 4 years and achieving annual Budget savings of $100+ million per year • Fast-track planning • Identify and eliminate bottlenecks (e.g., workforce training) • Stage construction via portfolio approach to maximize effectiveness of resources
		Finance projects without using State supported debt, drawing on the resources of NYPA, the Environmental Facilities Corporation, NYSERDA or other State entities where these projects are consistent with their core mission and financial parameters

Category		Recommendation
Building a Culture of Performance and Accountability	3.1 Performance Management System	Deploy a performance management system based on the prototype design
		On-board all agencies by June 2012
		Create a dedicated performance unit of 3-5 analysts within DOB or in the Executive Chamber to manage and maintain the performance management system
	3.2 Workforce Modernization	Pursue civil service reforms that facilitate the entry of mid-level professionals into the Civil Service: • Extend the "IT 500" law that sunsets on 12/31/11 and expand it to cover other technical positions where extensive staff augmentation is done today (principally engineers, but also senior nurses and some scientific personnel) • Enact "Open Promotion" legislation for IT and other technical positions that permits the use of both Open & Competitive and Promotional lists to fill promotional vacancies
		Implement a computerized testing solution at DCS to streamline the hiring and promotion exam process
		Develop programs to encourage talented young people and minorities to join the State's workforce
		Initiate a stakeholder engagement process that includes interviews, focus groups and a survey of the State workforce

SAGE

Category		Recommendation
Focus on Core Mission	4.1 More Efficient Use of State Capital	Increase the amount of capital available for affordable housing by using reinsurance to free up capital