

June 18, 2018



**As Massive Bid Rigging Trial Gets Underway
Watchdogs Call On Assembly Speaker Heastie to Stop Stalling and Allow
Vote on Database of Deals and Comptroller’s Procurement Integrity Act**

State Economic Development Contracts In Buffalo and Syracuse
Worth Over \$1Billion Rigged

Bills that would increase transparency of state business subsidies and fairness of economic development contracts have already passed State Senate 62-0 and 60-2

(Federal Courthouse, Manhattan) Outside the Manhattan Courthouse where top aides and campaign contributors to Governor Cuomo are on trial for allegedly rigging over \$1B in state economic development contracts, watchdog groups once again called on State Assembly Speaker Heastie to stop stalling and to allow a vote on key transparency and oversight legislation that has already passed the state senate 62-0 and 60-2. The legislation is co-sponsored by dozens of assembly democrats and is supported by twenty watchdog and civic groups.

The groups say the federal trial of Alain Kaloyeros, the governor's former nano-czar, as well executives from LP Ciminelli and COR Development highlights the urgent need for more transparency and for independent oversight of state economic development spending. The groups note that the state assembly has passed no economic development reforms and done no oversight hearings since extensive evidence of bid rigging was revealed by federal prosecutors in 2016. Lastly, the groups note that the Procurement

Integrity Act restores the power to approve SUNY construction contracts, which the state comptroller had for more than century, until it was eliminated in Governor Cuomo's first budget in 2011. The elimination of that power and use of state affiliated non-profits as vehicles for state economic development contracts led directly to the bid rigging scandal.

Basic Transparency and Oversight Legislation

The Database of Deals would increase the transparency of the state's [\\$4B in annual spending on business subsidies](#). The comptroller's Procurement Integrity Act restores and extends the comptroller's authority to independently review state contracts and act as an independent referee to ensure rules, including MWBE rules, are followed.

The Assembly included the Database of Deals (A.8175-A & S.6613-B) in its one house budget bill in March, and the bill, which is sponsored by Buffalo area Democrat Robin Schimminger, now has 38 co-sponsors in the Assembly. In 2017, Speaker Carl Heastie backed the comptroller's procurement reform bill (A.6355-A & S.3984-A), which has 40 Assembly co-sponsors, saying:

"The people of the state of New York will still feel better knowing that there's some other entity looking at it, like the state comptroller..... Another set of eyes will make people feel better that, yes, things are done correctly."

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, and whether the state is getting a sufficient return on its investment in jobs produced or retained, or capital investments. An [analysis](#) by Reinvent Albany showed the taxpayer cost per job subsidized varies wildly from project to project, with the Governor's signature projects building factories providing a terrible bang for buck at a half million dollars a job. [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 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 bid-rigging scandal).
- Requires state authorities to use procurement guidelines consistent with state agencies.

The groups believe independent oversight is the only way to guarantee basic fairness to state vendors, including MWBE firms and small businesses. [The comptroller's review of existing contracts has already stopped 334 contracts and transactions valued at \\$920 million in the first two months of 2018 due to errors, improprieties and lack of documentation. The average review of contracts took just 7.5 days in 2017.](#)

Signers of Memorandums of Support

[Database of Deals \(A.8175-A / S.6613B\)](#) and [Comptroller's Procurement Integrity Act \(A.6355-A / S.3984\)](#)

32BJ SEIU ALIGN: Alliance for a Greater NY Alliance for Quality Education Citizen Action of NY
Citizens Budget Commission Citizens Union Common Cause NY Fiscal Policy Institute
Human Service Council (HSC) League of Women Voters of NYS Make the Road NY
New York Public Interest Research Group (NYPIRG) NYS Council of Churches
NYS Labor Religion Coalition Partnership for the Public Good (Buffalo)
Professional Staff Congress (PSC) Reinvent Albany Strong Economy For All
United Neighborhood Houses VOCAL NY