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The Authorities Budget Office Issues Its 2015 Annual Report

The Authorities Budget Office has released its annual report on the finances and activities of New York's 573 state and local authorities. Some of the significant findings and observations presented by the ABO include:

- The operating expenses reported by state authorities for 2015 totaled \$25.8 billion, a decrease of 3.5 percent from 2010. State authority operating expenses decreased approximately \$5 billion from 2013. This while reported staffing levels at state authorities increased by more than 1,400 staff in the last 5 years.
- There are 3,356 board member positions at these 573 public authorities, 3,270 of which are currently filled. State and local government officers hold more than 1,000 of these seats. Despite the expectation that public authorities and board members act independently, one-third of all board members are public officials. Board members face the difficult and potentially conflicting obligation to balance the responsibilities of their public positions with their fiduciary duty as a member of a public authority's board of directors.
- State authorities ended 2014 with \$157.8 billion in outstanding debt, a 10.5 percent increase since 2010. Debt issued by state authorities to support their own activities and public purposes accounted for 41.3 percent of this total. At the same time, the percentage of outstanding debt issued by state authorities at the direction of state government for purposes unrelated to the mission of these authorities comprised 32.3 percent of all debt. Conduit debt, issued on behalf of third parties, represented 26.4 percent of all outstanding state authority debt.
- Outstanding IDA debt declined from \$21.2 billion in 2010 to \$13 billion in 2014. This may be attributable to the fact that since 2008 IDAs have been prohibited from issuing debt for civic facilities. At the same time, there has been a dramatic increase in outstanding debt reported by not-for-profit local authorities (excluding the tobacco asset securitization corporations.) These local authorities ended 2014 with \$15.4 billion in debt – a 72 percent increase since 2010.
- Employee bonus programs were reported to be in effect at 21 public authorities in 2014. These programs awarded bonuses to more than 1,900 staff. Bonuses in excess of \$10,000 were paid to 57 staff, primarily at medical centers and regional transportation centers.

- The effectiveness of IDAs and other economic development authorities can be difficult to quantify. There appears to be no correlation between the number of projects approved by IDAs and changes in private sector employment. Further, for those projects approved in 2010 and still active in 2014, the average value of tax exemption per job created is \$14,000, although this ranges from \$0 to over a \$1 million per job created, with some IDAs reporting that despite providing financial assistance to projects, jobs were lost.
- 58 percent of LDCs (other than tobacco asset securitization corporations and land banks) do not provide any financial assistance for economic development or job creation. In many cases, these corporations apparently exist to provide financial relief to the municipality that established the corporation or to assume financial responsibility for services or programs previously performed by government.
- The report cites 133 authorities as non-compliant with the public accountability, transparency and disclosure requirements of state law. These authorities are subject to additional enforcement action should they remain delinquent filing financial and operating information with the ABO.

The complete ABO Annual Report, and a list of all delinquent authorities, is available at: <http://www.abo.ny.gov/reports/annualreports/ABO2015AnnualReport.pdf>

The Authorities Budget Office (ABO) was created as an independent office pursuant to Chapter 506 of the Laws of 2009 (“The 2009 Public Authorities Reform Act”). The mission of Authorities Budget Office is to make public authorities more accountable and transparent, and to act in the public interest consistent with their intended purpose.