



After Guilty Verdicts in Upstate Bid Rigging Trial

Watchdogs Warn of Continuing Risk of Abuse of State Economic Development Programs

Guilty verdicts a wake-up call. Groups once again urge Governor Cuomo to stop using state-controlled nonprofits to award state contracts and to adopt basic Clean Contracting reforms.

According to fiscal and government watchdog groups, evidence introduced at the federal trial of Alain Kaloyeros, the governor's former nano-czar, and executives from LP Ciminelli and COR Development highlight the vulnerability of the state's economic development programs to corruption and abuse.

The groups say the state's use of state-controlled nonprofits like the Fort Schuyler and Fuller Road Management Corporations and SUNY Research Foundation to award billions in taxpayer-funded grants is ripe for abuse, pay to play and corruption. The groups cite the lack of independent oversight by the comptroller, lax contracting rules that do not appear to require competitive bidding, and an overall lack of transparency.

The groups repeat their call to Governor Cuomo to adopt Clean Contracting reforms and recommends that New York:

1. Require competitive and transparent contracting for the award of state funds by all state agencies, authorities, and affiliates.
2. End economic development awards by state non-profits and SUNY, and transfer this responsibility to Empire State Development Corporation (ESDC).
3. Empower the comptroller to review and approve all state contracts over \$250K.

4. Prohibit state authorities, state corporations and state nonprofits 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.

Governor Cuomo refused to support these reforms during the legislative session, even while the State Senate passed the measures which were in the Comptroller's Procurement Integrity Act and a Database of Deals legislation, and over seventy Assemblymembers co-sponsored the bills. Yet Speaker Heastie refused to bring the bill to the floor for a vote because the Governor was not supportive, ignoring the widespread support from his conference, [twenty watchdog and civic groups](#), [numerous editorial boards](#), and [his own support for the bills](#).

The Database of Deals is a fundamental transparency reform listing all of the taxpayer subsidies received by a corporation including the type of subsidy, jobs created or retained, and the cost per job to taxpayers. The state spends \$4 billion in economic development annually, yet the public has no way of accounting for which programs work best or whether the state is getting a sufficient return on its investment in jobs produced or retained. [Florida](#), [Maryland](#), [Indiana](#) and [New York City](#), among others, have a Database of Deals.

The Procurement Integrity Act was introduced at the request of Comptroller Tom DiNapoli to restore the comptroller's authority to review contracts before they are executed for SUNY/CUNY construction and construction services, materials and printing contracts, and OGS centralized contracts. The bill also:

- requires Comptroller approval of state-funded SUNY Research Foundation contracts of over \$1 million;
- forbids state-controlled nonprofit organizations from contracting on behalf of the state unless specifically allowed by the legislature (state-controlled nonprofits like Fort Schuyler Management Corporation are at the center of the Upstate bid-rigging scandal); and
- requires state authorities to use procurement guidelines consistent with state agencies.