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Watchdog Groups Call for Greater Accountability and Transparency for Business Subsidies

*U.S. Attorney's Inquiry into State Business Subsidies
May Be the Wake-Up Call New York Needs*

New York State subsidies to businesses exceed \$8 billion a year and are the fastest growing part of the state budget. Yet, recent media reports about the U.S. Attorney's inquiry into state business subsidies have highlighted questions about how the state steers billions of dollars in public funds to businesses involved in "Buffalo Billion" and other big technology manufacturing and research deals in Upstate New York. We hope the U.S. Attorney's questions are a wakeup call to State Government to make this process far more transparent and accountable.

We would like to see a simpler process with clearer lines of authority and responsibility. Among our concerns is the state's use of non-profit groups like the Fort Schuyler Management Corporation to negotiate and oversee subsidy deals worth billions of tax dollars.

By using a mixture of non-profit groups—including Ft. Schuyler and the SUNY Research Foundation—and academic institutions like SUNY Polytechnic, the State is blurring responsibility and reducing the accountability for decisions worth hundreds of millions of dollars. Subsidy deals are complex, often involve a real risk to public funds, and have the potential for significant conflict of interest. We wonder, who exactly is making the crucial decisions about who wins these deals? What is the basis of these decisions and how can we be sure that the deals themselves are well conceived and fairly awarded?

One step towards increasing overall government accountability and transparency, which should be considered, is to make one state agency the sole negotiator and implementer of state subsidy deals with public review and input, and ending the use of state controlled non-profit groups and the state university system in the contract award process.

Sincerely,

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