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Response from Governor Cuomo, Senate Leader Flanagan and Speaker Heastie to Largest Bid-Rigging Scandal in State History:

NOTHING

Elected leaders fail to pass common sense reforms to curb sky-high corruption risks revealed in \$800m state contracting scandal.

(June 21, 2017, Albany) A coalition of prominent government watchdog groups say Governor Cuomo, Senate Leader Flanagan and Speaker Heastie have completely failed to address the huge problems revealed by last year's alleged rigging of \$800m in state economic development contracts and that billions of state funds remain at risk for bid rigging and pay to play.

The groups say the proposed reforms were sensible, straightforward and supported by dozens of rank and file legislators, and endorsed by numerous editorial boards.

Proposed reforms would have restored the Comptroller's independent oversight powers to review contracts before they are finalized, corralled unaccountable, state controlled not-for-profits, and created a "Database of Deals" for billions in state subsidies to businesses.

"This is a massive failure by New York State government --- starting with the governor, who actively worked to derail Clean Contracting reforms. What message does it send when the governor, senate and assembly fail to pass reforms after the biggest bid rigging scandal in state history? Why should the public believe that Albany is spending public money --- our money --- cleanly and fairly?"

Said John Kaehny, Executive Director, Reinvent Albany,

“State government just squandered its opportunity to restore public confidence to the procurement process and shed light on billions of dollars in economic development spending. There is no excuse for inaction after an \$800 million bid rigging scandal – the people of New York deserve better.”

Said David Friedfel, Director of State Studies, Citizens Budget Commission,

“Scandals and ensuing inaction seem to be the ‘new normal’ in Albany. One has to wonder how many indictments are needed before we enact any meaningful reforms. The governor and the legislative leaders had the opportunity to restore the public’s trust and put real accountability measures in place and instead they did nothing. Yet another sad day in Albany politics.”

Said Ron Deutsch, Executive Director, Fiscal Policy Institute,

“The governor and state lawmakers are elected to solve problems, not ignore them. Sadly, the failure to do anything to respond to New York’s scandals is a devastating condemnation of Albany’s ability to do its job. The governor must take the lead in advancing contracting reforms that focus on independent oversight, greater openness, and strict limits on the state’s ‘pay to play’ campaign financing system.”

Said Blair Horner, Executive Director, NYPIRG,

“Our latest bid rigging scandal resulted in eight federal entitlements and \$800 million in misused state funds. Nearly 7 months later, and the legislature still hasn’t done a single thing to prevent future government waste. In November, we made a simple request: clean up New York’s contracting procurement process through stronger oversight, increased transparency, and greater accountability. We asked for non-controversial reforms that were aimed at eliminating preferentialism in the procurement process and ensuring that state funds spent on contracts should be publically disclosed. The legislature chose not to pass our reforms. As a result, our procurement process will continue to be susceptible to the influence of outside interests.”

Said Jennifer Wilson, Program and Policy Director, League of Women Voters of NYS,

“The Legislature’s inability to pass the Clean Contracting common-sense package of procurement reform is a failure of epic proportions. New Yorkers elect their representatives to address the state’s problems, not to sit by, either afraid to act or convincing others not to act, while contractors and officials are indicted and taxpayer dollars are squandered through continuing crony capitalism.”

Said Susan Lerner, Executive Director, Common Cause New York,

““The willingness toward inaction in Albany is astounding. Simple reforms to prevent rigging and corruption in the awarding of government contracts are uncontroversial solutions to a well-documented problem. The fact that our legislative leaders have chosen to shirk their

responsibility to respond to what has become rampant impropriety, despite the support of many of their rank-and-file members, signals that they are no longer willing to act in the public's best interest. And New Yorkers will be the ones to pay the price.”

Said Dick Dadey, Executive Director, Citizens Union,

Good government and fiscal watchdog groups had advocated for 5 major clean contracting reforms during the legislative session, with 78 different lawmakers across party and ideological lines signing on to legislation supporting at least one of the reforms. The reforms would have strengthened the integrity of the state's economic development programs by:

1. Requiring competitive and transparent contracting for the award of state funds by all state agencies, authorities, and affiliates. Use existing agency procurement guidelines as a uniform minimum standard;
2. Transferring responsibility for awarding all economic development awards to Empire State Development Corporation (ESDC) and end awards by state non-profits and SUNY;
3. Empowering the Comptroller to review and approve all state contracts over \$250k;
4. Prohibiting state authorities, state corporations, and state non-profits from doing business with their board members; and
5. Creating a 'Database of Deals' that allows the public to see the total value of all forms of subsidies awarded to a business – as six states have done.

The groups further urged state leaders to reduce the potential for conflicts of interest by exploring options to limit campaign contributions from anyone seeking a state contract.

Legislation encompassing these principles was largely expressed in S.3984 (DeFrancisco) / A.6355 (Peoples-Stokes), the Comptroller's Clean Contracting Bill which, while reported by the Senate Finance Committee in April and amended in May, was never voted on by the Senate despite 30 of 63 members of the Senate signing on to the bill. The Assembly never moved the bill out of committee and despite numerous comments about reviewing, discussing, considering, and conferencing the legislation, ultimately didn't change the bill from the Senate amended version and only amended the bill in the final week of the legislative session.

A Database of Deals was supported by both the Senate and Assembly in their budget resolutions, and the Governor agreed in the budget to create a report by January 2018 detailing the spending for each economic development program. A Database of Deals providing data on the benefits received by each company was the subject of discussions between the legislature and advocates periodically during the session, and a bill reflecting those discussions was introduced in the last week and a half of the session ((A8175) Schimminger/S6613-A (Croc)). Also considered was an Executive Budget proposal the Governor put forth prohibiting

campaign finance contributions by vendors to the Executive when bidding on and negotiating contracts.