



Stop Job-killing Budget Cuts at the State Department of Transportation

The Division of Budget and DOT management continued to ignore more than 20 years of research showing that NYS could save millions of dollars annually by hiring more in-house engineers and reducing the Department's reliance on costly consultant engineers. Reject the Executive Budget proposal to cut 39 more positions in Design & Construction and restore the 800 Design & Construction positions lost since SFY 2000-01.

FACT

DOT continues to understaff its less costly in-house engineers while relying on expensive consultants. Restoring the 800 positions lost since 2000-01 while reducing its reliance on costly consultant engineers could save the state \$53 million annually.

FACT

In 2002 and 2003, DOT spent \$3.7 million for private contractors to perform routine biennial bridge inspections in the Syracuse and Binghamton areas, despite the fact that their own pilot project demonstrated that these inspections could be done for less by in-house staff. We believe that the state could have saved at least \$1.5 million by having these routine inspections performed by in-house staff.

FACT

Three different studies provide irrefutable evidence that the state is wasting tax dollars by continuing to rely on costly

private consultants while under staffing in-house engineers.

FACT

In 1990 Republican Comptroller Ned Regan issued a report that reviewed DOT expenditures in the 1980s and compared the in-house engineering costs to those of consultant engineers. The report concluded that the state could save millions of dollars annually simply by hiring more in-house engineers.



Unfortunately, NYS and DOT ignored this report.

FACT

In 1998, Democratic Comptroller Carl McCall issued a report that reviewed DOT contracts during the 1990s. This report concluded that DOT engaged in many private consulting contracts for routine services that could have been performed at a lower cost by state employees and that NYS could save millions of tax dollars annually simply by hiring more in-house engineering staff.

FACT

The 1998 report indicated that not only are there huge salary disparities between private contractors and state employees, but the indirect costs are also higher. In fact, the report showed that while DOT spends millions of dollars on the indirect costs associated with the private contracts, the addition of in-house employees would add little to the Department's indirect costs.

Facing reports from both a Republican and Democrat Comptroller indicating that it was wasting millions of dollars annually DOT hired the prominent accounting firm of KPMG to perform an “independent” analysis for a fee in excess of \$360,000.

FACT

The KPMG study found that consultants are approximately 75 percent more costly than in-house resources for comparable design projects and are more expensive to use for 85 percent of such comparable projects. This confirms the findings of the 1990 audit conducted by Comptroller Ned Regan and the 1998 audit by Comptroller Carl McCall.

FACT

The KPMG study found that consultant overhead rates are approximately 32 percent higher than in-house overhead rates for design projects and 29 percent higher than in-house overhead rates for construction inspection projects. This confirms the 1998 McCall audit.

FACT

According to the KPMG figures, the state could save over \$123 million dollars a year by using DOT engineers exclusively. Based on the average size of consultant contracts, 18 additional projects each year could be financed.

FACT

The loss of in-house engineering services has a negative impact on both the budget as well as road and bridge construction projects. Recently, the Commissioner of Transportation acknowledged that it costs less to perform routine engineering services in-house, and yet, he must use more costly consultant engineers because he does not have enough in-house resources. Incredibly, rather than address the understaffing, and the obvious savings attributed to in-house staff, DOT hired consultants, at a rate in excess of \$1,800 per day for a total of at least \$1.9 million in 2003, to help “transform” DOT into an agency that does less work in-house.

There is a better choice!

Enact the bi-partisan recommendations of two different state Comptrollers and require DOT to hire 800 state engineers over the next two years. This will reduce the state’s reliance on more expensive consultant engineers and enable the Legislature to make more efficient use of funding for engineering services.

This can be done at *no additional cost* by passing legislation that requires that a greater portion of the capital project appropriations are used to support in-house engineering positions rather than costly consultant engineers.

Cut wasteful spending on expensive private consultants and plan for the future by hiring more state engineers.

Stop job-killing budget cuts!



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