

**Testimony of
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**To The
Senate Task Force on Government Efficiency
Chair: Senator Jeffrey Klein**

**Spending in the Department of Transportation
May 5, 2010**

Good morning.

Mr. Chairman, Task Force members, distinguished guests.

First, I want to thank the committee for allowing us to speak today.

My name is Tom Comanzo and I am a vice-president of the 58,000 member New York State Public Employees Federation. We represent the professional, technical and scientific employees of New York State; including 4,000 members in the Department of Transportation.

Over the last 20 years, we've seen the writing on the wall regarding spending at the Department of Transportation.

Millions of dollars are being wasted on an annual basis, in fact the number is more than \$84 million. Most of the wasteful spending is due to the excessive use of consultants for engineering and construction inspection. According to the Governor's task force on personal services contracting, DOT contracts out about sixty percent of its engineering work.

We have pointing to the waste at DOT for 20 years. And it is not just PEF's opinion, these claims have been substantiated by others.

Two separate studies by the Office of the State Comptroller-- one under Republican Ned Regan and another under Democrat Carl McCall, DOT's own study by the consulting firm of KPMG (which was originally commissioned to refute the Comptroller audits), and PEF studies based on information revealed under the contract disclosure law, and now your Senate task force study all draw the same conclusion -- DOT wastes millions of dollars on consultants.

We are pleased to see that the Senate Task Force on Government Efficiency has also taken up this issue.

The key point here is this; virtually everyone who has seriously studied this issue agrees that substantial savings could be achieved.

Why isn't it happening?

Other agencies have managed to reduce their dependence on consultants. The Insurance Department, for example, cut its consultant spending by \$62 million in one year. OCFS reduced spending by nearly \$40 million.

At DOT consultant use has gone up. The number of state engineers has gone down.

DOT has significantly reduced its number of staff engineers in 1994 there were 4,301 state engineers in DOT titles, today, DOT has 1,073 fewer engineers.

Meanwhile, the Department hires consultants which cost up to 85 percent more than similarly skilled state engineers.

On average, DOT engineers cost, including benefits, \$50.11 an hour. Comparable private consultant engineers cost \$82.09. That's a \$30 an hour difference.

We estimate that DOT can save between \$55.6 million and \$84.3 million a year by having state employees do between 50% and 90% of the work currently done by more expensive consultants. The senate task force report found that if DOT only realized 30 percent of our high end savings estimate they could save \$24.1 million in engineering and engineering supervision costs, \$10 million in construction inspection costs, and \$3.4 million in bridge inspector costs.

Yet, in the face of all of the research, with a \$9.2 billion budget deficit, with the governor suspending work on the transportation projects due to a lack of funds DOT continues to increase its reliance on consultants. In fact, from state fiscal year 08-09 to 09-10, DOT increased its spending on consultants by \$9.1 million.

Why waste more, when we could save millions of dollars??

Mr. Chairman, we need to find a way to convince DOT managers that the budget crisis in this state is more urgent than they think it is.

As the last twenty years have shown us we can no longer leave it to chance that departments such as DOT will have the discipline to reduce wasteful contracting out of work that can be done at lower cost by public employees.

I call on the Senate to pass legislation that will:

- Require state agencies to perform a Cost/Benefit analysis before entering into any consultant contract valued at more than \$500,000.
- Require the Division of Budget to set savings targets for each state agency for consultant spending.
- Require penalties for failure to file reports under consultant disclosure law.

When we have a budget deficit of almost 10 billion dollars we have to make sure we get the greatest value from every cent the state spends.

We have the answers- we just need the will.

If not now when?

Again, I thank you very much for the opportunity to address you today; I would be glad to answer any of your questions.