



Budget and Transparency Watchdog Groups Call on Senate, Assembly, and Governor Cuomo to Pass Clean Contracting Reforms Centered on Independent Oversight By State Comptroller

Groups say biggest bid-rigging scandal in state history calls for comprehensive reforms, restoration of Comptroller's independent oversight powers, and Database of Deals

(May 10, 2017, Albany) Prominent budget and transparency watchdog groups today called on New York State Senate leaders John Flanagan and Assembly Speaker Carl Heastie to pass, and for Governor Cuomo to sign, robust Clean Contracting legislation in response to the largest bid-rigging scandal in state history. Specifically, the groups called for independent approval of state contracts by the State Comptroller, an end to non-academic contracting by state-controlled non-profit organizations, and a comprehensive Database of Deals.

Five Clean Contracting Reforms Proposed by Watchdog Groups:

1. Require 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. Transfer responsibility for awarding all economic development awards to Empire State Development Corporation (ESDC) and end awards by state non-profits and SUNY.
3. Empower the Comptroller to review and approve all state contracts over \$250k.
4. Prohibit state authorities, state corporations, and state non-profits from doing business with their board members.
5. Create 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. Nineteen states and NYC have such “pay to play” laws, NY State does not.

Legislation encompassing these principles is actively being considered by the legislature. S.3984 (DeFrancisco)/A.6355 (Peoples-Stokes), the Comptroller’s Clean Contracting Bill, has been approved by the Senate Finance Committee and is on the calendar in the Senate. Senator Flanagan has said a vote is likely by the full Senate on contracting reform. One third of the entire Senate has co-sponsored the legislation. The Assembly has been reviewing the bill and plans to discuss it in conference beginning this week.

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 by each economic development program. A Database of Deals would go further, providing data on the benefits received by each company. Also considered during the budget was a proposal the Governor put forth prohibiting campaign finance contributions by vendors to the Executive when bidding on and negotiating contracts.

Groups call for action

“The moment of truth has arrived. State and federal prosecutors say \$800m in state economic development contracts were rigged, but so far, the legislature and governor have yet to act. It’s time they pass common sense legislation that includes independent oversight over state contracts, uniform contracting rules and transparency that will prevent corruption and abuse before it happens.”

Said John Kaehny, Executive Director, Reinvent Albany

“The State’s citizens should have confidence that their government is doing everything it can to safeguard finite tax dollars. Pre-contract third-party reviews, post-hoc transparency, and clear accountability measures will not hinder economic development – but another scandal will.”

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

“How many scandals and indictments are needed before we enact any meaningful reforms,” asked Ron Deutsch, Executive Director, Fiscal Policy Institute. “We need to restore the public’s trust and put real accountability measures in place to ensure that we have full transparency and a solid return on investment before we continue to provide billions of taxpayer dollars to private businesses under the guise of economic development.”

Said Ron Deutsch, Executive Director, Fiscal Policy Institute

“New Yorkers can draw a direct line from the state's opaque system of government contracting and limited oversight to the recent allegations of corruptions raised by the US Attorney. The governor and the legislature simply cannot pay lip service to these allegations. New Yorkers deserve the enactment of tough, new corruption-busting measures coupled with the strengthening of the independent oversight of the state Comptroller.”

Said Blair Horner, Executive Director, NYPIRG

“New York State’s contract awarding process has been proven to be susceptible to the corrupting influence of special interests. The legislature must act to pass procurement reforms that will increase transparency and oversight. Common sense reforms to ensure a competitive bidding process, allow the Comptroller to review contracts, and create a database of deals will ensure that the public’s tax dollars are being spent appropriately. We urge the legislature to pass these reforms before session ends.”

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

“Clearly, our state's procurement policies are primed for corruption and abuse. New Yorkers demand and deserve clean contracting policies that support a transparent and competitive bidding process, not crony capitalism.”

Said Susan Lerner, Executive Director, Common Cause New York

“New Yorkers have been harmed and their taxpayer dollars wasted in one of the worst bid-rigging schemes in our state’s history. To create needed independence and effective oversight, the governor and the legislature must enact sensible clean-contracting reforms. Not to do so would be an unfortunate and careless shirking of their greatest responsibility to ensure that government operates in the interest of the people. Stronger oversight and increased transparency in the awarding of state contracts, including providing the state comptroller with increased independent authority for oversight and approval, are principles that a strong and effective democracy must embrace.”

Said Dick Dadey, Executive Director, Citizens Union