

NY state debt in red zone, should cut \$20 billion: study

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By Joan Gralla

NEW YORK (Reuters) - The \$120 billion that New York state owes in debt, health and pension benefits for public workers puts it in the danger zone, and getting down to the safety zone requires a \$20 billion cut, a study said Tuesday.

By this measure, California has more outstanding long-term obligations -- over \$159 billion -- but can better afford them than New York, according to the analysis by the Citizens Budget Commission.

New York's ability to pay its bills was estimated at a ratio of 1.099, meaning that for every dollar of resources it has, there are \$1.099 worth of obligations.

Although California has some of the nation's worst budget problems, its ratio works out to a more affordable 0.599, according to the study by the nonpartisan research group.

Only three other states have higher debt burdens than New York: New Jersey, whose ratio is the highest at 1.473; Hawaii, at 1.472; and West Virginia, at 1.127.

Along with Delaware and Louisiana, these six states are in the danger zone, which means they spend more repaying obligations they incurred than the national norm of 0.563 and must divert dollars needed for other programs.

The amount all 50 U.S. states owe in debt and benefits for public workers is \$1.026 trillion, the report said.

The outlook for New York looks bleak: it spends about \$5.6 billion a year to repay debt, and this amount will surpass \$7.1 billion in four years -- when it will eat up one of every 10 dollars paid in taxes, the report said.

The five states that can most easily repay their long-term obligations are Tennessee, with a ratio of 0.138; Indiana, at 0.107; Wyoming, at 0.094; Idaho, at 0.088; and Nebraska, with the lowest ratio, at 0.049, the study said.

However, the Citizens Budget Commission did not include all of New York state's debt in its analysis. It relied on U.S. Census data that counts only general obligation bonds and debt issued by authorities that is backed with state revenues.

This measure does not include, for example, debt of the Port Authority of New York and New Jersey, a transportation body funded by the two states.

New York's public authorities have over \$80 billion in debt that is not backed by state revenues, according to the state comptroller's most recent analysis, posted on his web site: [here](#)

(Reporting by Joan Gralla; Editing by Dan Grebler)

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