

# NYS STIMULUS OVERSIGHT WORKING GROUP

VIA USPS AND FAX TO (518) 474-1513

April 8, 2009

Governor David M. Paterson  
Executive Chamber  
State Capitol  
Albany, New York 12224

Dear Governor Paterson:

We appreciated the opportunity recently afforded by Jack Downey, Arana Hankin and Michael Weber to speak with representatives of the New York State Stimulus Oversight Working Group, Chris Keeley, of Common Cause/New York, and Bettina Damiani, of Good Jobs New York about the many ways the Governor's Office is taking action to make information about the stimulus package available to the public.

We are heartened to learn that you share our view that New York's policymakers must ensure that funds provided to New York State through the federal stimulus package are distributed **Fairly, Effectively**, and with clear standards for **Ethical and Honest Use**. Strict adherence to federal guidance, transparency on process and work products for determining uses and clearly defined metrics for success should be laid out for each investment, regardless of its funding stream (*i.e.*, discretionary spending, formula, grants, *etc.*). New York State must put these standards in place in short order, as stimulus funds are expected to be distributed at great speed, and all tracked information should be made available at a single, centralized website. Coordination between the various entities responsible for oversight is critical. These goals can only be accomplished through crystal-clear transparency and aggressive oversight and accountability.

Members of the NYS Stimulus Oversight Working Group represent many different viewpoints. We do not necessarily agree on how the stimulus money should be spent or if it is the "correct" size. Members do, however, share *Common Principles for Transparency and Accountability*.: The NYS Stimulus Oversight Working Group believes the federal standards and the political moment in which we find our communities, our state and our nation provides an opportunity *and responsibility*, for state and local officials to ensure the effectiveness of stimulus-related investment. We believe that New York State should adhere to the *Common Principles for Transparency and Accountability* to establish stronger standards for New York State than were put in place through the federal guidelines issued by the U.S. Office of Management and Budget on February 18, 2009.

At the most basic level, the state's Economic Recovery website should function as a clearinghouse of information. As an effective clearinghouse, the website should make information available about potential funding streams and the rationale for the state's determination on how to allocate funding where relevant through the clear organization of Budget Allocations (as in education), Requests for Proposals, Program Opportunity Notices and other announcements of available funding. After investment decisions are determined, the website should include all press releases, announcements and supporting documents as well as detailed information and reporting about each investment as the money is spent, particularly what the intended goals of the projects are, and whether they are met.

Following up on the March 19<sup>th</sup> telephone conversation, in which members of the Working Group discussed with your staff the state's website, outreach efforts, and procedures, the Working Group would like to share with you five recommendations that would bring more transparency and participation into the State's process for allocating stimulus funds.

1. Create the Position of New York Independent Stimulus Monitor

The Governor should ensure accountability and transparency of the distribution of stimulus funds by designating a New York Independent Stimulus Monitor.<sup>1</sup> The New York Independent Stimulus Monitor should be provided with adequate resources and staff to perform its functions. The New York Independent Stimulus Monitor also should establish and publicize a toll-free telephone number and web address to accept confidential reports of fraud, abuse or misuse of stimulus funds.

2. Excelling at a Transparent Application Process

Currently, there is a great deal of confusion amongst the public, and perhaps many in state and local government, regarding how the federal stimulus money will flow from the U.S. Treasury into New York's communities. For example, members of the Working Group understand that many small businesses and social service agencies throughout the state have not been able to successfully identify the appropriate agency to which they may apply for stimulus funding, nor funding sources that may be available for them.

Reporting back to the working group of our March 19 telephone conversation, members were concerned that information about available stimulus funds is currently being shared mostly with entities that already have long-standing ties to state government through existing grants and contracts, or other existing relationships. Applicants and applications should not be limited to those that happen to have prior relationships with state institutions or actors but, instead, the state should cast a wide net. The public should be encouraged to approach the state with creative solutions to the problems we now face and mechanisms should be put in place to facilitate this dialogue between those accepting applications and those wishing to submit them.

**Creating a user-friendly online inquiry form on the state's economic recovery website could help to ease these difficulties. Potential applicants could provide details about the purpose and scope of the project for which they seek funding and be provided with a point-of-contact at the appropriate agency.** Such a form could quickly help web-users and potential applicants voice their concerns or questions and receive responses to help them navigate the varied funding streams that will be available to New Yorkers.

To be sure, positive steps have been taken to provide information regarding how New Yorkers can apply for stimulus-related funding, including the public town halls being held throughout the state, but a comprehensive online database for inputting questions would support New Yorkers' efforts to navigate the complex funding streams.

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<sup>1</sup> Recently, California's Governor, through Executive Order, created and filled the post of Inspector General whose express charge is to be the watchdog over the stimulus funds coming to California to ensure that they are used for their intended purpose.

### 3. Excelling at a Transparent Decision-Making Process

Priorities are being set everyday regarding how the stimulus funds will be invested in a wide range of areas of importance to all New Yorkers. Without information at hand, it is difficult for New Yorkers, as well as some policy-makers, to understand how these priorities are being set and funding determined. For example, in early March 2009 there was a public uproar about the amount of Medicaid funding New York City would receive from the State. City officials claimed they had expected at least \$2.1 billion over a two-year period, and perhaps as high as \$2.8 billion, but the State allocated only \$1.9 billion. This funding is said to be formula-based, with a set share between the city and state. It is the means of distribution – the formula in this scenario – that remains unclear and unavailable to the public. In addition, while the press release announcing the amount of Federal Medical Assistance Percentages, or FMAP, funding that would be made available to each county in the state was made available on the governor’s website, it was not made available on the state’s Economic Recovery website and the data and calculation on which the estimates were based were not disclosed.

Similarly, there are also questions regarding the distribution of the State Fiscal Stabilization Funds for Education and whether it conforms to ARRA guidance. Public access to the federal worksheets, the rationale and the application for funds to the federal government should be made available on the website.

**To address this sort of problem, the state could have simply published on the Economic Recovery website the formula or means of distribution used so that policymakers and the public could understand how our funds are being prioritized and allocated. All such supporting information should be made available on the Economic Recovery website so that New Yorkers can understand how the countless options before the state are being prioritized and determined.**

### 4. Excelling at a Transparent Investment Process

Stimulus-related investments will be spent down over the next 24 months, and it is critical that all investments be tracked to ensure ethical and honest use, and that decisions are made based on standards of effectiveness and fairness. To do this, all information must be tracked from the U.S. Treasury all the way down to the state and local levels and include additional details about every level of sub-grantees and sub-contractors, as well as information about non-project investments, such as many Medicaid and education investments. Important information, including wages paid and benefits offered for jobs created or retained, as well as other intended benefits, such as energy costs saved and test scores improved, must be tracked. This is laid out in the Working Group’s Common Principles for Transparency and Accountability and is being instituted in states and cities throughout the country for both stimulus and non-stimulus investments.<sup>2</sup>

It is vital that the information be compatible with the federal website tracking stimulus investments, [recovery.gov](http://recovery.gov). **As we discussed on March 19, the state should consider leveraging federal resources by pushing the appropriate entities on the federal level that**

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<sup>2</sup> Oregon has recently considered a forward-thinking contractor’s disclosure bill requiring state agencies to collect detailed information on contracts, jobs created, wages paid, and costs by each contractor, while making the data publicly available on the Internet. Oregon House Bill 2037, available at: [www.leg.state.or.us/09reg/measpdf/hb2000.dir/hb2037.intro.pdf](http://www.leg.state.or.us/09reg/measpdf/hb2000.dir/hb2037.intro.pdf).

**are maintaining recovery.gov, to share with the states the back-end information technology infrastructure, thus allowing a uniform and efficient tracking process without the need to ‘reinvent the wheel’.** Members of the Working Group would be happy to work with Governor Paterson and his staff to push for such technology to be made available to New York and the other states in a timely manner.

We understand that you are exploring new technologies that will help the public better understand how stimulus investments are being used in their own communities. This is a welcome development and we encourage you to be sure that such geographically-specific information is robust (*i.e.*, “drill down” all the way regarding spending) and also be available to New Yorkers for download at the specific project level as well as the broader levels such as agency or programmatic level. **All state agencies should be directed to track all spending in a timely fashion and make all contracts available in an online format to be posted on the state Economic Recovery website. We urge the Governor to issue an Executive Order requiring this of all executive agencies.**

#### 5. Thinking “Outside the Box”

The Governor’s Economic Recovery & Reinvestment Cabinet, along with its partners at state and local agencies, representatives of non-profit organizations and the general New York public, should work together in order to find creative ways to increase public participation in and knowledge about the recovery efforts in New York.

Vivek Kundra, President Obama’s newly-appointed Chief Information Officer, (CIO) offers an interesting model which New York State should consider. During his time as Washington, D.C.’s Chief Technology Officer, Mr. Kundra worked aggressively to find creative ways to make use of the varied information that was already publicly-available on Washington, D.C. websites. For example, during his tenure in Washington, D.C., Mr. Kundra created “Apps for Democracy, An Innovation Contest,” which was considered to be a successful campaign to bring in fresh thinking on ways to utilize data the city already had on-hand. Private software developers created new applications to parse, re-organize or otherwise utilize Washington D.C.’s data. Non-governmental sponsors provided cash prizes to those applications that were chosen and the project was considered to be a huge success.<sup>3</sup>

In New York, such a project would undoubtedly inspire members of the internet, programming, and government oversight communities to **find creative, cost-effective ways to make use of information and data available throughout New York State’s many online resources, including those that should be made available regarding stimulus investments.** The NYS Stimulus Oversight Working Group would be happy to discuss ways to reach out to this invaluable and untapped resource.

We appreciate your time and consideration of these matters and look forward to working with you to ensure that New York State is at the forefront on open, transparent and responsible decision-making

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<sup>3</sup> The Apps for Democracy website states, “Developers and designers will compete by creating web applications, widgets, Google Maps mash-ups, iPhone apps, Facebook apps, and other digital utilities that visualize OCTO’s Data Catalog, which provides real-time data from multiple agencies to citizens — a catalyst ensuring agencies operate as more responsive, better performing organizations.” [www.appsfordemocracy.org/about](http://www.appsfordemocracy.org/about)

regarding stimulus investments. Please feel free to contact Chris Keeley of Common Cause/New York with any questions or comments at (212) 691-6421 or [ckeeley@commoncause.org](mailto:ckeeley@commoncause.org).

Sincerely,

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