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Testimony of: Jesse Schaffer, Director, Doing Business Accountability Project
Before: NYC Campaign Finance Board
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Good morning. My name is Jesse Schaffer. I am the director of the Doing Business Accountability Project of the Mayor's Office of Contract Services (MOCS). MOCS established the DBA Project after the passage of Local Law 34 of 2007 in order to administer the designated responsibilities of the Office of the Mayor concerning the Doing Business Database.¹

The DBA Project had and has three major responsibilities under LL 34:

- Develop, maintain and update the Doing Business Database (DBDB), a list of organizations and individuals that have certain business dealings with New York City;
- Develop and administer a procedure for an organization or individual to apply for removal from the DBDB for cause; and
- Promulgate and administer rules for an organization or individual to apply for a waiver from inclusion in the DBDB for cause.

I am pleased to report that we have successfully implemented all of these responsibilities. To implement the latter two – a removal procedure and a waiver rule – we introduced two one-page forms to be completed by applicants. To date, there have been no requests for waivers and 13 removal requests, all of which have been honored.

LL 34 was enacted on July 3rd, 2007 and called for the creation and certification of the first phase of the DBDB within six months, a significant undertaking. In order to create the database, the

¹ Many of the provisions first added to the NYC Administrative Code by LL 34 were subsequently amended by Local Law 67 of 2007. References to LL 34 refer to the law as amended.



DBA Project had to obtain information about thousands of covered organizations and tens of thousands of covered individuals, and sift through hundreds of thousands of potentially covered transactions. This process was notable for three reasons.

- City procurement rules generally do not apply to a number of the larger agencies covered by LL 34. These include the School Construction Authority, NYC Housing Authority, Economic Development Corporation and Health and Hospitals Corporation, as well as many other smaller public benefit corporations and governmental entities. For this reason, we had to develop a data collection process flexible enough to cover multiple procurement procedures and recordkeeping systems.
- In addition to procurement transactions such as contracts, franchises and concessions, LL 34 covers grants, economic development agreements, pension investment and debt contracts, real property transactions and City Charter land use actions, as well as lobbying activity. Computerized recordkeeping systems either did not exist or did not capture relevant data for many of these transactions and agreements.
- Rather than just cover transactions and agreements when they are awarded, LL 34 considers a business dealing to begin the moment it is proposed on or applied for. While some agencies track this some of this data in some format, no centralized City database maintains comprehensive data on proposals, so we had to design a system to capture this information from scratch.

In the almost two years since we rolled out the first phase of the DBDB, the DBA Project has collected more than 33,000 Doing Business Data Forms, containing information about organizations and individuals that have business dealings with the City that are covered by LL 34. The DBDB now covers approximately 8,000 entities and 35,000 individuals, based on more than 57,000 transactions and other business dealings covered by the law.

LL 34 requires that the DBDB be maintained “so as to ensure its reasonable accuracy and completeness” and be “updated no less frequently than once a month.” Meeting these mandates requires a constant flow of information between entities, agencies and the DBA Project. At present, much of this activity is conducted on paper and via individual spreadsheets. We look forward to automating much of this data transfer in the coming year.

As the Board is well aware, the purpose of the DBDB is to allow the Campaign Finance Board to implement and enforce LL 34's contribution and matching funds provisions, in order to avoid the appearance or actuality of what is commonly referred to as "pay to play" activity – the potential connection between campaign contributions and governmental decisions concerning the award of transactions and agreements, as well as other activities. While the DBA Project maintains the DBDB as required, we transmit this data to CFB via a system designed by DOITT, the Department of Information Technology and Telecommunications. The DBA Project worked closely with DOITT and CFB to create a system that ensures that CFB receives the data it requires to enforce the law. CFB has a limited amount of time to apply the contribution and matching funds provisions, so the development of a system that delivers the DBDB punctually was a key requirement.

Throughout this process, I have been impressed by the professionalism, diligence and congeniality of the CFB staff, led by Director of Special Compliance Peri Horowitz. The successful implementation of the DBDB was a collaborative project that required much time, effort and expertise by all concerned. I'm glad to have had these staff as partners.

With the 2009 election cycle drawing to a close, I look forward to the start of the first full cycle to be conducted entirely under LL 34, and to working with the Board and other interested parties to continue to improve this unique and powerful facet of New York City's campaign finance program.