



# STEFAN I. MYCHAJLIW

ERIE COUNTY COMPTROLLER

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## COMPTROLLER'S OFFICE REPORT: ERIE COUNTY GOVERNMENT PAID MILLIONS IN INTEREST FOR CONSTRUCTION IMPROVEMENTS NEVER COMPLETED

*Erie County government spent only 22% of taxpayer dollars it borrowed for improvement projects at Erie Community College; incurring interest payments for work never done*

**(ERIE COUNTY)** – The Office of Erie County Comptroller completed a report that examined Erie County's capital borrowing for the years 2014-2019 for construction projects. The report focused on borrowing for capital projects that dealt with what was supposed to be improvements at Erie Community College, also known as SUNY Erie. The purpose was to determine whether or not the full amount borrowed by Erie County government was spent on projects that were actually completed. The report also wanted to determine that if in fact money was borrowed for projects that were never done, how many taxpayer dollars were wasted on unnecessary interest payments.

Capital projects of this sort are recommended to the County Executive by the Capital Projects Committee. The County Executive then requests the funding for these projects, which is approved by the Legislature. Once funded, projects are completed under the supervision of the Department of Public Works.

What the Comptroller's Office report found was the County of Erie sold \$16,475,000 in bonds to fund \$32,950,000 in projects at ECC over the time of the report. To date, Erie County government has only spent \$3.6 million of the \$16.48 million borrowed. It paid interest on that money to the tune of \$1,611,851. In other words, the money Erie County spent on interest is 44.7% compared to the money actually spent on campus improvements, costing taxpayers considerably who are now getting no return on their investment.

"At a time when we face a huge deficit due to the pandemic, this waste of taxpayer dollars hits especially hard. It's disappointing but not surprising to know how much money Erie County government wastes," said Comptroller Mychajliw. "In some cases, Erie County government paid more in interest than they have spent on a project," said Mychajliw.

"Last year we found that millions of dollars borrowed for parks improvements were never spent, costing taxpayers hundreds of thousands of dollars in interest. And now we see here that money borrowed to make improvements on the three Erie Community College Campuses is going unspent, yet taxpayers are still paying interest on that borrowed money. That's shameful."

What Comptroller Mychajliw found particularly troubling: the consistent pattern of Erie County borrowing money for construction projects, never even starting them, yet shelling out a lot of money on unnecessary interest payments.

While the report did not review borrowing practices pre-dating 2014, the report did find that as far back as 2011, Erie County borrowed \$1 million toward \$2 million in projects for the ECC North Campus cooling system. To date, only \$51,163 of that has been spent, meaning \$262,751 has been made in interest payments on what has so far been a \$51,163 investment.

“It’s an appropriate analogy to think of Erie County flushing your money down the toilet. Think of your house. This is like your family taking out a \$100,000 loan to fix your house, never doing a single repair, yet paying a lot of interest on money borrowed for work never done. No sane person would take out a loan to shore up the foundation, put on a new roof and replace the entire kitchen, then not spend the money, and incur unnecessary interest. Unfortunately, this is exactly how Erie County government functions,” added Comptroller Mychajliw.

The report found that:

- 2014 - Erie County spent 76% of the \$1.1 million borrowed for capital projects. Taxpayers have paid \$205,379 in interest to date.
- 2015 - Erie County spent 81% of the \$3.15 million borrowed for capital projects. Taxpayers have paid \$533,966 in interest to date.
- 2016 - Erie County spent 6.8% of the \$2.3 million borrowed for capital projects. Taxpayers have paid \$312,206 in interest to date.
- 2017 - Erie County spent 1.3% of the \$3.5 million borrowed for capital projects. Taxpayers have paid \$346,244 in interest to date.
- 2018 - Erie County has spent less than 1% of the \$3 million borrowed for capital projects in 2018. Taxpayers have paid \$180,263 in interest to date.
- 2019 - Erie County has spent 0% of the \$3.4 million borrowed for capital projects in 2019. Taxpayers have paid \$33,793 in interest to date.

“Erie County might cut law enforcement and borrow more as ways to address a deficit created by the pandemic,” Comptroller Mychajliw said. “Then to see the County is throwing millions of your dollars out the window, paying interest on borrowed money for projects not done? What a waste.”

For the years 2014-2019, the report found that while Erie County sold \$16,475,000 in bonds to fund \$32,950,000 in projects, it has only spent \$3,609,446. This means that Erie County has only spent 22% of the money it has borrowed for those improvements, even though it must continue to pay interest on that borrowed money.

“Our community college deserves better. Students deserve better. Taxpayers deserve better. This is mismanagement of taxpayer dollars. I would encourage the Legislature to actually flex their oversight muscle over this process, get to the bottom of the problem and make sure it never happens again,” concluded Comptroller Mychajliw.