

November 3, 2025

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 2023-S-10: ESD's COVID-19 Pandemic Small Business Recovery Grant Program

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 2023-S-10-ESD's COVID-19 Pandemic Small Business Recovery Grant Program dated May 7, 2025. The stated purpose of the audit was to determine whether ESD awarded funds according to COVID-19 Pandemic Small Business Recovery Grant Program eligibility requirements, and whether ESD established performance measures to assess the impact of the awards. The audit covered the period from April 2021 through January 2023.

I. ESD's Response to OSC's Recommendations

Recommendation #1: Develop and implement enhanced application review and award practices for grants administered by ESD, which may include, but not be limited to utilizing relevant publicly available data sources, working with federal or other applicable government partners to obtain relevant information on eligibility criteria, and incorporating relevant elements into award selection methodology, including but not limited to, areas outlined in the Program's goals.

Response: ESD will explore the efficacy of potential practices for enhancing application review for grants administered by ESD including the utilization of relevant publicly available data sources, working with applicable government partners, and, to the extent legally viable and programmatically practical, incorporating relevant elements into the award selection methodology.

Recommendation #2: Establish a process or practice to measure performance of grants administered by ESD.

Response: The terms and conditions of ESD Grant Disbursement Agreement contain provisions that outline ESD's practices for monitoring and measuring the performance of grantees. We will continue to review such practices and explore ways to improve them.

Recommendation #3: Recover Program funds that were awarded to ineligible businesses as appropriate.

Response: ESD has engaged outside counsel to issue demand letters seeking repayment of funds disbursed to businesses that are believed to have been ineligible for a grant award. For ineligible awardees that are not able to immediately repay the funds in full, we will offer installment plans. Finally, ESD will refer ineligible businesses that either refuse to repay the funds or fail to respond to our outreach to the Civil Recoveries Bureau of the Attorney General's office.

II. Conclusion

ESD's COVID-19 Pandemic Small Business Recovery Grant Program aligned with its economic development mission to promote a vigorous, inclusive, and growing state economy, and support small businesses and for-profit independent arts and cultural organizations impacted by the COVID-19 pandemic.

Yours Truly,



Joshua Bloodworth

Executive Vice-President, Legal & General Counsel

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 D. Peoples-Stokes
Assemblymember William A. Barclay
Assemblymember J. Gary Pretlow
Assemblymember Edward P. Ra