



## OFFICE OF THE STATE COMPTROLLER

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### New York's Public Authorities by the Numbers

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#### Introduction

New York State's public authorities operate and maintain some of New York's most critical infrastructure, manage large sums of money and issue significant amounts of debt. At the same time, public authorities have avoided much of the oversight over day-to-day operations to which State agencies and other government entities are subject.

Enactment of the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009 created new reporting and disclosure requirements. However, public authorities remain a massive and largely unrecognized influence on public policy and the use of public resources. In keeping with the Comptroller's commitment to improve public access to information as exemplified by the *Open Book NY* website, this report provides important information on New York's public authorities. Periodic profiles on individual authorities will follow this publication.

#### New York's Public Authorities by the Numbers<sup>1</sup>

Since the creation of the Port Authority of New York and New Jersey in 1921, New York has added more than 1,000 State and local public authorities created either in statute or as subsidiaries of other authorities. Currently, there are 323 State authorities, 771 local authorities and 8 interstate or international authorities. Public authorities have advanced important projects and purposes and provided valuable services. However, as public authorities have grown in number and scope, they increasingly operate outside of their original purposes, functioning as a virtually independent arm of government.

##### Public Authorities in New York State

State	323
Local	771
Interstate/International	8
<b>Total</b>	<b>1,102</b>

**Off-Budget Spending:** Most public authority spending is not appropriated in the State Budget and, therefore, not captured by the State's Central Accounting System. This off-budget spending makes it difficult to track public authority spending and assess if authorities are

<sup>1</sup> The data reported is submitted by public authorities through the Public Authorities Reporting Information System (PARIS). Public authority data is self-reported and not verified by the Office of the State Comptroller. The data represents the most recently reported fiscal year for those authorities reporting through PARIS and does not represent a static fiscal year or State fiscal year. Competitive and noncompetitive bid contract data includes all active contracts, regardless of contract award date or contract end date, and reflects the total value of the life of the contract.

operating efficiently and in the public's interest. Off-budget spending by public authorities also undermines capital planning efforts, because capital projects financed by public authorities are often outside the scope of the State's Capital Plan. This makes it difficult to assess whether the State's critical infrastructure needs are being met.

**Expenditures and Revenue:** Expenditures by self-reporting authorities for the most recently reported fiscal year totaled \$44 billion. This amount is equal to approximately 84 percent of the State's General Fund spending, which totaled \$52.2 billion in State Fiscal Year (SFY) 2009-10. Total revenues reported by authorities were \$40.2 billion.

### Public Authority Expenditures and Revenues

(in billions of dollars)

Total Expenditures	44.0
Total Revenues	40.2

**Debt:** Public authority debt outstanding, including conduit debt, totaled more than \$214 billion.<sup>2</sup> Of that total, over \$52 billion is State-funded debt.<sup>3</sup> As of March 31, 2009, more than 94 percent of all State-funded debt outstanding was issued by public authorities without voter approval, reflecting an average increase of nearly 9.0 percent per year since 1985.<sup>4</sup> Public authority debt issued on behalf of the State has virtually supplanted voter-approved General Obligation debt as the means of financing the State's capital program.

According to the 2007 Survey of Consumer Finance, which is administered by the Board of Governors of the Federal Reserve System, the median value of American household debt is \$67,300.<sup>5</sup> This includes mortgage debt, credit card debt, installment loan debt (such as car or student loans) and other consumer debt.<sup>6</sup> What this debt estimate does not include are the shares of government debt borne by individual taxpayers. More specifically, New York taxpayers are increasingly burdened by the billions of dollars in State-funded debt issued by public authorities without voter approval.

State-funded public authority debt has continued to grow despite efforts to reform both public authorities and State debt policy. For SFY 2009-10, State-funded public authority debt per New York household topped \$7,900, an increase of over 25 percent from SFY 2005-06.<sup>7</sup> Based on Capital Plan and household projections, this per household debt burden is expected to rise another 7.0 percent to more than \$8,500 over the next five years.<sup>8</sup>

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<sup>2</sup> Conduit debt is debt issued by an authority on behalf of a third party, such as a hospital, university or cultural institution, for which the issuer has no obligation to repay the debt beyond the resources provided by the third party.

<sup>3</sup> State-funded debt includes debt supported by any financing arrangement whereby the State agrees to make payments which will be used, directly or indirectly, for the payment of principal, interest, or related payments on indebtedness incurred or contracted by the State itself for any purpose, or by any State agency, municipality, individual, public or private corporation or any other entity for State capital or operating purposes or to finance grants, loans or other assistance payments made or to be made by or on behalf of the State for any purpose. Among other provisions, the definition will apply (i) whether or not the obligation of the State to make payments is subject to appropriation, or (ii) whether or not debt service is to be paid from a revenue stream transferred by the State to another party that is responsible for making such payments.

<sup>4</sup> For more information, see Office of the State Comptroller, *Debt Impact Study*, released in March 2010.

<sup>5</sup> Federal Reserve Bulletin, *Changes in U.S. Family Finances from 2004 to 2007: Evidence from the Survey of Consumer Finances*, vol. 95 (February 2009).

<sup>6</sup> *Ibid.*

<sup>7</sup> Calculations for debt per New York household are derived primarily from the SFY 2010-11 Proposed Five-Year Capital Program and Financing Plan and include State-Supported authority debt and other State-Funded authority debt. Household projections are from IHS Global Insight.

<sup>8</sup> *Ibid.*

**Public Authority Debt**  
(in millions of dollars)

State	53,056.7
Authority	102,354.0
Conduit	59,208.8
<b>Total Public Authority Debt</b>	<b>214,619.5</b>

Note: See Debt Glossary for components of public authority debt.

**Employment:** State public authorities reported more than 107,000 part-time and full-time employees, while local authorities reported over 52,000 part-time and full-time employees. Total compensation for all public authority employees totaled \$9.7 billion for the most recently reported fiscal year. In addition, public authorities reported over 15,000 employees with total compensation of over \$100,000—nearly one in ten employees.

**Public Authority Employee Data**

Total Number of Employees	State	107,536
	Local	52,120
	<b>Total</b>	<b>159,656</b>
Number of Employees with Total Compensation Over \$100,000		15,171
Total Compensation ( <i>in millions of dollars</i> )		9,740.2

**Contracts:** Public authorities reported 19,979 procurement contracts entered into through a competitive bidding process with a total value in excess of \$53 billion. Authority procurements made through a noncompetitive bidding process totaled 5,947 with a total value of over \$8.0 billion. Unlike State agency contracts, few of these public authority transactions are subject to approval by the Office of the State Comptroller. However, the Public Authorities Reform Act of 2009 gives the Comptroller the discretion to review contracts in excess of \$1.0 million that were either awarded noncompetitively or were paid in whole or in part from State-appropriated funds.

**Public Authority Procurement Data**

<b>Award Process</b>	<b>Number of Contracts</b>	<b>Value of Contracts</b> (in millions of dollars)
Competitive Bid	19,979	53,853.4
Noncompetitive Bid	5,947	8,399.5
Non-Contract Procurements	1,804	392.6
Purchased Under State Contract	2,003	124.1
<b>Total</b>	<b>29,733</b>	<b>62,769.6</b>

**Conclusion**

The growth in number, cost and influence of public authorities has necessitated increased oversight and disclosure of their activities. Both the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009 have attempted to extend to public authorities the oversight to which other government agencies are subject. This overview and the subsequent profiles of public authorities are part of the Comptroller's continued effort to strengthen government oversight and improve public access to information.

## Public Authority Debt Glossary

### State Debt

**State-Guaranteed Debt** – The State of New York unconditionally guarantees the payment of debt service pursuant to voter approval.

**State-Supported Debt** - The debt is recognized as State-Supported under Section 67(a) of the State Finance Law which defines State-Supported Debt as any bonds or notes, including bonds or notes issued to fund reserve funds and costs of issuance, issued by the State or a State public corporation for which the State is constitutionally obligated to pay debt service or is contractually obligated to pay debt service subject to an appropriation, except where the State has a contingent contractual obligation.

**State Contingent Obligation Debt** - Debt for which the State of New York entered into a service contract to pay debt service, subject to annual appropriation, in the event there are shortfalls in primary payment sources pledged, or otherwise available, to pay debt service.

**State Moral Obligation Debt** - A debt issue for which the State of New York is required by statutory provision, subject to appropriation by the Legislature, to make up any deficiencies which may occur in the issuer's debt service reserve fund.

**Other State-Funded Debt** - Debt repayment is exclusively dependent upon a payment to be made by the State, whether paid directly or indirectly through State-aid payment interception or assignment, other than debt that is defined as State-Supported.

### Authority Debt

**Authority Debt–General Obligation** - Bonds or notes for which the full faith and credit of the issuer are pledged to pay debt service.

**Authority Debt–Revenue** - Bonds or notes for which a specific revenue source or sources of the issuer are pledged to pay the debt service.

**Authority Debt–Other** - Debt is a special or limited obligation of the issuer other than conduit debt. This type of debt includes certificates of participation, commercial loans, mortgage loans and other financing obligations. It does not include capital leases, equipment leases or Appropriated Loans/First Instance Advances.

**Conduit Debt** - Debt issued by an authority on behalf of a third party, such as a hospital, university or cultural institution, for which the issuer has no obligation to repay the debt beyond the resources provided by the third party.