

April 15, 2022

The Honorable Thomas P. DiNapoli
Office of the New York State Comptroller
110 State Street
Albany, New York 12236

RE: 180-Day Response to the New York State Office of Comptroller Audit Report 2019-S-48: Project Tracking Systems and Economic Assistance Evaluations

Dear Comptroller DiNapoli:

In accordance with Section 170 of the Executive Law, this letter shall serve as Empire State Development's ("ESD") 180-day update of its compliance with the findings and recommendations identified in the Office of the State Comptroller ("OSC") final audit report 2019-S-48 – Project Tracking Systems and Economic Assistance Evaluations dated October 18, 2021. The stated purpose of the audit was to determine whether ESD maintains adequate information systems for the collection of relevant data to effectively manage and report on the economic assistance programs it administers and ensure programs meet desired outcomes. The audit covered the period from January 1, 2016, through April 16, 2021.

I. ESD's Response to OSC's Recommendations

Recommendation #1: *Identify additional economic assistance programs that would benefit from migration to Dynamics.*

Response: As noted in ESD's previous response, ESD agrees with this recommendation, which was already occurring prior to the audit. Since ESD's September 2021 response to this audit, ESD has integrated the Small Business Environmental Ombudsman program to MS Dynamics. ESD has also continued to make improvements and enhancements to all existing programs in MS Dynamics, including extensive development on the data maintenance for Entrepreneurial Assistance Centers, Loans and Grants, and Global NY. Furthermore, ESD remains on track to have the seven programs referred to in the audit fully migrated into MS Dynamics within the next 18 months. Finally, ESD continues to devote IT resources to a number of COVID relief programs, all of which are anticipated to be migrated to MS Dynamics as the funds are fully disbursed.

Recommendation #2: *Conduct and document periodic program evaluations of economic assistance programs to assess performance and ensure programs are meeting desired outcomes.*

Response: As noted in ESD's previous response, ESD regularly engages in both project-level and program performance evaluations and routinely reports the results to the public. In addition, ESD continues to conduct and document program assessments and evaluations such as its dozens of published reports, which shape its work with the Governor's Office and Legislature as to the potential discontinuation, extension, or modification of ESD programs. Recently, ESD President/CEO Designate Hope Knight also testified at a budget hearing and committed to working with the Legislature to review the REDC process, and engaging in more outside evaluation of some of ESD's business incentive programs – like the Excelsior Jobs Program and START-UP NY – in a similar way to how ESD evaluates the Film Tax Credit program. In addition, ESD agreed with the legislature to codify the

Database of Economic Incentives into law and expand the information made available to the public with respect to future incentives projects.

II. Conclusion

ESD continues to work diligently to provide economic development incentives to communities, businesses, workers, entrepreneurs and non-profits for the betterment of New York State, and it also recognizes its role in evaluating and reporting on those programs. Under our new leadership, ESD is exploring ways to increase our evaluations of our programs. ESD will continue to work with both the Executive and Legislature to advance worthwhile programs to further economic development for New York State.

If you have any questions with respect to this response, please don't hesitate to contact me.

Yours truly,

Felisa R. Hochheiser

Felisa R. Hochheiser
Director of Compliance

cc:

Governor Kathy Hochul
Senator Andrea Stewart-Cousins
Senator Robert G. Ort
Senator Liz Krueger
Senator Thomas O'Mara
Speaker Carl E. Heastie
Assemblymember Crystal B. Peoples-Stokes
Assemblymember William A. Barclay
Assemblymember Helene E. Weinstein
Assemblymember Edward P. Ra