

# CITIZENS BUDGET COMMISSION

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## CBC REVIEWS NEW YORK STATE'S FIRST-EVER 10-YEAR CAPITAL PLAN

### Recommends Three Key Improvements for the 2014 Version

**New York, NY – September 25, 2013** – The Citizens Budget Commission today released a Policy Brief containing its assessment of New York State's first-ever 10-year capital plan. The plan was released in June by the New York Works Task Force, appointed by Governor Andrew Cuomo and Legislative leaders to more effectively and strategically allocate New York's capital investment funding.

The Statewide Capital Plan categorizes \$174.4 billion in planned investment commitments across eight broad sectors – Transportation, Social Services and Public Health, Education, Energy, Environment, Development Projects, Public Safety, and General Government. Fully 65 percent or \$113 billion of the plan is committed to transportation. The next largest sectors – Social Services and Public Health and Education – receive \$20.9 billion and \$17.0 billion, respectively, and comprise 21.7 percent of total planned spending.

In addition to distributing funding by sector, the plan also segments the 10-year total into three major categories – State of Good Repair (SOGR), Transformational Initiatives, and Capacity Optimization. The bulk of the investments, \$117.8 billion or 67.5 percent, are for SOGR projects. Spending of \$32.8 billion for projects classified as “transformational” – because they have the potential to drive economic growth – comprises 18.8 percent of the total. Investments driven by demographic trends such as population growth and called “Capacity Optimization” total \$18.8 billion and comprise 10.8 percent of the total. Projects that could not be placed in one of the three categories account for \$5.0 billion, or 2.9 percent of the plan.

CBC's Policy Brief recommends three key improvements for the 2014 version of the plan:

#### **1) Better information about asset condition and the match-up between planned levels of State of Good Repair spending and need.**

The Plan includes \$117.8 billion for SOGR, but the specific projects to be funded are not described. Although this seems like a sizeable commitment, it is not possible to judge whether it will meet the state's needs because the information available about the condition of the state's infrastructure assets

and the cost of upgrading them is incomplete. For some classes of assets such as transportation, general or partial information is available, but for others very little is known.

## **2) An improved financing plan that addresses the issue of affordability.**

A complete capital plan should include a financing component that describes how the resources needed to fulfill the plan will be raised. Capital financing typically includes a mix of bond proceeds raised from investors and paid back over time with interest, cash investments to be made on an annual pay-as-you-go basis from the operating budget, and funds from other sources such as intergovernmental or private partners. In addition, a framework for assessing the affordability of the plan should be established.

## **3) Better project-level data to facilitate project tracking.**

At the top of the plan there is total planned spending, and at the bottom there are thousands of projects with budgets that add up to that total. Future Statewide Plans should include information that allows the user to “roll down” to project-specific information. Such information would allow the performance of the agency/authority overseeing the project to be assessed. Timeline lapses and cost overruns are useful accountability metrics.

“The Statewide Capital Plan is a promising first step toward consolidating the capital planning of 47 state agencies and public authorities,” said CBC President Carol Kellermann. “To truly create a culture of collaborative infrastructure planning and improve the competitive standing of New York’s infrastructure assets for future generations New York’s leaders should continue to improve the planning process with the addition of more detailed information of asset conditions, financing plans, and individual projects.”

The Policy Brief – titled “Three Key Steps for Improving New York State’s New Statewide Capital Plan” – is available at [www.cbcny.org](http://www.cbcny.org).

*Founded in 1932, the Citizens Budget Commission is a nonpartisan, nonprofit civic organization devoted to influencing constructive change in the finances and services of New York State and New York City governments.*