



NEW YORK STATE SENATOR

Michael F. Nozzolio

## Senator Nozzolio Questions Lack of Accountability on Federal Stimulus Spending

MICHAEL F. NOZZOLIO May 7, 2009

**Albany-** New York State Senator Mike Nozzolio today condemned the total lack of oversight and accountability regarding the spending of billions of taxpayer dollars New York State will receive from the federal American Recovery and Reinvestment Act.

Senator Nozzolio and his Senate Republican colleagues are supporting a comprehensive reform plan that would maximize job creation and ensure greater openness, transparency and accountability with regard to the billions of dollars in federal stimulus funding New York will receive over the next two years.

“The American Recovery and Reinvestment Act is the largest taxpayer spending program in our nation’s history, and yet according to published news accounts, Governor Paterson has not created one single New York-based job with these funds,” said Senator Nozzolio. “No one in New York State government seems to be able to tell the public exactly where this money is going, what jobs will be created and where, and how much money is left to spend. New York taxpayers and our nation’s taxpayers deserve better. Governor Paterson and the Division of Budget must immediately put their plan for using the stimulus funding on the table for all to see.”

While Governor Paterson has issued dozens of news releases announcing that the stimulus money will be used for transportation infrastructure projects across the State, a report by the federal Government Accountability Office states that New York has only two transportation projects scheduled to receive the

federal stimulus money, but no new jobs are being created.

“It appears that the Governor took transportation projects that were previously approved for state funding and shifted them onto a new list of projects requesting federal stimulus funds,” said Senator Nozzolio. “If that’s the case, it’s nothing more than a shell game with tax dollars that won’t create any new jobs.”

“Several construction companies in the Finger Lakes region have had their projects halted by the State. Their equipment sits idle while they wait for the Governor to act. The comprehensive reforms proposed by Senate Republicans would address this problem and ensure that stimulus funds are spent wisely, efficiently and in a manner that creates real jobs for New Yorkers,” Senator Nozzolio continued.

The \$787 billion American Recovery and Reinvestment Act of 2009 was signed into law on February 17th by President Barack Obama. This unprecedented relief package includes a total of approximately \$24.6 billion in federal aid for New York State— representing one of the largest intergovernmental transfers of funding in the history of our Nation. According to the federal government, the funding is designed to help stabilize the economy, create jobs, prevent tax increases and prevent dramatic cuts in key government programs.

“We are getting a massive influx of federal stimulus funding over the next two years, but there is an equal massive risk of fraud, abuse and waste if New York taxpayers are kept in the dark regarding who is getting this money and how it’s being spent,” said Senator Nozzolio. “As a State Senator, I have pushed for reforms that would ensure complete transparency, openness and accountability in how the State spends its money. In spite of all the talk of reform in Albany lately, there has been less openness, less transparency and absolutely no accountability as to how these funding decisions are being made.”

The key measures, many of which have been advocated by a wide array of good government groups, include the following:

**Strict Fiscal Reporting and Monitoring:** The initiative would provide the State Comptroller, as the State's chief fiscal officer, with broad new powers to actively monitor the flow of federal stimulus funding. By giving the Comptroller specific and direct oversight responsibilities for these monies, the public will be better assured that no funding will be lost to waste or misuse.

**Job Creation Tracking and Results:** To bolster existing federal job tracking guidelines, the plan would empower the State Comptroller to obtain detailed information from the State Department of Labor and the Empire State Development Corporation regarding specific job creation and retention numbers that are tied directly to the expenditure of stimulus funding. These figures would be certified by the Comptroller for accuracy, publicly released on a monthly basis, and made available on a new website to be established by the Comptroller's Office.

**Combating Fraud, Waste and Abuse:** The unprecedented size and scope of the federal stimulus funding creates a tremendous new potential for fraud, waste and abuse – both in the decision-making process, as well as in the actual implementation of related government contracts and programs. The new initiative would provide the Attorney General's Office with the power to investigate and prosecute cases involving the misuse of stimulus-related funding.

**“Taxpayers Right to Know” Provisions:** In order to heighten public awareness of, and involvement in, the allocation and use of federal stimulus funds, the current decision-making process must be moved out from behind closed doors and into the public realm. (The newly enacted State Budget, which was negotiated entirely in secret by Governor Paterson, Assembly Speaker Sheldon Silver and Senate Majority Leader Malcolm Smith, reportedly spent nearly \$11 billion dollars in federal stimulus funding that was used to fuel an additional \$12 billion in spending pushed through by the Governor and Majority Leader). To address this problem, all future meetings regarding the disbursement of federal stimulus funds should take place in open, public meetings. These meetings should be webcast live, and the minutes should be made publicly available afterwards. Supporting documents should be placed online in advance of such meetings.

**Plain Language Budgeting:** At the present time there is a significant amount of information regarding the federal stimulus funding on various government websites, but there is no simple breakdown that provides the public with information regarding where the stimulus funding is going, and how much is currently being held in reserve by state leaders. The Senate Republicans' plan will empower the State Comptroller's Office to establish clearly articulated "plain language" guidelines to track the flow of the federal stimulus funding.

**New Federal Stimulus Lobbying Provisions:** The plan strengthens the State's lobbying oversight and regulation by putting in place the same guidelines President Obama has already established for Federal Agencies that disburse stimulus money. These measures would apply to all stimulus funding disbursed at the state level, and to all government contracts let at the state level, that are associated with the federal stimulus funding. The measure would apply to all lobbying of State agencies, public authorities and the Executive Chamber, that relates to the federal stimulus package.

**Preventing Conflicts of Interest:** The initiative includes provisions to encourage competitive bidding of contracts to the maximum extent possible, as well as prohibitions against public officials working to direct funds toward firms in which they, their family members or their business associates have any financial interest or employment connection.

**Federal Stimulus Whistleblower Provisions:** Any government employee or private citizen who brings to light cases of fraud, waste or abuse involving federal stimulus funding would enjoy full and complete protection from any retribution.

"New Yorkers have already witnessed the failure of the federal government to properly safeguard and regulate the bailout of our country's banks, insurance companies, and auto industry. We must put these safeguards in place to protect New York State taxpayers from a similar disaster," concluded Senator Nozzolio.

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