Date: October 15, 2014
Contact: Mike Lanza / mlanza@ajforidaho.com / (208) 861-2064

BALUKOFF DEMANDS OTTER 'FINALLY COME CLEAN' IN SCHOOL BROADBAND CONTRACT SCANDAL

BOISE, Idaho—Noting the news that taxpayers may have to eat another $17 million in the scandal over the $60 million contact for broadband Internet in Idaho schools, Democratic gubernatorial candidate A.J. Balukoff today called on Gov. Otter to "finally come clean" on "how and why that contract was awarded to one of his campaign donors in apparent violation of state laws."

"We learned today that the company that accuses the Otter administration of illegally awarding that $60 million contract to an Otter campaign supporter wants to settle its lawsuit against the state for $17.4 million," Balukoff said. "And we also learned that state officials are involved in backroom negotiations with that company to settle this case and keep everything secret."

"Gov. Otter's incompetence in his role as guardian of taxpayer dollars is shocking," Balukoff said. "But even worse, he has never explained to the people of Idaho how and why this contract was awarded to a campaign donor in violation of state law. Before asking voters to give him a third term in office, he needs to come clean on that. This case fails the smell test badly."

In March 2013, the Idaho Supreme Court ruled that there were grounds to hear the lawsuit over possible illegalities in the awarding of the contract. That prompted the Federal Communications Commission to cut off millions in funding for the broadband project. But Gov. Otter's Department of Administration Director, Teresa Luna, did not notify legislators of that funding cutoff until months later, hitting legislators with an unexpected $11.4 million bill to cover that contract this year. State officials anticipate another multi-million-dollar bill in 2015 because the lawsuit remains unresolved.

"Now we get this bombshell of another potential $17 million tab on top of all that. This is just more evidence of the cronyism and insider deals that have cost our state untold millions of dollars and make Gov. Otter unfit for a third term in office," Balukoff said.

"The most disturbing new revelation may be that Otter administration officials are involved in negotiations with this company to keep details of what happened in this deal secret," Balukoff said. "The voters and taxpayers of Idaho deserve to know what really happened here. Come clean, Gov. Otter."

He referred to the following from a news report (Syringa is the company suing the state for allegedly awarding the broadband contract illegally): "Syringa says the state's settlement offer included Syringa helping the state with its 'federal problems' and the company signing a 'very strong confidentiality agreement to keep things secret,' according to a letter Syringa's lawyers

sent to several Idaho lawmakers and obtained by the Statesman via a public records request. The state might award Syringa some noneducation work, the letter said, but made 'no promises.'" [source: http://www.idahostatesman.com/2014/10/15/3428596/idaho-broadband-case-remains-unsettled.html#storylink=cpy]

The FCC inspector general also served Gov. Otter's Department of Administration with a subpoena for "information about the IEN" on July 31, according to an Aug. 26 memo that Department of Administration Director Teresa Luna sent to her brother, Superintendent of Public Instruction Tom Luna.
[source: http://www.idahostatesman.com/2014/10/15/3428596_idaho-broadband-case-remains-unsettled.html?rh=1#storylink=cpy]

Balukoff also criticized the governor for hiring an outside law firm to handle this lawsuit for the state instead of using the attorney general's staff. The legal bill alone for this case has already run to $762,952 since 2010. [source: http://www.idahostatesman.com/2014/10/15/3428596_idaho-broadband-case-remains-unsettled.html?rh=1#storylink=cpy]

"You can hire about 15 new teachers in Idaho just with what has been spent so far on the legal tab for this scandal," Balukoff said.

<div align="center">###</div>