



CITIZENS  
BUDGET  
COMMISSION

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CITIZENS  
BUDGET  
COMMISSION

A CELEBRATION  
HONORING

**LAWRENCE  
H. SUMMERS**

DIRECTOR  
NATIONAL ECONOMIC  
COUNCIL



**SIX FORMER  
CBC CHAIRS:**

Lawrence B. Battenwieser  
H. Dale Hemmerdinger  
Lawrence S. Huntington  
Eugene J. Keilin  
Richard A. Levine  
Richard Ravitch

**ANNUAL DINNER  
2010**

## CBC ANNUAL DINNER CO-CHAIRS AND VICE CHAIRS

The six living former CBC Chairs, whom we honor tonight, have inspired many business and civic leaders to join and support the Citizens Budget Commission. CBC is particularly grateful to following individuals and corporations who are serving as Co-Chairs and Vice Chairs of the 2010 Annual Dinner.

### CO-CHAIRS

Douglas Lankler  
*Pfizer*

James L. Lipscomb  
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Verizon Communications

Mark Wagar  
*Empire BlueCross BlueShield*

### VICE CHAIRS

Paul R. Alter and Edward Wallace  
*Greenberg Traurig, LLP*

Stephen Berger

Douglas Durst  
*The Durst Organization*

Fiduciary Trust Company  
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*T&H Group, Inc.*

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Michael L. Ryan and Lili Lynton

Sullivan & Cromwell, LLP

SINCE 1932, THE CITIZENS BUDGET COMMISSION has been monitoring government finances and services—first, of the City of New York and, later, of the State as well. Throughout, it has provided taxpayers with what Lt. Governor and former CBC Chair Richard Ravitch calls a “critically important” “independent interpretation” of what the government is doing with their money.

Sometimes the government follows CBC’s advice; at other times it doesn’t. CBC’s advice, which is always grounded in its research, is more politically appealing on some occasions than on others. That explains, in part, why candidates for office frequently rely on CBC’s positions and then, if elected, find the outside analysis less appealing—at least publicly.

Always, CBC is nonpartisan, focused on the well-being of all New Yorkers, and committed to making New York a more economically competitive place to live, work, and do business. Always, CBC seeks to maintain close working relationships with government leaders and understand their strategies as they affect New York’s future.

That’s why we’re especially pleased to welcome, as our keynote speaker, one of our nation’s most distinguished economists, a man who is as involved in guiding the nation’s economy—and, therefore, New York’s financial future—as anyone today. That’s why we honor tonight the six living former CBC Chairs, all of whom have been instrumental, as were their predecessors, in maintaining CBC’s longstanding reputation for scrupulous research, nonpartisan advocacy, and steadfast commitment to explaining how tax dollars are being, and should be, spent.

Together they served from 1980 to 2006, along with one other former Chair, the renowned and much-admired Frank Smeal, who died in 2003. Their reflections—presented in this publication in the chronological order of their terms as Chair—illuminate CBC’s role further.



James L. Lipscomb  
*Chair*



Carol Kellermann  
*President*

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LAWRENCE H. SUMMERS WAS appointed Director of the National Economic Council by President Barack H. Obama on November 24, 2008. Until January 2009, he was the Charles W. Eliot University Professor at Harvard University. He was the 27th President of Harvard University from July 2001 until June 2006.

From 1999 to 2001, he served as the 71st United States Secretary of the Treasury. He served previously as Deputy Secretary and Under Secretary of the Treasury, working closely with Secretaries Robert E. Rubin and Lloyd M. Bentsen in formulating domestic and international economic policies, and as Chief Economist of the World Bank.

He has taught economics at Harvard and MIT. His research contributions were recognized when he received the John Bates Clark Medal, given every two years to the outstanding American economist under the age of 40, and when he was the first social scientist to receive the National Science Foundation's Alan T. Waterman Award for outstanding scientific achievement.

He is a member of the National Academy of Science and has written extensively on economic analysis and policy, publishing more than 150 articles in professional economic journals.



KEYNOTE SPEAKER

## Lawrence H. Summers

*Director, National Economic Council*

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### REFLECTIONS

“MANY OF THE UNIQUE qualities for which CBC is renowned today—especially the active involvement of so many Trustees in such a broad array of research projects—emerged in the 1980s out of financial necessity. At the time, CBC was supported by a small number of Trustees, on whom it depended for sizeable annual contributions. The model was not sustainable, and the decision was made to expand the number of Trustees to more than 100 and expect a more modest annual donation from each. The research committees were formed as a way of attracting potential Trustees and, once they had joined, keeping them involved.

The committees proved to be even more valuable than we had anticipated, as Trustees relished the opportunity to put their experience—whether in business, government, or civic life—to work for all New Yorkers. That involvement made the research products stronger than ever—more grounded in practical considerations, more reflective of insights from the field. This proved especially beneficial with the expansion of CBC’s focus to both City and State governments.

CBC has set an impressive standard of highly objective research on City and State finances and is a consistently important voice that counter-balances all of the short-term stresses and strains with which elected officials must contend. CBC has the advantage of not having to react to every issue of the moment and, instead, of focusing on long-term trends. That sometimes creates tensions with elected officials who can’t so easily step back from immediate pressures and loud constituencies, but it also ensures that the long-term needs of all New Yorkers have a voice of their own. That’s the voice that CBC provides, and it’s essential.”



## Lawrence S. Huntington

*Chair, Citizens Budget Commission (1980-84)*

*Chairman, Continuum Health Partners*

*Chairman, Josiah Macy, Jr. Foundation*

*Chairman, Woods Hole Research Center*

*Chairman Emeritus, Fiduciary Trust International*

*Former President & CEO, Fiduciary Trust Company*

“CBC IS UNUSUAL BECAUSE of the extraordinary combination of an expert research staff and extensive Trustee engagement across all of the research committees. The academic quality of the research, for which the staff is renowned, is fundamental to CBC’s stature, but the Trustee involvement provides it with an additional overlay of practical experience—from business, government, and civic perspectives—that grounds it further.

It’s that combination that is so special. It’s that combination that has engaged so many prominent business leaders. It’s that combination that has caused those business leaders to be generous over the years.

As I look back, I can’t fail to mention Frank Smeal, a legendary municipal finance expert at Goldman Sachs, who, as Chair of CBC years ago, challenged the organization to create a reserve fund, offering to match the first \$1 million that we raised. When we fell short, even after counting some in-kind contributions, he donated the \$1 million anyways.

The Frank Smeal Fund, which has grown significantly since, has been essential to maintaining CBC’s high standards. CBC depends on annual Trustee contributions and the proceeds from its Annual Dinner to fund its ongoing activities, but Frank Smeal’s generosity remains a crucial source of support for CBC’s vital work and an example of the continuing impact that Trustees can have through their active involvement in the organization.”



## Richard A. Levine

*Chair, Citizens Budget Commission  
(1989-90)*

*Former Managing Director, Deutsche Bank  
Former Partner, Touche Ross & Co.*

“WHAT MAKES THE CITIZENS Budget Commission so extraordinary is the intellectual content of its research—the caliber of the product.

CBC is the only group outside government that has the intellectual resources to analyze thoroughly City and State budget problems. Those problems are boring to many people, but they are hugely important. They’re difficult to explain, and that’s why the media turns so often to CBC when covering budget issues.

CBC’s analysis is often far-sighted. We issued a report on needed State fiscal reforms in 1992, when I was Chair of CBC. In looking back over it, some of the recommendations have been adopted, others have not, but the advice is as good as ever. A subsequent report, issued a year and a half later, looked at progress on fiscal reforms by both the City and the State, which were then battered by a serious national recession. Its final sentence seems eerily contemporary, as it urged elected officials to “do what they previously judged politically ‘undoable’ in order to move the two New Yorks off the current suicidal track.”

It’s critically important that CBC exists. The public is entitled to have access to an independent interpretation of the finances and operations of State government—the fundamental services, infrastructure, and tax system that support the overall environment in which we live.

New York State would not be in the financial mess that it’s in today, if it had followed CBC’s advice more closely over the years.”



## Richard Ravitch

*Chair, Citizens Budget Commission  
(1991-94)*

*Lt. Governor, State of New York  
Former Principal, HRH Construction Corporation  
Former Chairman, Bowery Savings Bank  
Former Chairman, Metropolitan Transportation Authority  
Former Chairman, New York State Urban Development Corporation*

“CBC IS, I SUSPECT, UNIQUE AMONG civic enterprises in offering Trustees an opportunity—indeed strongly encouraging Trustees—to become seriously engaged in the core work of the organization: guiding and informing its research and its pronouncements. That is why so many former and future government officials—MTA Chairs, State Budget Directors, Counsels to the Governor, and City Commissioners, among others—are involved with CBC. That is why so many prominent business and civic leaders, for whom time is a precious commodity, devote significant chunks of that commodity to exploring, understanding, and shaping CBC’s recommendations about the key issues affecting New York’s economic present and future.

CBC’s ‘modus operandi’ makes this serious engagement possible, because each research committee of CBC has the final authority over the topics in the area of its concern and over the resulting recommendations of its research. Each committee meets with CBC’s staff to decide on a program of work, to shape the research, to review the subsequent analysis and to approve the recommendations. Those recommendations become CBC policy, without further review, giving individual committees and their members great influence and impact.

For someone like me, without government experience, CBC has provided a fascinating chance, and a fertile environment in which, to learn, to pose questions and to propose ideas about New York’s finances and management. For instance, I once asked what the appropriate debt levels for the City and the State should be, and that simple question resulted in a thorough study and recommendations still used to monitor government debt. At another time, I suggested that CBC recognize government innovation, and the now-annual CBC Innovation Prize resulted. I could provide a myriad of other examples of when a question or a proposal of mine—or of some other Trustee—led to some important product or suggestion of the organization.”



## Lawrence B. Bittenwieser

*Chair, Citizens Budget Commission (1995-98)*

*Counsel and former Partner, Katten Muchin Rosenman LLP*

*Former Director, Time Warner, Inc.*

*Former Chairman, General American Investors Company, Inc.*

“THE CITIZENS BUDGET COMMISSION was founded in 1932 during a great fiscal crisis for New York City. Another dramatic crisis shook the City in 1975, and the State is in turmoil today.

Throughout it all, CBC has researched and analyzed, diagnosed and prescribed, learned and remembered. Unlike many business organizations, CBC is a critic of bad policies not because we want government to disappear but because we know government is too important to let it fail. We oppose wasteful spending not because we want less spending but because too many people depend on vital public services, and we can’t allow bad choices to leave those services underfunded and undermanaged. We support fair and broad-based taxes because it is our duty as citizens, but we demand that government deliver real value in return.

New York’s political culture is unique, and CBC has a unique role in it. With almost eight decades of experience, we know that nothing is too big to fail. In a crisis, all hands come out on deck, but CBC is always there; like the peacetime army, we know that peace is hard-won and fragile and requires constant attention.

In good times and bad, CBC has been principled, consistent, and totally nonpartisan, an equal-opportunity critic when elected officials get it wrong, but just as fair-minded in offering support when they get it right.

Because of this—and the extraordinary professionalism of our staff—our research is universally respected, and our judgments are widely quoted. The issues we take on often set the agenda, and we always try to set the standard. If we seem to aim too high and to ignore political reality, politics is not our job, and our recommendations will be waiting and available when economic reality becomes a public necessity.”



## Eugene J. Keilin

*Chair, Citizens Budget Commission (1999-2002)*

*Co-Founder, KPS Capital Partners, LP*

*Founding Principal, Keilin & Co. LLC*

*Former General Partner, Lazard Frères & Co.*

*Former Chairman, Municipal Assistance Corporation for the City of New York*

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“CBC PLAYS A CRUCIAL ROLE IN raising public consciousness of key issues that would otherwise not have received the same level of attention. Examples include: the use of ‘one-shots’ (one-time revenues) to pay recurring obligations; debt levels, and the enactment of ‘pension sweeteners’ for local government employees, approved by the State Legislature, at local government expense, to enhance what was granted in municipal collective bargaining.

CBC anticipated many of the State’s current fiscal problems six years ago and convened a statewide conference to recommend solutions. That event, held in Palisades, NY, resulted in the ‘Palisades Principles’ of budget reform—10 principles that are every bit as relevant and needed today as they were then. A CBC follow-up report one year later showed that the State had subsequently made ‘no progress’ on four of the principles, ‘some progress’ on five, and ‘significant progress’ on only one.

Half of what CBC does is research: understanding the issues and shedding new light on them. The other half is making its findings and recommendations known broadly: bringing them to the attention of government leaders, informing the media, inspiring public discussion, and partnering with other organizations to effect change.

CBC’s research is not always popular with government officials, particularly when it highlights issues that might otherwise go unnoticed. But it provides independent support for politicians who want to address certain problems. It builds momentum, and a sense of urgency, behind certain initiatives. It ensures that key issues are not ignored.”



## H. Dale Hemmerdinger

*Chair, Citizens Budget Commission  
(2003-06)*

*President, The Hemmerdinger Corporation*

*Former Chairman, Metropolitan  
Transportation Authority*

*President, Real Estate Foundation*

*Trustee, New York University*

### COMMENTARY ON THE CITIZENS BUDGET COMMISSION:

“an influential, nonpartisan watchdog group”

*The Wall Street Journal*

“a prominent organization that studies government finances”

*The New York Times*

“one of the oldest and most respected independent fiscal watchdog groups in the country”

*The Bond Buyer*

“I think if there ever was a group that I thought was necessary for this city from the private sector, this really is it.”

*Mayor Michael Bloomberg*

### ABOUT THE CITIZENS BUDGET COMMISSION

With a reputation for independence and objective research, CBC is an outspoken and influential advocate for government reform—and unique in that the organization confines its advocacy to areas on which it has conducted research. Through that research, as well as bringing together major stakeholders on key issues and working closely with media in the region, CBC has been a catalyst for positive change in such areas as budget reform, government finance, education, transportation, public authority reform, and economic competitiveness.

CBC’s research program is grounded in three fundamental beliefs:

- Serving the interests of the citizenry at large, rather than narrow special interests, should be the beacon that guides public officials as well as the standard for evaluating their performance;
- It is wrong to waste precious public resources, whether they are financial or human; and
- It is important to focus on the well-being of future New Yorkers, the most under-represented interest of all in city and state government.