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Groups to Governor Cuomo and Legislative Leaders: Pass Clean Contracting Reforms at Special Session

Failure to pass Clean Contracting a “Dereliction of Duty”

(June 26, 2017, Albany) Government and fiscal watchdog groups call on Governor Cuomo, Senate Leader Flanagan and Speaker Heastie to use this unusual special session to pass clean contracting legislation that addresses last year’s alleged rigging of \$800m in state economic development contracts.

The groups say the Governor and legislative leaders failed the public during the regular session by not passing common sense reforms 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, reigned in unaccountable and opaque state controlled not-for-profits, and created a “Database of Deals” revealing billions in state subsidies to individual businesses.

“Dereliction of duty” is when the legislature and governor don't pass basic Clean Contracting reforms after \$800 million of state contracts are rigged.”

Said John Kaehny, Executive Director, Reinvent Albany, 917-388-9040

“At the special session, the legislature must restore the Comptroller's authority to review SUNY contracts. It's imperative that state taxpayers have confidence in how the State spends its money. Likewise, the State's taxpayers deserve to know who receives economic development incentives and if those incentives are yielding results.”

Said David Friedfel, Director of State Studies, Citizens Budget Commission, 518-429-2959

“The governor and legislative leaders had the opportunity to restore the public’s trust and put real accountability measures in place and instead they did nothing. The good news is, it’s never too late. Let’s make this an extra-special session and give the public some real reform.”
Said Ron Deutsch, Executive Director, Fiscal Policy Institute, 518-469-6769

“New Yorkers deserve action to reduce corruption in government. They deserve real actions, not fake reforms. 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, 518-727-4506

“The legislature is being given a second opportunity to address procurement reform in New York. We have asked for non-controversial reforms that are aimed at eliminating preferentialism in the procurement process and ensuring that state funds spent on contracts are publicly disclosed. The legislature should use their extended time in Albany to pass these reforms.”
Said Jennifer Wilson, Program and Policy Director, League of Women Voters of NYS, 518-465-4162

“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, 212-691-6421

“While the lack of movement on simple and, frankly, obvious solutions to the problem of corruption in the awarding of government contracts has been disappointing, the special legislative session provides a renewed chance for Albany to pass real ‘Clean Contracting’ reforms. This is cause for optimism. The question is, how many chances will our state lawmakers need before they begin acting in the public interest?”
Said Dick Dadey, Executive Director, Citizens Union, 917-709-2896

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, 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.