



Public Policy Forum

Every Dollar Counts: A Budget Reform Proposal for New York

**Presented by
Thomas P. DiNapoli**

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Robert Ward:

Good morning. It's not exactly a beautiful day outside in Albany. We're hoping that is not an indication of the economic or fiscal conditions that the comptroller will tell us about today.

I'm Bob Ward, the deputy director at the Rockefeller Institute of Government. I want to thank Michael Cooper and Michele Charbonneau for helping with this Public Policy Forum. One of our co-directors, Tom Gais is here today. Tom's co-director, Dick Nathan, is out of town today, but he asked us to give his best regards to the comptroller.

We are very honored to have with us today the 54th comptroller of the state of New York, Thomas P. DiNapoli. Before becoming comptroller this past February, Tom DiNapoli represented the 16th Assembly District in Nassau County for 20 years. I happened to work with one of his colleagues in the Long Island delegation when he joined the Assembly, and he's been known as something of an anomaly in politics, someone who gets things done without necessarily seeking a lot of attention.

He's been responsible for major legislation in many areas, including creation of the Nassau interim finance authority and stricter school district accountability legislation after

some financial scandals at a few districts out on Long Island. He was also very much involved in the wide range of environmental measures.

A few years, *Forbes* magazine said that the comptroller of New York State controls more money than anyone else on the planet. That was back when they found the retirement fund was around \$128 billion dollars. Now it's up to, at least as of March, \$156 billion. It's gone up and down a little bit since with the market. But \$156 billion makes Bill Gates and Warren Buffett look like small investors compared with today's speaker.

As most people here know, the comptroller is the chief fiscal officer for the state, responsible for managing and protecting the state pension fund, and for auditing the spending practices of all state agencies and local governments, as well as public authorities such as the Thruway Authority, most recently.

Some of the key people who assist Comptroller DiNapoli in fulfilling those responsibilities are also with us this morning, including First Deputy Comptroller Mary Louise Mallick.

In addition to responsibilities I already mentioned, the comptroller reviews the New York State and New York City budgets and reviews and approves all state contracts. I could go on, but everybody is much more interested in hearing from the Comptroller himself this morning. Hopefully, at the end of his remarks, we'll have time for some questions. And now, please join me in welcoming Comptroller Tom DiNapoli.

Thomas DiNapoli:

I appreciate all of you joining us this morning, and I very much appreciate Bob's invitation. I know we were working on this for a while. And I'm glad Bob recalled our first meeting a long time ago when I first came to Albany. It actually wasn't my first time in Albany. I worked here back in 1977, a long time ago, as a legislative assistant for my local Assembly representative. I remember coming up here and witnessing what a session looks like. I was a session employee, paid \$2,000 for session employment. So, I had a strong sense about the largesse that comes with working with the legislature at the time. That didn't include what I had to pay for staying at the DeWitt Clinton, the last time it was refurbished. I think it's coming up for another refurbishment now.

Certainly when I reflect back on when I first worked here and when I came back in 1986 as a member of the legislature, it certainly is a wonderful opportunity for me now to serve as comptroller for the state of New York.

What I'd like to say is that the past few months have flown by very quickly and I'm seeing some very familiar faces out there in the audience, some old friends. Some I haven't seen over the past few months with all the new responsibilities. I'm doing fine and reports of anything to the contrary are exaggerated and not correct. I'd like to point out that prior to February 7th, I was six feet, five inches tall, and I had thick, black hair. Although I'm still standing, some things have changed a little bit.

I've had the chance, obviously, to be invited to speak on issues about state finance, state policy, and the economy across the state. I certainly was looking forward to this speech, not the least of which because I had a chance to speak before *The Bond Buyer* a couple of weeks ago. And just going the fifty or so blocks from our city office to the hotel where I had to speak, it took almost an hour. It's a lot different to come here, just three minutes from the Capitol and, you know, a nice view of Washington Park along the way. So, invite me back anytime. It's a pleasure to be here.

I looked at the website before I came over and I saw Bob Ward's book on *New York State Government*. Certainly one of the key questions that Bob has in there is, "What's on the agenda for reform in Albany?" I'll focus for this morning's discussion on what should be on that agenda. Obviously, from my vantage point, I'll be talking about fiscal reform and lots of other reform issues out there. I'd be happy to talk about those another time. But let's talk about fiscal reform for this morning.

Fiscal reform in Albany comes in three basic parts: budget reform, debt reform, and public authority reform. The key approach to all three of those aspects of reform is to approach reform comprehensively. For too long we've treated reform like in-between-meal snacks, a little bit of reform here, a little budget reform there. None of it very nourishing and sometimes not very healthy either. We need to serve up a much more complete reform meal.

I'm proposing some significant changes in the way New York budgets and borrows, and the way New York's dozens of public authorities operate, particularly the state authorities. For the 2008 session, which will be coming up in a very short period of time, through our Comptroller's Office we will be introducing a package of legislative proposals that are

intended to make New York State government more open, accountable, and transparent. What I'd like to do this morning with the time we have together is share some of the specifics of that proposal, the principles that will guide us as we move forward.

It's certainly not news for an audience like this, people involved in state government, and people watching the state government for a long period of time. Our state doesn't manage its finances well. From borrowing to budgeting to planning for the future, New York too often has chosen the easy way out. But we're starting to run out of those easy ways out.

Current projections indicate the state faces a more than \$4 billion gap in the coming fiscal year. Out-year gaps are even higher. We're very dependent on Wall Street, and while the bonus numbers look okay, profits are looking a little bleak and we're not finished with the damage from the subprime crisis and the cooling real estate market. Obviously, we're looking very closely about how we're going to end this year. It's been a rough third quarter, but the first half of the year was very strong. So, you know, we're keeping all our fingers crossed that we'll end up okay by the end of the year.

But certainly those are troubling situations on the horizon and even if we didn't have those dark clouds seeming to head our way, it certainly still makes sense to fix things right now. We can find incomplete solutions, like we always seem to do, but if we keep on doing business like we've always done business, New York will still not be as great as it should be. We'll still be stuck on the same treadmill, maybe not going backward, but certainly not going forward.

We need to lead the state down the road toward true fiscal stability. This won't happen overnight. It took years to get where we are today: budget gaps, high debt burden, and overuse of public authorities, and it will take time to turn this around. We can do some things quickly. Other steps may require constitutional amendments, and will depend on and demand a long-term commitment.

Governor Spitzer and the legislature have taken some solid steps in the right direction. They've focused attention on the budget process. The governor's initiatives to provide a more detailed financial plan are also a significant step toward more transparency. But we need to promote even more openness. We need a roadmap to stability that will equip New York to move beyond business as usual. And we need to democratize the budget process. A

store owner in West Seneca should be able to understand what their government is trying to do and how much it will cost to do it. But that's not where we are.

Budgets have been written by budget or under-budget technocrats in a language most New Yorkers can't comprehend. We need to rethink that. The budget should be, if I can use the phrase, "a taxpayer's budget," written so taxpayers can understand it with full disclosure and transparency; something that is easily understood and lets taxpayers connect the dots between the budget passed in April and the money spent in December. Right now it's very difficult to follow the dollars. The changes I'll be introducing will make the budget a taxpayer's budget. It will make the budget accountable and countable.

These changes will require that the proposed budget include clearly defined cash spending, not only by fund, but by program and project. There will have to be cash behind every appropriation. Taxpayers should be able to see clearly how much will be spent and showing the cash number will allow the taxpayers to compare actual spending on a program basis year-to-year. For example, if we're going to increase spending on brownfields, which is certainly a worthy program and something I've supported in the past, taxpayers should be able to clearly see how much more we want to spend than we did last year.

There should be details about every appropriation, including the full cash impact of our appropriation, not just for that fiscal year, but going forward as well. And I'm proposing that instead of just identifying outyear gaps, there will have to be a clear remedy to address those gaps.

Last year about one-quarter of all capital spending was off budget. Governor Spitzer has taken the positive step of identifying that spending. But, as I said last spring, we should go even further toward transparency. All off-budget spending should be included in the state's financial plan.

As part of the effort to engage New Yorkers in the budget process, we should provide a road map to help New Yorkers follow their tax dollars. As a significant part of that road map, my office is moving forward with an initiative to post the state's financial information on our webpage. We want to increase transparency to a level never before seen in our state. As part of that increased transparency, the comptroller's office will start something new this spring. In order to bring more accountability to state spending, my office will publish an annual expenditure report. This has never been done before by a state comptroller, but we're going to make to happen. We'll show what tax dollars were spent on, we'll identify how

much state agencies spend on travel, how much the state pays to heat its offices, pay employee salaries, etc. We'll give detail and clarity. It will be a clear, user-friendly report. Taxpayers will not need an MBA to understand it, and it will be on our webpage, available to any taxpayer who wants to see it.

Last year's budget reform act placed the comptroller's office into the mix of revenue forecasting. When the legislature and the governor can't reach an agreement, my office provides its own revenue forecast and details of that change in the state law. The problem is this: It's a nonbinding forecast. If the comptroller's office is called upon to issue a revenue forecast, that forecast should be binding. There should be no moving targets, no more rolling revenue revisions.

Debt, like our budget process, has been too long in the wilderness. For decades, New Yorkers treated debt as a surrogate for wealth and we have used debt to buy the things we want, rather than build the things we need. Too often New York budgets and borrows to buy time until the next budget cycle comes around. We need to do a better job of thinking about tomorrow.

I'll state the obvious: New York will have to borrow again. We have to strengthen our infrastructure and we'll need to issue more debt to do that. But, to state the obvious again, New York historically has not done the best job managing its debt. More than \$11 billion of outstanding state-funded debt was issued to provide budget relief or for deficit financing. We've got nothing to show for it but another year of avoidance. That's roughly 22 percent of all outstanding state-funded debt used to buy nothing but time. The state needs to do a better job of planning and prioritizing.

The challenge is that we're looking at a slowing economy and growing infrastructure needs. For example, our state Department of Transportation (DOT) estimates that state and local governments will have to spend \$175 billion on state and local transportation capital needs through the year 2030. It's estimated that nearly 3,000 bridges of New York State will fall into a deficient rating; deficient means those bridges are safe to use for now. If we don't do something, they may not be usable for too much longer.

We need just on transportation \$175 billion over the next 23 years. Before we can figure out how we're going to pay for all of our capital needs, we have to get a better handle on the magnitude of those needs. We must understand how much we have to do before we can figure out how much we'll have to pay.



The best way to plan for these capital needs is to prepare an annual comprehensive infrastructure needs report. You've never seen one of these reports, because there's never been one in New York State. We do it piecemeal right now. You've seen pieces of this, some from Division of the Budget (DOB), some from DOT, but the state never puts all the capital needs into one comprehensive report. It's time to start producing

an infrastructure needs report that pulls everything together. That report should be tied directly to the state's capital planning.

My reform proposal would require the state to develop and then to periodically update a long-range, strategic infrastructure plan that assesses and prioritizes all capital needs, as well as the ability to pay for those needs. This plan will serve as a foundation for evaluated priorities and determining what projects to fund. It just makes sense. Let's put together a blueprint for what we need to do to maintain and improve our infrastructure, and make sure the state's capital plan follows that blueprint. The concept is to make better, smarter, and more informed choices. When a public official make a proposal, voters should know if the proposal fits into the blueprint, if it's something we want, or if it's something we need.

We also need to fix the problem with our debt cap. It's not real. We have a cap on earned deficit for 2000, but our debt burden just keeps on growing. When it was enacted, the cap excluded about \$35 million in previously existing debt. Because of the way debt was defined in that act, about \$17 billion more in debt issued since the year 2000 has also been excluded from the cap. We need a tighter debt cap, one that is clearly tied to the state's ability to pay. And we need to keep our debt service payments under control. I'll be making some very specific proposals about how we enact a real debt cap.

Now I recognize that we need flexibility in order to pay for interval crises. After 9/11, we had to move quickly to start the recovery process. We had to issue debt to help that recovery. But we have to use debt wisely and judiciously when we are not in a crisis, so we'll be better prepared for whatever comes next.

A few weeks ago my office published a report that for the first time showed how all our local debt adds up. We looked at local government borrowing and how it layers on top of state and authority bonding. When you wrap all the debt we have in New York, all the bonds sold by the state, all the bonds sold by local governments, and all the bonds sold by public authorities, New York's per-capita debt burden is higher than every other state in the nation except for Alaska and Massachusetts. All of that debt means that every man, woman, and child in New York State owes more than \$12,000.

As I said, I understand we're going to have to borrow more. All those roads and bridges won't fix themselves. We still need to build classrooms and rail stations. We still need to move forward, but we need to plan better and to borrow better.

Just as the budget problem is tied to the debt problem, the debt problem is tied to the public authority problem. They are all interrelated problems that require interrelated solutions. Public authority reform has been batted around for a long time. I know some of you have white hairs from those battles. The way authorities have operated has blurred accountability. Authorities fulfill some very important public services, but accountability has been blurred with the way we manage them. Essentially, authorities have been used to raise taxes by raising fees like tolls and fares with limited transparency. Tell me if you can name five members of any of the most visible authority boards. Pick any one you want: MTA, Thruway Authority, Dormitory Authority.

I venture to say if you went down the list of the most visible authority boards, you couldn't name the membership if we put you to that test. But those board members are making decisions, voting on borrowing, raising tolls, that have a future impact on taxpayers, and taxpayers don't know who they are. Public authorities can be a great avoidance tool. They are used to avoid public approval of borrowing. They are used to avoid having to account for huge amounts of spending in the state budget. And they are used to avoid compliance with state contracting laws and audits.

Most state-funded debt, more than 90-percent, is issued by public authorities. In 1985, voter-approved debt represented 40-percent of the state's outstanding debt. Today, only 6.5 percent of debt has been approved by the voters. Besides the borrowing, the state has shifted spending over to authorities, as well, circumventing contract and procurement protections.

My recommendation is that government should have more of a role and more accountability in how boards operate. One simple way to start that process is to establish a maximum length of term on state public authority boards of four years and to stagger those terms. That will be part of the proposals that will be in our package for the next session. And the reason I suggest this is to look at Thruway Authority board member terms of nine years; MTA board member terms of six years. Both of those authorities can have a major impact on taxpayers by essentially raising taxes through tolls and fare hikes, but governors may have to wait years for enough appointments to influence their boards.

And I'll propose that all state spending done by authorities be brought under the same contract, procurement, and auditing laws and requirements as agency spending is required to go through. Right now, authorities are spending state dollars, often on projects with no connection to an authority's core mission, and there is little or no review of that spending. Public money should be open to public scrutiny. We've all seen pieces of this kind of reform before, but that's part of the problem. We have to stop our snacking on reform and serve up the whole meal.

But, I know from my experience in the legislature that when you are talking about significant change in how we do business, it's a difficult task to convince a majority of 212 lawmakers and an executive that we should be planning beyond the next budget cycle and frankly beyond the next election cycle. But I also know from my experience in state government that we are limiting our state's potential and our citizens' opportunities by continuing to operate in the way that we have.

The state's approach to its finances must become fiscally prudent. It really is time to consider a new approach. We need some fresh thinking on how we manage our tax dollars, how we finance and administer our operations, and invest our capital. We must move our focus off of short-term fixes and onto long-term fiscal health. Now, I know it's difficult to get voters excited about these kinds of issues, but that's part of what I think we need to do when I use a phrase like "democratizing the budget process" and engaging people with clear, plain language about these complex issues.

As many of you know, two weeks ago we announced an audit of the Thruway Authority. We're going to look at whether their proposed toll increases are really necessary. The media ran close to 100 stories about the audit and toll increase and that was great. It's good to generate public interest in something that will have that kind of impact and that New

Yorkers really care about. But when we talk about reforming authorities to make them more responsible, more accountable to help prevent tax increases disguised as toll hikes, there are not going to be 100 stories about public authority reform.

Talking about a road map to fiscal stability is just not as interesting as an audit. But we need the kind of comprehensive approach that I'm proposing. We need an over-arching, long-range infrastructure plan that prioritizes our needs and looks at what we can afford. We need real authority reform. We need to look at proposals from the governor, from the legislature, some proposals that I've alluded to this morning, and that we'll be putting forth in the next session. We need debt reform. We need an honest assessment of what we can afford to pay. We need that taxpayer's plain-language kind of budget. This has to be the whole meal, the whole package, or we're not going to be able to solve the problem that I think we will share, in terms of its identification.

Changing behaviors and correcting mistakes will not be easy. There will be no change without some pains or difficulty. It will take time; it take political will, but we have to build a transparent state government that lets taxpayers more fully understand what's going on with their tax dollars. And I think that notion of democratizing what is involved in the process is key, because if we don't have the feedback from the public, if they are not informed about what our challenges are and what the options are to address them, we will not have the input that a democratic society needs.

And in the time that we're living in now with increased needs and its high expectations, but obviously with a more challenging economy locally, statewide, nationally, internationally, it's so important that we make these tough choices so that the public we're here to serve is engaged in that process of helping us make those choices, helping us set those priorities.

The changes in the budget process I'm proposing, the changes in the debt cap and debt management, the public authority reform, all of these strategies are intended to help engage New Yorkers in the debate we must all have about our state's future. We need to build an accountable state government that plans not just for one year, but the next 20 years and beyond. New York's future economic viability depends on it. You know, the old saying goes, "When you're in a hole, the first thing you do is to stop digging." And I would like to think that some of what we're proposing would enable New York to put down that shovel. It's a start and we'll certainly need partners to finish that job.

I certainly see Governor Spitzer and the vitality of his new administration as an important partner in this endeavor. I certainly see our legislators, and many of them had excellent proposals on these various issues over the years, as important partners in this endeavor as well. And I certainly see an informed audience, like the people gathered here, as important partners to work together with our team in the comptroller's office to advocate for change and transparency, and for more openness. We certainly have, I think, a shared interest, a collective interest in giving New Yorkers the good government that they need and that they deserve. And I can tell you for just the few months I've been part of the comptroller's office, I'm just so impressed with the professionalism of the people who are there, and many people have been there for decades as part of their public service career.

I'm also very impressed with the fact that over the years from 1797 when the office was first created, it was very clear that those that came before us played a very important role in state government. And since we're at a time now where people are focused on change, and focused on promoting accountability and transparency, and at a time where technology enables us to do more than we were able to do in recent times, I think our comptroller's office is well positioned to be an effective, responsible, and responsive partner in moving New York State government and in moving New York State forward. So, we look forward to working with you, to hearing new ideas, and your thoughts. And I know that we're going to be proud of what we're putting forward and I hope that some of what we put forward will, I hope, move the state in the right direction.

Thank you all for being here this morning and for your courtesy in listening to me, I appreciate it.

Robert Ward:

Thank you very much, Tom. And I think we do have a little time for some questions. I'll start if I may. The topic of your presentation was "Every Dollar Counts," and you propose bringing more state spending into the budget. What are the ramifications of that from a policy standpoint? If we, for instance, bring in more of the capital spending into the budget, does that make any change in how people view what will actually be done from a policy perspective in the budget?

Thomas DiNapoli:

My aim is for more transparency, more clear language, more clarity for average New Yorkers. I'm including legislators in that category as well. I certainly know from my experience, particularly where we are very focused on a particular budget cycle, we very well can make short-term decisions, and I think it's a good decision from a policy point of view. But to pull it all together, we need the totality of the decisions that we make, which sometimes gets lost in that. And then, you know, you think you have time to reflect and before you know it, you are back to the middle of the budget cycle.

I think doing that more complete accounting in terms of bringing all that spending in line and accounted for equally helps everybody, including the legislators, because you really understand the totality of the consequences of the decisions that are being made.

What that will mean in terms of the quality of the decision or the choices is hard to predict, but I certainly think we'll all have a greater perspective as to what the real numbers are. And I think that's where the media plays an important role as well. It makes it easier for the media to help us communicate to the larger audience of the people of New York, so that they can understand it better.

Legislators sometimes don't have full appreciation of the long-term impact of their decisions in a particular budget cycle. And you can be sure the general public doesn't have that appreciation. And that's where, especially in times of tremendous volatility in the economy and a lot of uneasiness, difficult choices have to be made. There's a lot of interest in the series of enhancements that people want to see, some of which cost a great deal of money. We need to have the public engaged in the process of helping us make those choices.

So, I think it helps further the broader goals that I outlined. I can't predict what impact it is going to have on legislators. But, I think, as a former legislator, having more information is certainly something that would benefit the decision-making process and lead to more informed decisions, even if the consequences might be a little more problematic. I think that's going to be better in the long run for everyone in the state.

Elizabeth Lynam:

I'm from the Citizen's Budget Commission. I have a question about your framework for debt affordability. I just wondered if you could tell us a little bit more about how you plan to try to assess it and your thinking about measuring debt affordability?

Thomas DiNapoli:

Our office has had some specific positions on that prior to my getting there. We're fine tuning the specifics on that. So, I don't want to get into that. But we're having some internal debate, because it's not a new issue. There were some solid proposals out there in the past. We're just trying to find how we want to weigh the specifics that actually we could look at.

James Odatto:

I'm with the *Times Union*. Do you have any idea how much money is available from public authorities that could come into complete control of the state treasurer and the state government? And what could it be used for?

Thomas DiNapoli:

I don't know if we can put a dollar figure on that yet. Mary Louise Mallick, the deputy comptroller, may have more information.

Mary Louise Mallick:

In the report, we identified initially \$3 billion in spending that was not included in the budget. We're fine tuning again that number, but right now it's approximately \$3 billion.

Thomas DiNapoli:

There may be more. When we get a more precise figure, we'll try to get that to you.

James Odatto:

What do you think that money can be used for?

Thomas DiNapoli:

Well, there are so many needs and choices out there. But from our point of view, I think a key focus that we would like to see the state government spend more time on is prioritizing and analyzing infrastructure needs. We think that's a gap in terms of a comprehensive plan. We think that those are the priorities that should be more clearly defined. If I could pick a first place to put more resources, it would be in terms of our infrastructure. That's very key in terms of planning for the future. The more you can prioritize the better. Those kinds of changes don't happen overnight, but that will part of a long-term process.

Nicholas Confessore:

I'm with *The New York Times*. I wanted to ask if in the various budget documents put out by the legislature and by the governor, do you have any thoughts on the framework of the state's specific budget problems and budget gaps?

Thomas DiNapoli:

Well, clearly we haven't addressed the structural imbalance in the state's budget, and part of that has to do with the ways in which we've used "one shots" and other kinds of strategies to put off some of the more difficult choices and decisions that we have to make. I certainly think going into next year the \$4 billion figure that's out there now is probably a conservative estimate as to where we're at. A lot is going to depend on this fourth quarter, and whether or not we are affected by some of the damage we've seen and if that holds up through the end of this month and rolls into the first quarter of next year. Whether we like it or not, the health of Wall Street, how healthy those bonuses are, how much tax revenue we derive from that activity, is key to our fiscal health. If those revenues are off because of Wall Street bonuses being down. But again, we don't know the answer. The first part of this year was a very strong one on Wall Street, and we don't know what the full impact is going to be by the end of the year. A couple of weeks ago there were some headlines that had some of the big firms still having very healthy bonuses being reported. We'll have to see what the final numbers are and how they come in.

I'd like to think that some of the proposals that we've talked about this morning will help to more clearly put out there what the structural gap is. Again, part of the challenge of dealing with these difficult choices is having information that we can all agree on. More

clarity in terms of the numbers that we're all talking about will help us identify the problem and tackle it more effectively. My former Senator, how are you?

Howard Shapiro:

You've emphasized, Mr. Comptroller, the need for our infrastructure. Could you just very briefly define what you would include in there?

Thomas DiNapoli:

Certainly, infrastructure is key from my point of view. You know, whether you are looking at roads and bridges, dams, transportation in terms of rail lines, subway lines. I have a very broad definition of it. And it's so key to the health of our economy and how we live together. So, I have a very broad definition.

Howard Shapiro:

Could I also suggest the addition of the electrical infrastructure, so that we keep the lights on, and the natural gas infrastructure, and things like that?

Thomas DiNapoli:

Yes, our office in the New York City was right by that steam pipe explosion that happened over the summer. This is not uniquely a New York problem, this is a national problem, a national issue. But we're here in New York, so we want to deal with the problems that we have here. Too often, again, especially in some of the difficult years or crisis years, like after 9/11, maintenance is dealt with short-term solutions. But that catches up with you over time, and it doesn't get cheaper to deal with it if you keep putting off those decisions and those investments.

Mike Quint:

I'm from Bloomberg News. What's the appropriate goal for the legislature in the capital spending process? Should they be allocated some lump sum that they get to dole out?

Thomas DiNapoli:

Certainly if you're talking about an issue like infrastructures as part of important capital expense, I think that needs to be a much broader perspective than in getting lump sums for for their districts. I think that's where you need to have an infrastructure needs plans that identify what problems are out there and assess priorities that should be shared priorities. I think it would be a smarter way to handle expenditure like that.

I think as part of any legislative process, the legislature is going to have the set of priorities that they developed, as well. They are elected, they represent districts, they have constituencies to help identify needs, and there are various ways now that those priorities become part of the final budget agreement, working with the Executive Chamber, in coming up with new proposals. We have a healthy and robust conference committee process. I think all of those techniques are still going to be there. I don't think they are going to go away, and that is part of the democratic system.

I think the problem is that if it's not tied in to some of the larger challenges that we face into an over-arching plan, or an over-arching set of priorities, we'll miss opportunities, and we'll nip at fringes of the problem, rather than addressing it head-on.

Something like bridge safety should not be dealt with based on the influence of a particular legislator or a particular region's political clout. It should be an assessment of the vulnerabilities of our bridges. Set a priority in terms of which ones you need to address first, roll that into the other infrastructure priorities and needs that you have, and that's how you can come up with a reasonable set of priorities.

Tom Boddien:

I'm with the Association of Towns. We have sort of another channel budget in the state, and that is the global budget that is controlled through state mandates. A large amount of property tax, sales tax, and local fees are really driven by state policies. I wondered if you had any plan to try and control that or at least to measure it?

Thomas DiNapoli:

We have, I think within our budget and policy team in the Office of State Comptroller, a group that looks at these various issues that are out there, and issues local analysis, descriptions of the problems, and, at times, recommendations. The issue of mandates is one that we're going to take a look at. I don't have any information on that today. It would be helpful if you can identify some of the ones that you particularly think are the most onerous, see me or Mary Louise or someone else from our office afterward. We'd be happy to keep a dialogue going.

James Madore:

I'm with *Newsday*. Could you expand a little bit on this assessment of infrastructure? Who would actually do this sort of work? How often would it come out? And do you feel that the state of our infrastructure right now is at a crisis point, whether its dams, bridges, or roads? Why the need for it now? And who is actually going to do this assessment?

Thomas DiNapoli:

There are different state agencies doing it and a comprehensive report will be pulled together by the Executive Chamber. I'm not an engineer, so I don't want to use a word like crisis, but I certainly think we have an aging infrastructure. As I mentioned some of the obvious challenges, whether it's a steam pipe explosion like we saw in Manhattan or the bridge collapse in Minnesota, it tells us as a nation we have to look out for our infrastructure. I certainly think that we need to do that annually at least, because if it's tied into our capital spending plan, then we want to be more careful on how we spend our capital dollars. We need to have a more comprehensive government-wide analysis and identification of problems so that we can be more effective in setting priorities.

Jay Gallagher:

I'm with Gannett News Service. Tom, how far along are you on in the audit of the Thruway Authority? Do you have any indication of when it will be done? And do you have any indication of whether the toll increases are really needed or not?

Thomas DiNapoli:

Well, obviously your last question brought us into this. No, I don't have an answer on that yet. The audit is ongoing. We've reprioritized our scheduling on our resources; so it's put on a fast track. The one thing I learned early on being a comptroller is that if I give a date, when I go back to the office, the auditors take me aside and beat me up, and say, "You violate our standards when you do that." So, I can't give you a date, but we understand time is of the essence and we're talking a matter of weeks. Am I allowed to say that, Mary Louise, without getting into trouble? You won't rat me out?

I don't have any conclusion yet, but it's a priority. Certainly our friends in the media have written so much about it. I have to say that's besides the media, colleagues in government and many senators have reached out. This is a very hot issue of great concern and we're giving it full attention, because we want it to be a thoughtful piece of information. We are also looking beyond the nuts and bolts of an audit at some other kinds of analysis and policy recommendations that we think will be helpful.

Jay Gallagher:

Like taking care of the cost of the canal system?

Thomas DiNapoli:

The canal system is one of the things we're looking at. I think it gets back to that issue of core missions. There have been authority reform initiatives and enhancements over the years, but there are still too many situations where — from accountability and transparency perspectives, procurement and contracting are not covered.

Ken Lovett:

Hi, I'm with the *New York Post*. The governor has said that in his upcoming budget he wants to hold the line on spending to the personal consumption level, 5.3 percent, rather than the Consumer Price Index (CPI). Given what you say we're facing, what do you think is a better alternative or better option for the state, CPI or personal consumption?

Thomas DiNapoli:

I saw the governor's comments. We're having an internal debate with our team about that. I don't have a pronouncement on that today, but I think that's an issue we're taking a look at.

E.J. McMahon:

I'm with the Empire Center for New York State Policy of the Manhattan Institute. Mr. Comptroller, you've said that public spending should be open to public scrutiny and you've outlined some steps today that would move very far in that direction, and are very positive. In the spirit, will you also begin to disclose and post online more details on an ongoing basis of all open contracts that the state has, which is information that is not now easily available, and that you control, except for the authority contracts?

Thomas DiNapoli:

Part of our challenge is figuring out the technological ability with the systems we have in place now, but that's very much on our agenda to try to achieve. I'm hoping we can work successfully toward that. I don't have a specific answer for that today, and we're very much trying to get to that point.

E.J. McMahon:

Understanding this, let's follow up with the technical difficulties that might be involved in that, since the systems were devised in many cases before the Internet existed. Will it be a priority in the design of future systems to accommodate the posting of that kind of information to be available to the general public?

Thomas DiNapoli:

We're trying hard to achieve that. And that's where we need partners and advocates to say, "spend money on this system," so we could do those kinds of things.

Robert Ward:

Please join me in thanking Comptroller DiNapoli.