



STATE OF NEW YORK
Authorities Budget Office

P O Box 2076
Albany, NY 12220-0076
WWW.ABO.STATE.NY.US

e-mail address:
info@abo.state.ny.us

Local:518-474-1932
Toll Free: 1-800-560-1770

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Contact: Authorities Budget Office
(518) 474-1932
1-800-560-1770

Authorities Budget Office Issues Report on Genesee County IDA's Compensation Practices

The New York State Authorities Budget Office (ABO) today issued its final report on the compensation practices of the Genesee County Industrial Development Agency (IDA). The Genesee County IDA does business as the Genesee County Economic Development Center.

The ABO's report concluded that the IDA has routinely provided bonus payments to its employees although it has had no policy in place authorizing such bonuses, and that bonus amounts were determined by an unauthorized sub-group of board members. Between 2005 and 2009, a total of over \$340,000 in bonuses were paid to ten staff, in addition to their base salaries. The report is also critical of the fact that bonuses are not paid to staff based on individual performances exceeding normal job expectations. Instead, the report characterizes the bonus program as similar to a profit sharing plan adopted by private industry, where revenues in excess of operating costs are redistributed to employees at the end of the year, based on the performance of the organization.

In its response, IDA officials justified its bonus payment practices by claiming the IDA used revenues collected from businesses seeking IDA assistance to fund bonuses and other compensation payments. The ABO report rejected this argument by noting that the IDA is a public agency and, as such, any revenues and fees it collects are public funds, similar to fees collected by any other public agency. The report also criticized IDA officials for awarding bonuses to employees before being approved by the board, approving bonus payments even when organizational performance goals were not met, and paying a bonus to an independent contractor when such a payment was not authorized. The report recommends that the IDA recover this unwarranted payment.

The report concludes that these findings demonstrate a failure of the IDA board to exercise appropriate financial oversight.