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CITIZENS UNION REPORT FINDS NONSPECIFIC DISCRETIONARY “LUMP SUM FUNDS” PERSIST & GROW IN STATE BUDGET

Today Citizens Union released the latest edition of its budget report, *Spending in the Shadows: Nonspecific Funding in the FY 2017 New York State Budget*. This report finds that the New York State FY 2017 Enacted Budget contains \$4.8 billion in lump sum funds, which allow spending decisions to be made in the shadows by our elected officials after budget bills are passed. This is a 65% increase in lump sum funds from last year’s Enacted Budget, a difference of \$1.9 billion.

This report’s major findings include the following:

1. The FY 2017 Enacted Budget includes \$4.8 billion in lump sum funds from 84 separate pots. This represents *double* the amount of lump sum funds over the \$2.4 billion included in the FY 2017 proposed Executive Budget, and a 65% increase of \$1.9 billion over last year’s Enacted Budget.
2. At least \$14.2 billion of the state budget exists in additional nonspecific funding pots where no official is explicitly cited as having control. These provide clear opportunities for elected officials to exercise authority over funds with little oversight.
3. Together **these pots comprise \$19 billion in nonspecific funding available to elected officials.** Decisions about these funds are made by elected state officials with no explanation of how the funds will be specifically used, and with no accountable reporting to the public on how the funds are spent.

While the state budget provides important funding for needed public services, it also provides an unfortunate opportunity for corruption. The continued existence of many billions of taxpayer dollars in such funds is of particular concern in the wake of the conviction and sentencing of the immediate past Speaker of the Assembly and Senate Majority Leader, as well as the ongoing state and federal investigations into contracting irregularities that resulted in the indictment just last week of two state officials and one ally to Governor Cuomo.

“With corruption rampant in the state capitol and indictments issued to administration officials for bidrigging and contract fixing, this report shows the growing amount of nonspecific budget items that allow for detailed spending decisions to be made after the budget and not before when they should be. The governor and legislature need to reform the way in which these pots of unspecified lump sums are left to the discretion of elected officials no longer exist so that New Yorkers can have confidence that their taxpayer dollars are being well spent and free from undue influence peddling, said Dick Dadey, executive director of Citizens Union.

Citizens Union, in releasing the report, calls on state lawmakers to enact reforms through the state budget process to bring greater sunlight to spending decisions. These recommendations include the following:

- The state budget should identify all lump sum appropriations upfront.
- The state budget should disclose the detailed purposes and criteria for the distribution of any lump sum appropriations and reappropriations.
- Elected officials who seek to make awards from lump sum appropriations or reappropriations should affirm that the contract or grant is for a lawful, public purpose, that the lawmaker has not and will not receive any financial benefit, that there are no conflicts of interest, and that the elected official is in compliance with all financial disclosure requirements in the public officers law.
- All grants and contracts expended under lump sum funds should receive comprehensive, online disclosure.

Citizens Union recognizes that government needs some amount of discretion in how it manages budgeted funds to respond not only to emergencies, but also to the many unanticipated developments occurring during any fiscal year. However, that does not absolve the Legislature and Governor from developing criteria to guide disbursements, and setting them forth in law. Anything less invites continued skepticism in a state that has been wracked by ethics violation. Clear guidelines will allow the government the agility to appropriate funds as needed, while remaining transparent to the residents of New York.