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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

August 8, 2000

Mr. Thomas A. Maul
Commissioner
Office of Mental Retardation and Developmental Disabilities
44 Holland Avenue
Albany, New York 12229

Re: Report 2000-F-13

Dear Mr. Maul:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the Office of Mental Retardation and Developmental Disabilities (OMRDD) as of July 18, 2000, to implement the recommendations contained in our audit report, *Office of Mental Retardation and Developmental Disabilities, Developmental Center Closure Plan Progress* (Report 98-S-47). Our report, which was issued February 26, 1999, addressed the progress made by OMRDD in closing its developmental centers.

Background

OMRDD is responsible for providing a comprehensive, cost-effective and integrated system of services for mentally retarded and developmentally disabled persons in New York State. Prior to the late 1970s, OMRDD's primary means of caring for these persons was to place them in large institutions known as Developmental Centers (Centers). As a result of widespread abuses uncovered at the Willowbrook Center, OMRDD began to move consumers out of the State's 20 Centers and into community-based settings. OMRDD began its movement toward institutional closing in 1986 when it closed Willowbrook. In 1992 OMRDD instituted a policy that all Centers would be closed by 2000. Through July 2000, 12 of the original 20 Centers were closed.

Summary Conclusions

Our prior audit found that OMRDD had made significant progress in closing Centers and reducing the population at the Centers, but that it would not meet its goal of moving its consumers

into community-based settings by the year 2000. Additionally, OMRDD had not publicly disclosed this information to its stakeholders. We also found that OMRDD could be more involved in working with the Empire State Development Corporation (ESDC) in the disposition of its unneeded Center property. We made four recommendations to address our findings.

In our follow-up review, we determined that OMRDD has prepared and sent to the Governor and Legislature the comprehensive implementation plan update for 1998 and is working on the update for 1999. OMRDD has worked with ESDC in selling or leasing space on the grounds of the closed Centers. However, OMRDD has not closed any Center since our prior audit; eight are still in operation. The number of consumers has continued to decline. At the time of our review, about 900 consumers remained in the Centers.

Summary of Status of Prior Audit Recommendations

Of the four prior audit recommendations, OMRDD officials have fully implemented all four recommendations.

Follow-Up Observations

Recommendation 1

Develop annual updates to the comprehensive implementation plan that clearly articulate closure status and submit these updates to the Governor and Legislature, as required by the Mental Hygiene Law. These annual updates should clearly articulate closure status to ensure that all appropriate stakeholders are informed of closure progress.

Status - Implemented

Agency Action - The annual updates for the years 1994-1997 were distributed to the Governor and the Legislature on March 1, 1999. The 1998 update was submitted on May 23, 2000. In June 2000, OMRDD officials indicated that they had started preparing the 1999 annual update; however, it was not in draft form at the time of our review. The 1998 update discusses the status of the closure process and the effect the closure of the Syracuse Developmental Center had on the community and the workforce.

Recommendation 2

Take a more active role in working with ESDC in facilitating the identification of alternative uses for closed Centers in order to reduce the State's operating costs.

Status - Implemented

Agency Action - OMRDD has worked with ESDC to facilitate the sale and alternative uses of closed Centers. The most recent Multiple Development Opportunities (MDO), an invitation

to bid on properties no longer being used by the State, was issued by ESDC in November 1999, calling for interested buyers to submit offers to purchase the properties by March 15, 2000. All sites for sale in the MDO were formerly used as long-term care facilities; most of the sites were OMRDD facilities. To help create interest in these sites, OMRDD officials conducted tours of the facilities, negotiated transition conditions with purchasers and developed alternate space for staff. As a result of these efforts, several Center sites were sold or leased, and buyers for other facilities have been identified.

Recommendation 3

Monitor all costs of maintaining unused and unneeded Center property, including outstanding bond payments.

Status - Implemented

Agency Action - OMRDD has begun to monitor the costs of maintaining Center property and officials have prepared cost summaries titled Cost of Maintaining Unneeded/Closed D.C. Property. The summaries, prepared with the help of ESDC in May 2000, displays the cost of debt service, cost of maintaining the grounds, water and sewer costs, security, power plant, maintenance, staffing expense, and non-personal service expenses. The costs ranged from \$13,400 at West Seneca to \$2,310,600 at Hudson Valley (Letchworth). The total costs exceed \$8 million. The summaries have enabled OMRDD officials to assess the annual cost to the State of the unused property and the need for additional cost saving efforts.

Recommendation 4

Actively pursue methods of reducing the costs of the closed Centers, including reducing the outstanding debt, whenever possible.

Status - Implemented

Agency Action - After closing, and prior to a sale, OMRDD will "mothball" buildings no longer needed to provide care and support to consumers. A mothballed building will have all heating systems shut down, water pipes and fixtures drained and all power and communication systems in the building disconnected, with minimal external grounds maintenance work and limited security surveillance. Through sales and renting of space, OMRDD has reduced debt service payments by \$1.9 million annually and realized \$2.1 million in utilities savings. To help reduce its costs further, OMRDD has maximized use of some of the State-owned space that had been vacated. Officials are relocating the Information Services Group from leased space into vacant space at O.D. Heck and are consolidating the Hudson Valley DDSO offices into buildings at the former Letchworth Village Developmental Center; planning consultants considered these properties the least likely to sell.

The major contributor to this report was Howard Feigenbaum.

We thank the management and staff of OMRDD for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Kevin M. McClune
Audit Director

cc: Charles Conaway