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Major Public Authorities Reform Legislation Takes Effect: New Independent Authorities Budget Office Moves Quickly to Implement Reforms and Strengthen Accountability

The Public Authorities Reform Act of 2009, signed into law by Governor Paterson last December, after years of stalled negotiations, takes effect today. Among its key provisions, the Act creates in permanent law an expanded independent Authorities Budget Office (ABO) with additional enforcement and oversight power over more than 450 state and local public authorities, industrial development agencies, and local development corporations. These authorities issue debt, manage a range of public projects, and make decisions involving billions of dollars in public funds and financial assistance.

“Today, New York State is finally implementing needed reforms over public authorities. The mission of the ABO is to make these entities more accountable and transparent, and to make sure they act in the public interest consistent with their intended purpose”, said David Kidera, named by the Governor as the ABO’s Acting Director. “Taxpayers have a right to know how public authorities conduct business and our job is to ensure their financial and operating practices are disclosed to the public. This is especially true now, when public spending is under increased scrutiny and skepticism of our public institutions is rising”, Mr. Kidera added.

As its first act under the new law, the ABO directed that board members of all state and local authorities sign a statement acknowledging an obligation to perform their duties to the best of their abilities, in good faith and with proper diligence, consistent with the mission and by-laws of the Authority and the laws of New York State. Each state authority also has until March 31 to file its mission statement with the ABO, and to identify measures for evaluating its performance. “These mission statements and performance measures will be public documents and available on our web site”, promised Mr. Kidera. (www.abo.state.ny.us)

Just last week the ABO issued a critical report of the Dutchess County Resource Recovery Agency. The report highlights failures by the board to exercise sufficient oversight and management’s failure to adopt practices and internal control procedures that protected the interests of those served by the authority. “If not for the ABO’s work, these issues may have remained hidden from local taxpayers’, stated Mr. Kidera.

Normally, the release of such a report signals the end of the story. “The new law gives our office additional enforcement tools. Directors and officers of public authorities must now take our findings seriously and take corrective action or face the consequences. This report raises serious questions. We are currently reviewing all the options available to us”, commented Mr. Kidera.

These options include referring the matter to an agency of appropriate jurisdiction, such as the Office of the State Attorney General, issuing a formal warning or censure of the board, or recommending that the board be removed. A copy of the report is available on the ABO web site.
