

Public Authorities by the Numbers 2022

Wow, Thank You, and Publish Annually Please

First, thank you to New York State Comptroller Tom DiNapoli's office for publishing *Public Authorities by the Numbers 2022*, an eye-opening report on New York's 1,178 state and local public authorities, the whopping \$78.3 billion they spend a year, and their staggering \$329 billion of debt. (For context, the state budget for FY 2022-2023 was \$220 billion).

Second, Dear Comptroller – please publish this report every year. It is really, really important. Once every five years is not enough and your previous report was back in 2017. This report is important because there are a lot of public authorities, they spend and borrow vast amounts, and yet are not subject to the same level of transparency, controls, and oversight as state agencies. For example, state budget appropriations and the State Financial Plan do not include most state public authority spending. Further, the State Financial System (SFS) which tracks state agencies financial transactions, does not include data on authority purchases and other expenditures and transactions.

302 State and 876 Local Public Authorities in New York!

As of July 2022, the state's Public Authorities Reporting Information System (PARIS) contained data from 1,178 state, local, interstate, and international authorities. Among the 876 local authorities, 107 are classified as active industrial development agencies (IDAs), 257 as active other local authorities, and 79 as inactive other local authorities.

\$329 Billion in State and Local Debt, Including 97% of State Debt!

State and local public authorities reported spending nearly \$78.3 billion with more than \$329 billion of debt outstanding. This reflects an increase of \$61.5 billion (or 23%) from the levels of debt outstanding reported in the last *Public Authorities by the Numbers* report, published in 2017. Of that debt, 20 percent was issued for state purposes, constituting 97 percent of all state-funded debt outstanding. This "backdoor borrowing" is undemocratic; it bypasses the need for voter approval for debt issuances. (Voter approval is needed to issue General Obligation bonds).

Inadequate Transparency and Accountability

Broad and vague lump sum appropriation language allows public authorities to spend on a range of purposes related to a funding source, rather than specific projects – i.e., there is no itemization or project list in the budget itself. Additionally, both the MTA and ESD have enormous capital projects with billions of dollars in spending that do not flow through the state's budget – and have proven vulnerable to waste, fraud, and abuse, including the Empire State Development/State University of New York Polytechnic (SUNY Poly) Buffalo Billions <u>bid-rigging scandal</u>.

Like a Whole Additional Executive Branch Controlled by the GovernorNot only are big chunks of what state authorities do outside of the legislative budget process, governors are using emergency executive orders to further reduce state authority accountability to the Legislature, Comptroller, and the public.

Public Authorities Law empowers the Comptroller to review state public authority contracts that authorities either award non-competitively or are paid for in whole or in part from state-appropriated funds in excess of \$1 million. But this oversight by the Comptroller can be suspended at any time by the governor via an emergency declaration. For example, Executive Order 168, issued by former Governor Cuomo in June 2017, declared a disaster emergency in the MTA district because of significant track, signal, and switch failures.

State and local governments are using public authorities more and more to provide public services, issue debt, and provide billions in subsidies to businesses. The authorities are hugely popular with state and local governments because they can issue debt and tax abatements off-budget and are typically less transparent, more complicated, and less accountable than regular action by executive branch agencies.