



## Comptroller Candidate Forum

Accountability, Not Just Accounting

*Zoom Webinar Transcript*

[Vimeo](#)

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### **Andrew Rein:**

Welcome to CBC's Comptroller Candidate Forum: Accountability, Not Just Accounting. I'm Andrew Rein, President of the Citizens Budget Commission. CBC focuses on improving the finances, services and policies of New York State and New York City Government. We're an independent, nonpartisan, nonprofit watchdog and thin tank that focuses not just on today, but on the long run for future New Yorkers to ensure that New York continues to be a great place to live, to raise a family and to start running or grow a business.

We're governed by 150 trustees who not only support us but guide our research. We're holding this forum today because the job of City comptroller is important to the fiscal health, governmental integrity and broader well-being of our City, and New York City is at a critical juncture. It's a time of great uncertainty, but also a time of great possibility. The next comptroller will play a critical role in the City's future by providing New Yorkers with insights and information to hold the next administration and agencies accountable by auditing those city agencies, by being the custodian and investment advisor to the five pension funds and their \$250 billion of assets, by co-supervising the issuance of billions of dollars of debt, by ensuring the integrity of the contracting process, by ensuring the integrity of the contracting process and being a watchdog and making recommendations to promote New York City's fiscal health during these challenging times and well into the economic recovery.

This time is particularly important as the Mayor's Executive Budget proposes a plan to use \$15 billion in additional federal aid and billions more in State aid and tax revenue, yet still leaves budget gaps of nearly \$5 billion in fiscal years '23, '24 and '25 when you account for unspecified labor savings. So whatever your perspective on fiscal, economic and social policies, it's critical for New York to have a comptroller who is independent of the administration, who lifts the veil so that the public can have an unbiased information with which to hold the City accountable. The comptroller is critical to allowing New Yorkers to determine if their money is being used wisely and having a real positive impact on the lives of New Yorkers and the future of New York.

Today, we will hear from six of those people who want to be your next comptroller. We hope that you'll learn something today that informs your choices on the ballot. I just say choices, plural, because this is the first Citywide foray into ranked choice voting. Early voting starts in just five and a half weeks on June 12th, and the primary itself is on June 22nd. So, we want to thank all the candidates who are participating today and unfortunately, we couldn't logistically include all those who will be on the ballot. We limited participation today to those candidates who by March 16th had raised at least \$500,000.



So we urge all of you to take the time to learn about the candidates you're going to see today, but also those others who we were unable to include and there are many great resources out there, including from our What's The Data Point Podcast partner, Ben Max and Gotham Gazette. We are also going to co-sponsor three of the official CFB Campaign Finance Board debates with our partners, NBC, Telemundo, Politico, New York Urban League. The first of which will be on June 16th, A Mayor's Debate, and on June 20th, The Comptroller's Debate.

But for today, the order of appearance was selected at random, and each candidate will have 13 minutes, including a three-minute overview of their approach of priorities, eight minutes, during which I'll ask some follow up questions, and a two-minute lightning round. To keep time, we'll hear a beep signaling it's time for us to move onto the next segment. So with that, please stay tuned. We'll be back momentarily with our first candidate, Brad Lander.

## Candidate Brad Lander

### Andrew Rein:

Brad, welcome. Thanks for being here.

### Brad Lander:

Thanks so much, Andrew. I'm a longtime fan of the CBC, a regular listener to *What's the Data Point* and really excited to dig into the details today with you.

### Andrew Rein:

Well, yes. We look forward to delving into how you'll use the powers of the office to serve the people of New York. First, I'll ask a general question for three minutes. Then we'll have eight minutes to do a little Q&A, and then a two minute very exciting lightning round. We'll hear a little beep to keep us moving to the next segment, if that's okay. You ready to dive in?

### Brad Lander:

Sounds great. Yeah, absolutely.

### Andrew Rein:

Fantastic. So could you please succinctly describe the role of comptroller, your top three priorities and how would you use the powers of the office to achieve them?

### Brad Lander:

Absolutely. Thank you again for the invitation. So the job of the comptroller is to take the long-term view on the City, to make sure we're spending wisely, that we invest in ways that stimulate recovery, to hold the City accountable to our shared goals, and to prepare better for future crises. The City center received \$6 billion in direct federal aid, nearly 7 billion more for our public schools, and over one billion more through 100% FEMA reimbursement. Together with hiring attrition, that means our budget is



balanced for the coming fiscal year. But as you've pointed out, projected gaps of \$4 billion remain after that, more like 5 billion if the labor savings aren't realized.

So we need to make sure that this one time influx of funds is used smartly, while not creating recurring obligations we can't afford. That's why I wrote an op ed in the Daily News this week to establish an American Rescue Plan Spending Tracker, similar to the Sandy Recovery Tracker the Bloomberg administration set up, to provide clear goals, track spending, and measure progress. I'll be introducing a bill in the coming days to make that happen.

Three priorities we want to highlight here. First, as I've said, serving as a budget watchdog to ensure thoughtful spending of that ARP money, to reopen our schools and businesses safely, to build a platform for better shared economic growth in ways that make good use of one-time funding, but don't create new longer-term obligations that we can't afford down the road.

Second, and this is an issue I'm proud to have done a lot of work on with the CBC, is to reform capital projects management to save money and prepare for the future through better infrastructure investment. Using the capital projects database that's mandated by legislation I passed last year, I'll be a watchdog on our infrastructure projects, bringing transparency to the eight to \$10 billion in capital spending every year. Right now more than half of that is over budget or behind schedule. I'll push for reforms that can save hundreds of millions of dollars every year and get better infrastructure created on time.

Third, I want to focus on getting New York City more ready for future crises than we were for this one. So I'll conduct a catastrophic risk assessment early on in my term, a future risks facing the City and how we can prepare for them, focus on the climate crisis, our greatest long term risk as pension fiduciary budget watchdog and chief accountability officer, and work for long term budget balance with a more thoughtful approach to PEGs and attrition. Fund that rainy day fund so we'll be more prepared for future fiscal crises down the road.

**Andrew Rein:**

Well, thank you, Brad, very much for that. Let's just, on the biggest picture, you're a proud progressive, a founder of the Progressive Caucus. You're talking here about fiscal responsibility. What do you say to those who are looking for a counterweight for the mayor, but look at your record of supporting expansive government?

**Brad Lander:**

Absolutely. Look, I'm a proud progressive. I want bold government action to help us recover from this crisis. We've needed it in this crisis, and we're going to need it to recover from this crisis to build a platform for shared economic growth. I also know we want to build a more just, a more equal and a more sustainable City. We've seen racial, economic, neighborhood, gender inequality painfully in this crisis, and we've got to build something different. But look, government has to work better to be able to deliver on any of those promises.

So progressives who care about making government work in big bold ways should be the first ones to show up, to tell the truth about the budget, to audit the agencies carefully to insist the government lives up to its promises. I mean, your forum is titled, Accountability: Not Just Accounting. To me, accountability to those shared values of more equal thriving within our means, that's how I see the job.



So to me, not only is there not a contradiction, it's an obligation of progressives to care about the budget, to care about the details, to get in there and really understand how we make government work better. I've worked hard at that in the City Council passing a lot of bills that have dug in on systems like the Capital Projects Tracker, like the American Rescue Plan Tracker. That's what I'll do as comptroller.

**Andrew Rein:**

So before we get back to audits, which I'm very interested in, you mentioned this \$5 billion budget gap. How would you use the powers of the office? What kind of recommendations? You've been sitting in the council for a long time, looking over the budget, been part of the negotiating committee at times. Where do we find those savings? What as comptroller do you do to use both the tools of your office and your bully pulpit to get those ideas implemented?

**Brad Lander:**

Yeah, let me give a couple quick examples. So first, right now, the way we do the PEG Program, the Citywide Savings Program, City commissioners don't get any credit or fault if the things they propose reduce headcount, which saves us money and health benefits and pension costs. They only get the direct savings. We want a program that actually incentivizes the long-term savings as well.

So I'd like to see the fusion of our PEG Program with a more focused attrition program. So commissioners have a responsibility to identify what programs they would phase out through attrition or reduce through attrition. So they might want to increase something new or in dangerous, in years where we've got to confront a fiscal crisis, reduce the budget. I think that could save ... We've seen headcount come down as a result of attrition, and we could save more over time if we shift to that model of PEGs with a focused attrition program.

**Andrew Rein:**

As a comptroller, what do you do?

**Brad Lander:**

Yeah. Well, you identify what the cost would be. You look at the PEG program and you say, "This agency is proposing headcount reduction. That would actually save us this much more through OPEB and pension and long term costs, and this cost wouldn't. On this year's executive budget, it needs to be broken out. What are the one-term sources and the one-time sources and the one-time uses? What are the recurring sources and the recurring uses? So break down the budget so it's really transparent, so that the council and the mayor can make good choices. Identify other areas for savings, I want to see property tax reform and an end to the 421-A program, which is \$1.7 billion we're going to spend next year. We're not going to get a single unit affordable enough to get a homeless New Yorker off the streets. So it's a tell the truth. It's a bully pulpit. It's a break the budget down and then work together with folks like you and other advocates who are pushing for change.

**Andrew Rein:**

Thank you. Now let's switch to audit. Audit, it's a definition. I have this nice 2018 governmental accounting auditing standards. I highly recommend the reading as I was brushing up. Audits have



specific objectives and are designed to find deficiencies against predetermined sets of indicators, process, output, outcome. You've talked about equities, sustainability, environmental justice, other types of audits. Can you drill down a little more? Give us an example the objectives and a criteria for an equity or a sustainability audit. What does that really look like?

**Brad Lander:**

Super. I mean, let me make clear, first and foremost, you got to do the waste, fraud and abuse audit and identify savings and spending. So one of the first I want to do is the Department of Corrections, where we're detaining a third as many people, pretrial, as we were a decade ago, but spending twice as much, \$447,000 a year per detainee. So that's an area that I'm going to dig in and audit and propose how we save money.

That's got to be a real willingness to look at the labor cost there, why we're still having so many people for so many fewer detainees. But I'll give you an example of a kind of audit that I think would be against specific, measurable objectives, but we could make real difference. That's our agencies have responsibility for language access to provide services to people in the languages that those folks speak, as well as access for people with disabilities to the sites that the City provides. An accessibility audit that would help make a more equitable City would first crowdsource and say, "Where are there gaps and shortcomings?"

Then you go to those agencies and say, "Look, we've heard that you've got a lot of Bangladeshi clients, administration for children's services or wherever it is, but you're falling short. We're actually going to come audit you in six or nine months. We'd actually like you to put those services in place by then. Our goal is not a gotcha audit, our goal is to win change that actually makes government work better." I put out the most detailed plan of any comptroller candidate, not just for what audits I'll do, but for how I'll make those audit strategic so they actually win change. Because even if they follow every one of the guidelines in the government accounting manual, you just held up. But they just sit on a shelf, and nobody implements the changes, then really, what good are they? So I've got a plan, not only to do the audits, but to make sure the audits are strategic and win real change.

**Andrew Rein:**

Okay, thank you very much. Let's move onto pensions. City pension contribution is going to be \$10.3 billion next year, which is a billion more than it was five years prior to that. What is your investment strategy so that future growth doesn't start eating up our operating budget?

**Brad Lander:**

Absolutely. You have to fund them adequately. So that's step one. Obviously, the actuary makes a decision about what the target rate will be. The actuaries proposed to reduce it from 7% to 6.8%. Although at the moment, it doesn't look like the pension funds are going to vote to adopt that recommendation. I think it would actually probably be smart to adopt that recommendation. That would require paying in a little more annually but being able to be prudent with those investments.

One problem if you've got a high hurdle rate to hit is you're more tempted to take risks, and sometimes you can get into trouble there. I will say, I do think that the portfolio is broadly invested in a sensible range of places, in equity, in fixed income. There's a set of alternative investments that I think really are



worth looking at because you have to net those of fees to make sure they're returning what we need. But broadly during the last eight years, which have been good ones on Wall Street, obviously, the portfolio has done well. As a pension fiduciary, that's your responsibility. It's not your money. Fiduciary means it's not the comptroller's money. It's not the City's money, that money belongs to the workers who earned it, you got to make sure it is there for them when they retire.

**Andrew Rein:**

We need to move on to the lightning round. But very quickly, you've talked about economically targeted investments. How low is too low of a return to make it worth it to increase the operating budget hit?

**Brad Lander:**

Well, those need to be market returns, but they can be invested in New York City projects, whether that's rooftop solar or affordable housing. Those are market returns, but they're in places in the market where credit can help do something in New York City that's not happening.

**Andrew Rein:**

Fantastic. So now if we can move to our lightning round. See, it's like speed dating round.

**Brad Lander:**

Love it.

**Andrew Rein:**

Move to lightning round, yes or no, please accept where specified. Do you support requiring mandatory deposits into a rainy day fund when the economy is growing and limiting withdrawals only to times of recessions or severe emergency?

**Brad Lander:**

Yes, absolutely. I tried to re-introduce a bill to do it. But we're preempted by that state legislation. But yes, I do. Absolutely.

**Andrew Rein:**

Should the City significantly increase the size of its retiree health benefits trust to address the outstanding \$109 billion OPEB, other postemployment benefit liability?

**Brad Lander:**

Yes, we need the real rainy day fund and then a separate Retiree Health Benefits Trust fund.

**Andrew Rein:**

Is there any circumstances that should require the New York State Financial Control Board be empowered to approve City fiscal actions?



**Brad Lander:**

I think we can handle our spending on our own. We need to do it with fiduciary attention. But yeah, I guess no is the answer to that.

**Andrew Rein:**

On a scale of one being not very familiar to five being extremely familiar, how would you rate yourself on familiarity with generally accepted accounting principles?

**Brad Lander:**

Four.

**Andrew Rein:**

Four. What is your single most important qualification ensuring you will be a great comptroller?

**Brad Lander:**

I dig in on the details to make government work better. That's what I've done in the council, I organize together with people, find what's broken, bring the data to it and make strategic action to change it so government serves everybody and works better.

**Andrew Rein:**

Do you have a fiscal or public accountability hero?

**Brad Lander:**

A fiscal or public accountability hero. Great question. My favorite comptroller is Andrew Haswell Green who was the comptroller that led the way to the consolidation of New York City, which some in Brooklyn still call The Great Mistake but I think led the way to our City's future thriving. So I'm going to go with him.

**Andrew Rein:**

Our last, please choose a topic, New York City music, food or sports.

**Brad Lander:**

I'm going to go with food.

**Andrew Rein:**

Food. What's your favorite New York street food? Hot dogs, street meat, falafel, halal guys, nuts for nuts, empanadas or tacos?

**Brad Lander:**

Empanadas.



**Andrew Rein:**

Empanadas. It is. Well, thank you very much, Brad. We really appreciate you spending the time with us.

**Brad Lander:**

This was great, Andrew. thank you so, so much.

**Andrew Rein:**

Please stay tuned for Zach Iscol, our next candidate.

## **Candidate Zach Iscol**

**Zach Iscol:**

Andrew, how are you? It's good to be here.

**Andrew Rein:**

Thanks. It's great. Thanks. I'm doing great. Hopefully, you are too. Thanks for being here.

**Zach Iscol:**

I would not miss this. I was very excited for this one.

**Andrew Rein:**

I look forward to delving into how you're going to use the office. First, we'll spend three minutes with an overview and I'll prompt, then eight minutes Q&A, and a two-minute lightning round. We'll hear a little beep that'll prompt us to move along to keep us on time. Does that make sense? You're ready to dive in?

**Zach Iscol:**

I'm ready to dive in. I'm ready to dive in. Let's get going.

**Andrew Rein:**

Okay, so please succinctly describe the role of comptroller, your top three priorities and how you will use the power of the office to achieve them.

**Zach Iscol:**

Yeah. So I think that there's a number of roles that fall into the Office of the Comptroller, meeting our promise to pensioners as being the fiduciary of the City's pension funds, of settling claims against the City, of setting prevailing wage, of helping finance City projects through the sale of City debt. I think most importantly, serving as the chief accountability officer for the City. There is a reason that this is not an office that works for the mayor. I think a lot of people often talk about the comptroller as the Chief Financial Officer for the City, I actually don't see it that way.





I think of the chief financial officer as the Finance Commissioner who works for the mayor. I think that this role, really more than anything else, is the Chief Accountability Officer of the City, the person whose job it is, is to make sure the City is doing its job. That's why it's an independently elected office who works for the people of the City as opposed to the mayor.

In terms of my priorities, there are many, sort of the opposite of the definition of a priority. But I think in this day and age, there are a lot. Number one is we've got to bring the economy back. If the economy is not working, nothing is working in this town. I think there's a lot of creative ways that we can use the Office of the Comptroller to help invest in New York City, bring jobs back, have an environment that is friendlier to businesses, and to also address some of the deep structural issues the City is facing with its finances over the next few years due to the lack, the poor leadership over the previous administration.

But if I was just going to give you three primary focuses beyond that, I would say accountability is huge. It is something that is completely missing from City government. Part of that is also setting benchmarks. I think that when we talk about audits, we often look for, "where can we find savings?" Well Stringer found very few savings. One of the reasons for that is we're not creating benchmarks. We're not tying spending to outcome. As somebody who has run a nonprofit, where I knew 85 cents of every dollar was going to a specific outcome, where I knew the 11 quality of life measurements that we had to get in order to make sure that we are achieving certain outcomes, making sure City spending is tied to outcomes will be a huge priority, especially in the approval of City contracts. So accountability, do benchmarks, structural fiscal deficiencies and bringing jobs back and getting the economy going in the City.

**Andrew Rein:**

So let's start on the big picture on structural fiscal deficiencies, as you said. What is your assessment of the long run fiscal health? What would you do in your office to help improve the City's structural budget balance?

**Zach Iscol:**

Yeah. So you're not going to like my answer. But we got to start now. One of the things, one of the big concerns I have when you look at the mayor's executive budget that he released a week ago, is it will lead to about a \$15 billion deficit over the first three years of the next mayoralty. That is assuming that we find a billion dollars in labor savings, that are undisclosed, that assumes that real estate taxes remain stable, that assumes that income taxes remain stable. So one of the things I'm worried about is if you don't get ... That assumes if we get 400,000 people back to work. If those things don't happen over the next couple of years, it could be much more severe than a \$15 billion deficit. We know that there's not a whole lot of spending that can be cut that's not obligatory spending. So we have to start now, we can't start early enough to find those savings, find those conversations.

**Andrew Rein:**

If you're a comptroller today, what would you be doing?



**Zach Iscol:**

I would be looking for health care savings, I would be looking for labor savings. I would be making investments in the labor force. I think this is one thing that people get wrong. We think of labor savings as meaning that you're going to be cutting the workforce. I actually think that when you make cuts, when you don't pay people market rates, you're not investing in the workforce. We've seen over the last few years, especially even before de Blasio, we've seen a huge reliance on outside consultants, outside contractors, we've seen how this had cost the City with IT projects, for example. That's because we're not making the investments in the City's workforce. That then creates additional cost burdens. So labor savings, healthcare costs. The debt, how is it during one of the greatest times of economic growth in the City of New York, we've added our debt service by over a third.

**Andrew Rein:**

Yeah. I just want to maybe give you some different options. You've called for benchmarking and performance measurement. Audits are about having objectives and finding deficiencies against a set of benchmarks and criteria. Can you give us an example of how you would do that? Specifically, give us a service, what your objective is, and what kind of benchmarks you'd use and what the audit would find if it did?

**Zach Iscol:**

Yeah, I'll give you two right off the bat really quickly. So number one is let's look at sanitation, we could look at homelessness too. We pay four times more to have our trash picked up in New York City than any other place in the world. Why is that? Right? We can look at places around the world where they've created new innovative ways of removing trash. It's not just because we don't have back alleys where we don't have to leave our trash on the streets.

So creating benchmarks is partly about looking around the world, looking around the country, looking at other municipalities, and seeing how other places are solving these problems, seeing how much they are spending, seeing what solutions they're bringing to bear. We don't have to always reinvent the wheel here at home. That can then create a benchmark to understand how we can be doing things better to make our City government more competitive with other municipalities. Another one is homelessness. There are, I think, 55 cities around the United States that have ended veterans homelessness.

As a veteran, I served in the Marine Corps, I led troops to some of the heaviest combat of the Iraq War, I came home, began to lose more Marines to suicide than I did in combat. This is an issue that's critically important to me especially because I spent the last 10 years in mental health. There are cities around the country that have ended not just veterans homelessness, but homelessness. We spent \$3.2 billion a year on homelessness, and yet the problem's getting worse, not better. So I think the question is ... Yep.

**Andrew Rein:**

So you've already identified the benchmarks. The question is, how do you use the tools of the office. So you have an audit team. 170 people, what do you tell them to do now that we haven't ended veterans homelessness or spending more on different services? What do you do with the tools of your office with your own team for example?



**Zach Iscol:**

Yeah. One of the one of the big powers that we don't talk enough about with the Comptroller's Office is approving City contracts. So let's say we're approving a contract for a nonprofit, a Bronx shelter provider, for example, maybe one recently profiled by the New York Times. Let's say that they have a \$80 million a year contract around housing homelessness. When you've been going to actually review that contract, one of the things I want to look at is what are the outcomes? What are the performance metrics? You can take those benchmarks that are created from how other cities have solved this problem and made sure that are spending, that those City contracts are designed in a way that we are solutions-oriented and not just paying for a business model that isn't helping anybody.

**Andrew Rein:**

Speaking of contracting, you've talked about having people who want to contract with the City prepare a one page memo on their commitment. Now, given that the charter doesn't provide the comptroller with the power to reject a contract based on their someone's commitment for the City or the comptroller to require that page memo, what do you think the impact of that proposal would be?

**Zach Iscol:**

I think it'll be significant, whether in the spirit or letter of the law, I think it will be significant. Look, I speak to business owners, nonprofit executives all over the City. They all want to be a part of the solution. They just need to be asked. Right? I think a lot of us often forget that businesses, nonprofits, people that work outside of government have as much a stake in the City's future as any of us do. They want to be asked to be part of the solution. I think that there's a way of saying like, "this is mandatory, this is punitive." There's also a way of doing this in the spirit of cooperation and bringing to bear every resource we have to help solve some of these problems the City's facing.

**Andrew Rein:**

So, pensions. The City pension contribution's going to be 10.3 billion next year, up a billion dollars over what it had been five years prior to that. What's your investment strategy to minimize so that pension future growth doesn't eat up the operating budget? Because you've talked about using some of the economically target investments for housing, community development, social programs there, what's your overall strategy?

**Zach Iscol:**

Better management. So I think that there was a report that came out in 2015, the Funston Report, that identified about 240 different structural recommendations and management recommendations for the Bureau of Asset Management. Scott Stringer has implemented about 18 of them. But I think if we actually implemented more of them, paid folks in the Bureau of Asset Management, tried to recruit market-rate talent, moved more to a model more akin of the Canadian model, where we're making more investments directly from the City, that alone, their estimates could lead to another 1 to 2% in gained returns because you're not getting killed by fees, you're not investing in funds and funds of funds where you're getting killed by fees. That 1 to 2% on \$250 billion over 10 years, not even counting compound growth, that's a lot of money. That's a significant amount of money.



**Andrew Rein:**

Understood, thank you. Thank you very much. We're going to move, if you don't mind to our lightning round asking-

**Zach Iscol:**

I hate lightning rounds. I hate yes or no questions, but we'll dive in. We'll see how we do.

**Andrew Rein:**

Okay. The first one is do you hate ... No, No, I'm joking. Yes or no, except where specified. First, do you support requiring mandatory deposits through a rainy day fund when the economy is growing and limiting withdrawals from that fund only to times of recessions or severe emergency.

**Zach Iscol:**

Yes. If I can add, a rainy day fund is not a rainy day fund if you're only putting pennies in it, it's got to be significant.

**Andrew Rein:**

Should the City increase the size of its retiree health benefit's trust fund to address the outstanding \$109 billion other post employee benefit liability?

**Zach Iscol:**

Yes, I'm very concerned about it. I think it is actually probably way underestimated how underfunded it is.

**Andrew Rein:**

Is there any circumstance that you require the New York State Financial Control Board to be empowered to approve City fiscal actions?

**Zach Iscol:**

Can you repeat that? Are there ...?

**Andrew Rein:**

Are there any circumstances that should require that the New York State Financial Control Board be empowered to approve City fiscal actions like it did after the fiscal crisis?

**Zach Iscol:**

If I'm not elected comptroller, yes. I mean, I joke but I think if you look at the state of the City's finances, yes, that's the path that we're probably on right now.



**Andrew Rein:**

On a scale from one being not very familiar to five being extremely familiar, how would you rate yourself on familiarity with generally accepted accounting principles?

**Zach Iscol:**

I'd give myself a four based on my 10 years of business operations experience.

**Andrew Rein:**

Thank you. What is your single most important qualification ensuring you will be a great comptroller?

**Zach Iscol:**

I care about the outcomes.

**Andrew Rein:**

For our last question, please choose a topic. New York City music, food or sports.

**Zach Iscol:**

I'm going with food.

**Andrew Rein:**

Food.

**Zach Iscol:**

Let's go gastro Andrew.

**Andrew Rein:**

What is your favorite New York street food? Hotdogs, street meat, falafel, halal guys, nuts for nuts, empanadas or tacos?

**Zach Iscol:**

I'm going to go somewhere between halal because it brings back memories from deployments overseas. I also love tacos.

**Andrew Rein:**

Okay, we'll give you two on that one. Thank you, Zach, for being with us today.

**Zach Iscol:**

Thank you, Andrew. It's great to be with you all. Sorry about The technical issues.



**Andrew Rein:**

No problem. No problem. Thank you. Please all stay tuned for Brian Benjamin, who is up next.

## **Candidate Brian Benjamin**

**Andrew Rein:**

Fantastic.

**Brian Benjamin:**

All right.

**Andrew Rein:**

Thanks for being here.

**Brian Benjamin:**

Happy to be here.

**Andrew Rein:**

That's a great picture by the way, I have to compliment you.

**Brian Benjamin:**

Thank you. I snuck it in the side.

**Andrew Rein:**

I look forward to delving into how you plan to use the office and the powers of that office to serve the people in New York. I'm going to ask a general question first for the first few minutes. Then we'll have eight minutes of question and answer and then a two minute lightning round.

**Brian Benjamin:**

Sure.

**Andrew Rein:**

Okay?

**Brian Benjamin:**

Great, whatever you want to do.

**Andrew Rein:**

Ready to dive in?



**Brian Benjamin:**

Ready to go.

**Andrew Rein:**

So thank you, please succinctly describe the role of comptroller, your top three priorities and how you will use the powers of the office to achieve them.

**Brian Benjamin:**

Sure. Thank you, Andrew. The Citizens Budget Commission, thank you for giving me this opportunity to share my thoughts. The comptroller is a very important job. The comptroller is the chief accountability officer of the City, the chief fiscal officer of the City, and also the Chief Investment Officer of the 250 billion plus pension assets that the comptroller is the fiduciary of. There are a number of important priorities that I think need to get the attention of the next comptroller, but let me talk about three since you asked for three.

Number one, the comptroller, in my estimation, has to be completely focused on auditing and investigating city agencies, particularly in a time like this, as we're looking to come out of COVID, we're looking at recover as a City. Two departments really come to mind as a place that need a lot of attention. One is the NYPD, that needs to be audited, and as well as the DOE for performance-based audits. Because if those two agencies don't work for the City of New York, particularly for those who are most underserved and marginalized, that whole system doesn't work. Secondly, the comptroller is responsible, in my view, for the \$250 billion public pension fund, five separate funds. Over 700,000 retirees who rely on their pension retirements, including my parents. The comptroller needs to not only provide those returns, which I believe I will. I have a background in this, after Brown or Harvard Business School, I spent a few years in Morgan Stanley, where I did investment banking and private wealth management. I will say to you that no other candidate in this race has any investment management, investment allocation manager selection experience besides myself.

We should be thinking about issues like affordable housing, affordable homeownership. How can we provide premier supportive housing? Particularly given the way the markets are looking and invest in communities that have been underrepresented with economically targeted investments. Then third, the comptroller is going to be responsible for taking care of the fiscal health and the general condition of the City, holding the mayor and the City accountable for all the spending. I think, as we have 15 billion plus dollars coming in from the federal government for COVID-related issues, we need to make sure that that money is being spent in a way that's helping to drive the recovery. We need to be concerned about is that money going towards recurring or non-recurring expenses. Because if we are putting that money towards expenses that recur, we're setting the City up for failure. So those are the kinds of things I think the comptroller needs to do, hold the City accountable, and I plan to do that.

**Andrew Rein:**

Well, thank you very much. Let's delve into those areas maybe in reverse order. On the fiscal health of the City, what is your assessment of the fiscal health of the City, the mayor's budget? What as comptroller, would you do to improve this City's fiscal situation and specifically, structural budget balance in the long run? What as comptroller should you do about that?



**Brian Benjamin:**

Well, I think a couple things. First, as you know, we've been downgraded to double A minus. That has to do with just the outlook that COVID has brought to the table. We are spending about \$10,000 per capita, that's our debt level, presently. Not near the statutory requirements the state has said after the 70s. But clearly, if you think about the fact that real estate values, which is what that 10% is based upon, real estate values are probably lower, given what we have been seeing, less foot traffic etc. That could put a lot more pressure on our debt.

So in my view, I think the first order of business is to get a sense of what does real estate values look like in the City of New York, particularly downtown? I've been traveling. I did the Time Square Alliance, we did a tour of Chinatown. So less foot traffic. What is that going to look like coming back out of COVID? I think we have to be very mindful of that, talking to the businesses to get a sense of, what is the world going to look like after COVID? Can we expect the MTA to have the level of activity that it needs in order to sustain the cost? We have to be mindful of those things. So in my view, I think the comptroller has a very important role of really trying to delve into the numbers on this and advising the City and advising the mayor and the City Council as what our true debt positions are, and the health of the City from a financial standpoint.

**Andrew Rein:**

Thank you, thank you. Let's switch back to pensions. As I promised you, we'd go in reverse order.

**Brian Benjamin:**

Sure.

**Andrew Rein:**

The City pension contribution is going to be \$10.3 billion next year, that's a billion more than just five years prior to that. So what is your investment strategy so that the future growth doesn't eat up the operating budget?

**Brian Benjamin:**

Well, first of all, I serve on the Board of Trustees of Brown University, where our investment committee has been stellar. We've had 10% returns year over year for the last 10 years, 12% in the last three. It's really predicated upon two key concepts. Number one, having the chief investment officer who's really top of the line and really understands how to think about markets, not in just sort of dogmatic percentage based structure, but more in terms of managers selection, in terms of how markets are moving, contrarian points of views.

So the first order of business would be to get a really top flight chief investment officer who actually understands and has had the experience of managing this kind of portfolio, which will help us to attract the kind of talent to be in the Bureau of asset management. One of the biggest problems we have is the Bureau of asset management cannot afford to compete with the private sector. So you need to have a mindset that is really built around sort of public service, giving back. But you get your best and brightest to step up and play an important role on that front. So I think if we can do that-





**Andrew Rein:**

Can I just ask?

**Brian Benjamin:**

Go ahead.

**Andrew Rein:**

Can I just ask, Ontario teachers, I read 10 years ago, paid their chief investment officer \$3.2 million, is their compensation package. Are you talking about that or a different version?

**Brian Benjamin:**

No, no, I'm talking about the version where how Brown is paying the chief our chief investment officer \$1, because he graduated from Brown, did extraordinarily well in the private sector, and wanted to give back. There are so many talented people who would want to give back if they're asked by the right people, given the right portfolio, and respect, and the right mindset in the right structure, they will do it.

Everyone has experienced COVID. Some of us are doing so much better than the rest of us. The key is to not villainize people, but to reach out to people and say, "listen, this is your City, you have enormous experience, you've done extraordinarily well. New York City has been incredibly valuable to you. I need you to give back and play this important role." When you have the right people at the top, Andrew, then they can help bring the other people down below, because we don't pay in the public sector the way they pay in the private sector.

The only way it works is if you have the best people. But the mindset is, we're going to help our City return because there is a direct correlation between how poor the pension funds return and how much that pension contribution continues to go up, right? Last year was 4.4%. 7% is the hurdle rate in a low stock. I mean, on low interest rate environment, we should be able to hit that number. The fact that we haven't speaks to a range of issues. But I do think we should get the best and the brightest, and say, "This is your time to get back." This is the way you can get back. We all have different ways to do it. I think there's a real opportunity for the investment class to play an important role in our recovery.

**Andrew Rein:**

You've wanted to use more of the pension funds for affordable housing.

**Brian Benjamin:**

Without question.

**Andrew Rein:**

Of course people have talked about all sorts of different strategies on economically targeted investments, you've talked about making that being this core part of the housing portfolio. But at a certain point, you have to balance your rates of return or else you hit that operating budget. How do you make that balance? What is too low a rate of return, even if you're investing in something that is socially beneficial or economically beneficial for certain New Yorkers?



**Brian Benjamin:**

Well, the hurdle rate is 7%. So that is what the actuary requires. So for me, I cannot imagine at any scenario I mean, I used to do affordable housing, I understand the investment, I understand the investment. I actually finance and do business models for them. Any decent affordable housing project in New York City can definitely return your low teens, as long as you're moving up in a reasonable timeframe and you're not behind in your timing.

But affordable housing is such a huge need. Over 600,000 people in New York City need affordable housing. That's a way for you to, A, solve a public need and, B, provide the rate of returns that the actuary requires for the pension funds. I think it's a no brainer. I would love to even expand that and look at possibly how you look at affordable homeownership, because that is a huge need. There's ways to finance those things that made sense, particularly at a time like this. The hotels are really struggling. Permanent supportive housing is a real issue. We have a homelessness crisis. We can merge the two, have RFPs, buy hotels, work with good permanent supportive housing operators, and give people permanent space as opposed to this shuffling around the City, add expenses to them and to those who they move nearby.

**Andrew Rein:**

As you know, and it hits both sides, the operating budget in terms of sometimes subsidies for the operating side, so it is combined. Let's go to the audit for a second.

**Brian Benjamin:**

Sure.

**Andrew Rein:**

You talked about performance-based audits, NYPD, BOE, audits, of course, you have an audit objective, you have a set of criteria, you're looking for deficiencies. Can you help us drill down what specifically is a specific set of criteria that you would audit the NYPD against and you're looking for to identify and how to get that implemented?

**Brian Benjamin:**

Sure. two things. One is we absolutely must focus on public safety broadly defined, public safety is law enforcement plus other factors. But within the issue of law enforcement, my view is what exactly are they spending on and how is that specifically keeping us safe? Right? So as you look at the needs of the NYPD, different locations have different needs. So for example, I would imagine the precincts that covers Central Harlem should look different than the precincts that cover the upper west side or Park Slope, just because of the nature of the situation, what public safety looks like in those areas should have different focuses. Like in my district, mental health is a big issue.

So how does that look? I mean, you can't just send some guys with a baton and a gun, you have to have some mental health components to that as well. So for me, it's more about how we make sure that every single dollar we spend is most efficiently keeping us safe. I think that if you really dig into the budget, you'll find that there's a lot there that should probably be someplace else.



**Andrew Rein:**

Okay, thank you. We're going to move to our lightning round, yes or no. Please accept where I ask for a slightly different answer. Okay?

**Brian Benjamin:**

Sure.

**Andrew Rein:**

Ready to roll.

**Brian Benjamin:**

I'm with you, Andrew.

**Andrew Rein:**

Do you support requiring mandatory deposits into a rainy day fund when the economy is growing and limiting withdrawals only to times of recessions or severe emergency?

**Brian Benjamin:**

Being that that was the bill that I carried in the Senate and wanted, I absolutely do. Obviously to get it passed, we had to, how do you say, we got to do some compromises.

**Andrew Rein:**

The City can still pass legislation. I understand. We'll talk about that later.

**Brian Benjamin:**

Can I just say real quick on that? Real quick? The biggest problem is that the City will say to you, the reason why they can't do what we wanted is because the governor will then, if we have a real rainy day fund, he will then bring less money to the City. So anyway, we can talk about that later.

**Andrew Rein:**

Longer conversation. Should the City have significantly increase the size of its Retiree Health Benefits Trust to address the outstanding \$109 billion other postemployment benefit liability?

**Brian Benjamin:**

Yes.

**Andrew Rein:**

Is there any circumstance that should require the New York State Financial Control Board to be empowered to approve City fiscal actions?



**Brian Benjamin:**

Yes. When the debt of the City gets close to the statutory requirement of 10% of the real estate value, of property values, absolutely.

**Andrew Rein:**

On a scale from one being not very familiar to five being extremely familiar, how would you rate yourself on familiarity with generally accepted accounting principles?

**Brian Benjamin:**

Yeah. When I was at Harvard Business School, a five. Now, I'd probably say I'm somewhere between a three and a four.

**Andrew Rein:**

For the last topic, you get to choose, New York City music, food or sports.

**Brian Benjamin:**

Music.

**Andrew Rein:**

Music. What is your favorite 1970s New York City music genre disco, punk or hip hop?

**Brian Benjamin:**

Disco.

**Andrew Rein:**

Okay, thank you very much, Brian Benjamin. We appreciate it.

**Brian Benjamin:**

Thank you.

**Andrew Rein:**

Everyone, please stay tuned for our next candidate Michelle Caruso-Cabrera. Thanks, Brian.

## **Candidate Michelle Caruso-Cabrera**

**Andrew Rein:**

Hi. How are you doing?



**Michelle Caruso-Cabrera:**

Good. How are you?

**Andrew Rein:**

I'm doing well. Thank you so much for joining us.

**Michelle Caruso-Cabrera:**

It's a pleasure to be here.

**Andrew Rein:**

I look forward to delving into how you plan to use the powers of the office to serve the people of New York. I'll first ask an opening question. We'll have a few minutes to discuss the big picture. Then an eight minutes Q&A and a two minute very exciting lightning round.

**Michelle Caruso-Cabrera:**

It sounds good.

**Andrew Rein:**

Is that okay?

**Michelle Caruso-Cabrera:**

Yeah.

**Andrew Rein:**

Okay, let's dig in. Could you please first succinctly describe the role of comptroller, your top three priorities and how you will use the powers the office to achieve them.

**Michelle Caruso-Cabrera:**

Thank you so much, Andrew. Yes, I will do that. It's a pleasure to speak with all of you and members of the Citizens Budget Commission about my campaign to be the next Comptroller of New York City. My top priorities and how I intend to achieve them as the City's top financial officer. For those of you don't know me, I know Andrew's introduced me, but my name is Michelle Caruso-Cabrera, I know it's long. I'm the daughter and the granddaughter of immigrants. I am the only woman pulling near the top in the polls. I'm the only Latina in the race, and as you're going to hear over the next few minutes, I'm the only candidate who has the experience it's needed right now to be New York City's top financial officer and watchdog and lead an economic comeback that leaves no one behind for this very critical moment for the City.

Before entering politics, I was a journalist. I began my career 30 years ago at Univision and then I spent more than 20 years at CNBC, where I was an anchor and the Chief International Correspondent. As a journalist, I reported on financial crises all over the world, Cuba, Iran, Ukraine, Iraq, Italy, Greece, Russia, Venezuela. Those were, of course, all very different places. But in each, it was always the same,



marginalized and underserved communities always paid a disproportionate price when disaster struck. I tell you all of this because I am very aware of the repeated mistakes which come up over and over again in both the management of economic crises and the subsequent recoveries that could often have been better. As a journalist, I saw over and over again that those who can least afford to pay, they always end up paying the most. I'm very worried that without the right kind of leadership in the City, we could easily go down the same path. I'm constantly telling people, "Yeah, the city is resilient, it'll bounce back. But how long will it take? How equitable is the comeback?" How much damage we have to undo is going to depend on the action we take over the next two years.

Now, let me answer your question. Specifically, the comptroller is the City's top financial officer and watchdog. It's the job of the comptroller to follow the money, use the power of the audit, the power of oversight to hold the mayor, the City Council and the city agencies accountable. My priority as comptroller is going to be used to use the powers and the responsibilities of the office to look at every dollar we are spending, much as I did as a journalist, ensure we are extracting the maximum possible value out of every penny of spending, bring people jobs and investment back to New York City and lead a truly equitable recovery for New York City that leaves no one behind.

You guys know this already. The budget's gone up by \$20 billion per year 72 billion to 92 billion in the past year. Now, a \$98 billion budget, and all New Yorkers that I talked to, every single one of them, struggle even before COVID to identify \$20 billion worth of improvements in their daily lives in the City or in the quality of the services that they can do. So what can the comptroller do? The job. High quality forensic audits that are going to yield an enormous amount of information about this major disconnect between what we spend and the lack of return and make sure we can invest wisely in our communities and emerge from this crisis. I know how to use income statements, balance sheets and cash flows to be both tools, and in the right hands, they can be weapons. Thank you, Andrew.

**Andrew Rein:**

Thank you. Thank you. So let's big picture and then drill down to some of those tools. But as you say, you're the one. As you said, you have the experience in following the money. Obviously journalists and comptrollers have various tools and techniques for uncovering and reporting on issues and then getting those findings used in implementing the policy. Can you tell us specifically what's similar about those tools and techniques and implementation strategies for being a journalist? What's different, quite frankly, when you're a comptroller?

**Michelle Caruso-Cabrera:**

When I was a financial journalist, I was looking at income statements, balance sheets all the time and cash flow statements when I was interviewing CEOs. Looking at the equivalent, I know it's not the same for countries. But when I was interviewing presidents and prime ministers about the spending, the spending priorities and what went wrong, and what went right, you should also know that I was on the board of a financial institution and on an audit committee. Now, what is different is that with a comptroller, you have the power to do forensic audits, performance audits, standard audits. As a comptroller as well, you have the bully pulpit. One thing that has often happened with this position is it's often held by someone who actually really wants to be the mayor. That's why they're running, or that's why they ran. So every decision they make is actually done through their personal political lens



and what's good for their future, rather than what is better for the City of New York and for New Yorkers.

So I am about actually doing the job. I'm not interested in being the mayor. I've called on all the other candidates to take a pledge that they're not going to run for mayor. I just want to really do the job because I know how important it is this moment in time that New York City has a turnaround. The population of New York in 1990 was smaller than it was in 1940, and that is because of the 70s. If we don't get this election right, we could go back there again. There's so much at stake.

**Andrew Rein:**

Thank you. Thank you. Let's drill down a little off on those audits. You talk about performance audits, forensic audits, audits are obviously... You have a team, the comptroller of 170 auditors, you have an objective for the audit, you have a set of criteria, you find deficiencies against that. Can you drill down, give us a couple of examples of agencies and specific audits and what would be your objective and the criteria so we can understand more how you use those tools?

**Michelle Caruso-Cabrera:**

Yeah. Health + Hospitals, first up, one of the first two, I think, third one being Department of Education. So I live in Queens, at the height of the pandemic, I could see hundreds and hundreds of people in line in front of Elmhurst Hospital. I went back and looked at our spending on what was happening with Health + Hospitals. Just as we've seen a huge increase in spending in the overall budget in the City, we've also seen a more than 400% increase in Health + Hospitals. Yet our outcomes at Elmhurst were terrible. That's not for lack of very hard work by the doctors and the nurses there. We know that based on what I've read in the papers and all the interviews that I've seen, but clearly there are tremendous inefficiencies there that lead to the most vulnerable people in our City suffering the most. Let me go back to my original point, what I see over and over again in crises, those who can least afford to pay always end up paying the most. That's what I saw at Elmhurst Hospital.

I'd also take a look at the NYPD, I want to audit them as well. I saw in the paper in the last 24 hours that they actually haven't done a real audit, a full audit in years. I knew that because I went digging for it. As a journalist, that's what I do. So what does the NYPD spend their money on? I want to know, because it's very controversial right now, right? I've seen a couple of performance audits. I want to look at the whole gamut. What would I look at there? I want to see, are we spending too much money on over policing? I can tell you having spent time in our black and brown communities, they are very concerned about over policing. It leads to rising levels of tension. Should we be spending more? Go ahead.

**Andrew Rein:**

Can I just drill into how do you determine ... So you have a team of auditors. Yeah, how do they determine if it's over policing or not over policing?

**Michelle Caruso-Cabrera:**

Well, first of all, you just have to get the data and find out, "Okay, what have we spent money on? Where has it really gone?" Because a budget is one thing, but an audit is another. Okay, we have a line item that is spent on this, what did it actually accomplish? Where did it go? That's how you do it. It's my



understanding that for a very long time we haven't done those kind of line by line analysis of whether or not we are getting what we need, the outcomes that we deserve and we should demand as New Yorkers for the dollars and the taxpayer dollars that are being spent by the City Council.

**Andrew Rein:**

Understood, understood. Thank you. Let's move from the audits to another very important responsibility, management and oversight.

**Michelle Caruso-Cabrera:**

Pensions.

**Andrew Rein:**

Five pension funds, \$250 billion. What would be your strategy for investment? Because it right now our City's contribution, as you've said, costs have gone up 10.3 billion next year, a billion dollars from five years prior. What is your investment strategy so that the future growth doesn't squeeze out operating budget priorities?

**Michelle Caruso-Cabrera:**

Yeah. So it's been enormously difficult to run a pension fund, as you can imagine for, it's gotten harder and harder over the last 30 years. Because when I was at CNBC, for years, every investment person would say, "Whatever you do, don't buy the long end of the curve." You know what was the one thing you probably should have done for the last 30 years was buy the long end of the curve. Because what's happened? Interest rates have gone down and down and down, they even went negative. That's made it incredibly difficult for pension funds, because of course, they have a certain number of retirees retiring in a certain year. Historically, they'd like to use fixed income because they know exactly what they're going to get when those bonds or whatever those instruments are when they term out. Yet they've been forced to go into instead hedge funds, private equity things that are far more illiquid. So probably a barbell strategy at this point until we see a rise in interest rates. I'm very concerned right now about whether or not we are at a turning point in inflation. I hear that from Larry Summers, I hear that from Steve Rattner. I'm worried about that.

So we are at a crucial point. I'm not sure that working on an endowment method is exactly what we're going to want to do because universities have very, very different needs. Harvard can go and buy timber and hold it for a very long time, which is one of their key strategies for while. I think we should be more liquid. If it comes down to, we need to make clear to the City Council the costs they are running up when they do not actually fund a lot of the outstanding costs related to our retirees, not just the pension funds.

**Andrew Rein:**

Well, thank you very much. I think it's time, as I heard the beep, to move on to our lightning round.

**Michelle Caruso-Cabrera:**

Great.





**Andrew Rein:**

Yes or no answers, unless I ask for something slightly different, but quick answers please. Do you support requiring mandatory deposits into a rainy day fund when the economy is growing and limiting withdrawals from that fund only to times of recessions or severe emergency?

**Michelle Caruso-Cabrera:**

Yes. As long as Albany doesn't rate it, yes.

**Andrew Rein:**

Should the City significantly increase the size of its retiree health benefits trust to address the outstanding \$109 billion other postemployment benefit liability?

**Michelle Caruso-Cabrera:**

Yes, that's a major hole that the City Council must become aware of so they understand exactly what the problem is. Our retirees need to know that the benefits that they have promised will be there, and there is risk of that right now.

**Andrew Rein:**

Is there any circumstances that should require the New York State Financial Control Board be empowered to approve City fiscal action?

**Michelle Caruso-Cabrera:**

Well, there's already there's already a law in place, right? That determines what those reasons would be if we're going to miss a debt payment, if our debt levels approach a certain level. Those are all put in place in a very thoughtful way, back during the 70s and the Mac Corporation, and I agree with those.

**Andrew Rein:**

On a scale of one being not very familiar to five being extremely familiar, how would you rate yourself on familiarity with generally accepted accounting principles?

**Michelle Caruso-Cabrera:**

A four. If I were an accountant, I would say a five, but I'm not an accountant. I have served on an audit committee and I am deeply familiar with accounting, but I give it a four.

**Andrew Rein:**

Do you have a City fiscal or public accountability hero that you want to name?

**Michelle Caruso-Cabrera:**

Dick Ravitch.



**Andrew Rein:**

Aw. I hope he's watching and I'm sure he's happy to say that. For our last question, we'd love you to choose your own topic from New York City music, food or sports.

**Michelle Caruso-Cabrera:**

The arts. I am the president of the board of the Ballet Hispanico. 50 years old on West 89th Street. I love the arts. I love it in the Lincoln Center. I cannot wait for the arts to come back. It's an economic engine of New York.

**Andrew Rein:**

You're going music, I assume?

**Michelle Caruso-Cabrera:**

Yes.

**Andrew Rein:**

I'm sure there are chefs and athletes who consider what they do as part of the arts but I think you're saying music. So what is your favorite 1970s New York City music genre, disco, punk or hip hop?

**Michelle Caruso-Cabrera:**

Disco.

**Andrew Rein:**

Disco. Two for disco so far tonight. Well, thank you. Michelle Caruso-Cabrera, thanks for being with us.

**Michelle Caruso-Cabrera:**

It's a real pleasure, Andrew. Thank you so much. Thanks to everyone on the Citizens Budget Commission.

**Andrew Rein:**

Well, thank you all very much. Please. Stay tuned for our next candidate, Cory Johnson.

## **Candidate Corey Johnson**

**Andrew Rein:**

Okay, great to see you. Thanks for joining us today.

**Corey Johnson:**

Thanks for having me, Andrew. Good to be here.



**Andrew Rein:**

You're looking well.

**Corey Johnson:**

Thank you. You too.

**Andrew Rein:**

I look forward to spending our time delving into how you plan to use the powers of the office to serve the people of New York. I'm first going to ask a general question. We'll have three minutes to answer that about priorities. Then around eight minutes for our Q&A follow up and a two-minute very exciting lightning round.

**Corey Johnson:**

Okay.

**Andrew Rein:**

Does that sound okay?

**Corey Johnson:**

Yep. Great.

**Andrew Rein:**

Ready to dive in?

**Corey Johnson:**

Yes.

**Andrew Rein:**

Fantastic. So to begin, please succinctly describe the role of the comptroller, your top three priorities and how you would use the powers of the office to achieve those priorities.

**Corey Johnson:**

Sure, again, thank you for having me this afternoon, evening. As Andrew said, I'm Corey Johnson. I'm running to be New York City's next comptroller. Before I get to the exact question Andrew just asked, let me just share a little bit about my story and why I'm running. As a poor kid growing up in public housing, I never thought that one day I'd be able to be of service to others. I moved to New York City at 19 years old, with two bags and not much to my name. I ended up getting involved as an organizer for tenants rights and on behalf of New Yorkers, like myself, people living with HIV and AIDS, I was appointed to my local community board and I worked my way up the ranks. A few years later, I was elected to the City Council. For the almost last four years, I've been speaker of the council. Now I'm running to be New York City's next comptroller with one goal in mind, to better the lives of New Yorkers and to help our city



recover. Being New York's Chief Fiscal Officer comes with significant power. Auditing city agencies, protecting our pension funds, settling claims against the City and so much more. But it isn't just about dollars and cents. It's about helping our City rebuild and recover. Audit isn't just about the items in the \$98 billion budget. It's about making sure that City government is working for people who need it the most. Protecting public pension funds isn't just about managing the \$251 billion in assets. It's about making sure hard working New Yorkers can retire with dignity and settling claims with the City isn't just an administrative function, it's about bringing closure and proper compensation to victims and families. If I'm elected, I'd be guided by a motto that my mom taught me, the motto I've held on to throughout my entire time and public service, do the most good for the people who need it the most. As comptroller, that approach would be my North Star.

Thanks to President Biden and our leaders in Congress, specifically Majority Leader Schumer, New York City will be getting \$5.9 billion in emergency aid, plus additional money for schools, vaccines, FEMA reimbursement money, and that should help. But it's up to the leaders of our City government particular the next comptroller to make sure we get our recovery done right. That's exactly what I'll do. I'll make sure that every dollar we get for COVID relief is targeted directly to our recovery and the New Yorkers who need it most, creating a recovery and rebuilding unit within the comptroller's office. I'll be a watchdog over all 145 city agencies and our City's \$98 billion budget.

I will use every tool of the office to get transparency and accountability for New Yorkers, including annual audits of some of the biggest city agencies like DOE, HPD, DHS and the NYPD. I'll be an advocate for our recovery committed to investing in local housing, minority and women-owned businesses in our communities. I'll create a CLIMB fund, a new initiative in the comptroller's office that would provide low interest loans to minority-owned businesses. So there's more I want to say, but I don't want to take up too much time. I just want to say to put it simply, as New York City's Chief Financial Officer, I will use the powers and duties of the comptroller's office to improve the lives of New Yorkers because I love the City so much. We're the greatest City in the world. I'm grateful to be here this evening with you, Andrew.

**Andrew Rein:**

Thank you. Thank you. Speaker Johnson. Let's just delve into those powers of the Office. Let's pick on audits, first, if we can. Audits, every comptroller comes in, wants to be more programmatic, wants to have their audits have impact. You've talked about re stroke restructuring and focusing on the services that affect most New Yorkers most dearly. Could you give us an example of one or two audits? What are your objectives? What are the metrics you use? How would you actually structure that? It's not just a concept. It's 170 people doing this job.

**Corey Johnson:**

Yeah, I mean, of course, I think it's important to say that when you specify an audit, it's important to not go in trying to get an end result before the audit is done. I mean, it's supposed to be an objective audit, you really want to go where the facts take you. So when we talk about audits, I think one really important thing is to think about performance based budgeting, when you're going in there and you're auditing a large city agency, let's take DHS, the Department of Homeless Services, for an example. I think the public, I mean, people that are involved with CBC know this. But the public may not understand you're not auditing the entire city agency all at once, you're picking a specified area.



So on DHS, I think you need to go in you need to do some comparison audits. What programs are working to place people in long term, affordable housing and supportive housing? Is that the best use of the dollars compared to some of the other money that we're throwing at certain programs? So you need to use a performance based metric. Then separately, I think we need to make sure that there's real accountability and transparency. The council, of course, tries to do this, as it relates to our annual budget process. But I think the council doesn't have audit power, we have subpoena power. The comptroller has subpoena power, the comptroller has audit power. The goal is to provide that information to the council and to the next mayor so that when they're making budgetary decisions, they're hopefully putting money into programs that are working and taking money away from programs that aren't working.

**Andrew Rein:**

Thank you. That was very good. I'm a sucker for a good acronym. So let's talk about ACES for a second.

**Corey Johnson:**

Sure.

**Andrew Rein:**

You talk about a database of audits, claims, efficacy and settlements. How would you describe this quickly and how would you use it?

**Corey Johnson:**

Yeah, I mean, right now, things are a little bit scattered. You have different divisions inside the comptroller's office that are working separately. That's good in many ways because you want to make sure there is a level of independence and you have a professional staff inside the comptroller's office, many of whom have been there a very long time, who know the processes inside and out. But I think it's important to take some of these functions. This is what ACES goes to, and to make sure people are working together, that when you are looking at audits, that when you are looking at claims, that you are making sure that the information that you are taking in on audits, that that is informing the claim process.

Comptroller Stringer put forward something called Claim Stat. Comptroller Lou puts forward something called Checkbook NYC. We want to make sure that these things are actually operating in sync in some ways. So that's what this program that I put forward as part of my policy agenda would seek to do, to make sure they still have their independence. The professional staff are still doing their work. But some of the work that each one of these divisions are doing actually can help the other divisions in finding out what are the best ways to look at auditing city agencies, what are the claims that are being filed against the City How does that inform the audits that we're putting forward in the recommendations that we're making to the council, which the comptroller does at the preliminary and executive budget. The comptroller does that at the joint hearing of the Assembly Ways and Means and Senate Finance Committee. You want a system that kind of melds it all together so that you can come forward and say, "Here's what we're seeing when we look at it in totality."

**Andrew Rein:**



Understood, thank you very much. Since you mentioned another acronym CLIMB, we'll switch to management of pensions, and if I get this right, capital lending and investment for minority-owned businesses to provide low cost financing.

**Corey Johnson:**

Yes.

**Andrew Rein:**

Now, of course, from a lendeer's point of view, low cost financing looks good because it's cheaper. From a lender point of view, you get lower returns. So as a fiduciary, as one of the managers and advisors on the pension funds, how do you balance that? Because then you're talking about lower returns, might have a social and economic good, but your lower returns me a bigger hit on the City's operating budget. How do you balance those trade-offs?

**Corey Johnson:**

Yeah, I mean, the current assumed annual rate of return is 7%. That seems appropriate to me right now, given the national economic trends that we're seeing. That 7% assumed annual rate is a little bit below the national average, which is 7.18%. So I think when we're looking at the investments that are being made, let's be clear, again, I know CBC knows this, as members of the public are watching, the City comptroller doesn't control the investments that are being made. The state comptroller is the sole trustee to the state pension funds. The City comptroller is the trustee to four to five funds. You're not a trustee to BERS, the Board of Education Retirement System. So the Bureau of Asset Management inside the comptroller's office is really advising the five funds providing them information, and they all have separate strategies.

I mean, the Teacher Retirement System moved away from hedge funds a long time ago. Some of the other funds still use it. One good thing that the current comptroller did was he created the common investment meeting, where all five of the funds come and sit together on a monthly basis to share information. I think we have to look at number one, we're going to be paying out of the general fund more than \$10 billion to cover our pension needs. We're spending almost \$800 million in investment fees that are being used for outside investment managers. We should look at would common index funds actually get a similar return on investment than some of the outside investment funds we're using right now.

You'd cut down on the fees, and you actually may get a better return than the annual expected return. So I think those are the some of the things we need to think of. Then lastly, we maybe should think about a call investment strategy where you bring people in-house to the comptroller's office, and you use them in a way that's not being used right now instead of relying solely on outside investment managers.

**Andrew Rein:**

Well, thank you very much. I think it's probably time before we go down other areas to move to our very exciting lightning round, if we may.



**Corey Johnson:**

Okay.

**Andrew Rein:**

Quick answers, yes or no.

**Corey Johnson:**

Okay.

**Andrew Rein:**

You ready to go?

**Corey Johnson:**

Yes.

**Andrew Rein:**

Do you support requiring mandatory deposits into a rainy day fund when the economy is growing and limiting withdrawals from that fund only to times of recessions or severe emergency?

**Corey Johnson:**

Yes. There's going to be a deposit in this upcoming budget. In 2018 and 2019, I pushed the mayor and the council to put money aside in reserves, yes.

**Andrew Rein:**

Do you have a target reserve amount that after a healthy recovery, the City should have? What should be in that rainy day fund in dollars?

**Corey Johnson:**

I mean, I think it should be 10% of the City's budget or maybe even a little more than that. If the budget's \$98 billion-

**Andrew Rein:**

10 million dollar range now.

**Corey Johnson:**

If that if the budgets \$98 million, we should have about \$10 million set aside in reserves.

**Andrew Rein:**

Understood. Should the City significantly also increased the size of its retiree health benefits trust to address the outstanding \$109 billion other postemployment benefit liability?



**Corey Johnson:**

Absolutely. That's covering the costs for retirees, we need to put money aside. Yes.

**Andrew Rein:**

Is there any circumstance that should require the New York State Financial Control Board be empowered to approve City fiscal actions?

**Corey Johnson:**

Well, we were almost in that position last year. I'm sure there would be a circumstance, but I don't feel comfortable mostly with Albany coming in and taking over the City's budget. I'm a little bit scared of that. Which is why if we budget properly and plan properly, that shouldn't happen.

**Andrew Rein:**

On a scale of from one being not very familiar to five being extremely familiar, how would you rate yourself familiar already with generally accepted accounting principles?

**Corey Johnson:**

Yeah, GAP.

**Andrew Rein:**

GAP.

**Corey Johnson:**

I would say a four. I'm not an accountant, but I know you know, there are 10 pretty common principles in there. Accountants use them, it's an important thing. I know that Dick Ravitch pushed for GAP being needed to be used at the MTA and other places. So yes, I would say a four.

**Andrew Rein:**

Okay. For our last question, you get to choose from New York City, music, food or sports.

**Corey Johnson:**

I would say music.

**Andrew Rein:**

Music. What is your favorite 1970s New York City music genre, disco, punk or hip hop?

**Corey Johnson:**

Disco, baby. Donna summers, Diana Ross, I can get down and boogie to Diana Ross's The Boss.





**Andrew Rein:**

Okay, we got even got a song to go with the genre, with the artist. Thank you very much, Corey Johnson. I really, really appreciate you joining us today.

**Corey Johnson:**

Thank you, Andrew. Thank you to everyone with CBC. Thanks for all you're doing.

**Andrew Rein:**

All, please stand by for next and last candidate, David Weprin.

## **Candidate David Weprin**

**Andrew Rein:**

Fantastic. It's great to see you. Thanks for joining us.

**David Weprin:**

Great to be here, Andrew.

**Andrew Rein:**

It's great to see you. I noticed the color coding of your books. We can talk about that another time, but it looks beautiful.

**David Weprin:**

Thank you. Thank you.

**Andrew Rein:**

So I look forward to spending a few minutes with you. It's the red books on the next shelf. But thank you.

**David Weprin:**

Okay.

**Andrew Rein:**

I look forward to delving into how you plan to use the powers of the office to serve the people of New York. I'll first ask a general question. We'll have around three minutes, then follow-up Q&A for around eight minutes, then a two minute lightning round. Is that okay?

**David Weprin:**

Sure, no problem.



**Andrew Rein:**

Ready to delve in?

**David Weprin:**

I'm ready.

**Andrew Rein:**

Okay, so could you please succinctly describe the role of comptroller, your top three priorities and how you will use the power of the office to achieve those priorities?

**David Weprin:**

Yeah, I mean, the comptroller has a lot of different roles, as you probably know better than most people. Of course, you have the debt issuance function, which is something that I did on Wall Street for over 20 years, floating municipal bonds, infrastructure projects, for hospitals, for schools, for major municipal bonds, both tax exempt and taxable. New York City is probably one of the most sophisticated issuers, as you know, get involved in variable rate debt and other hedge positions.

So it's important function because you have to be constantly refunding existing bond issues. That's savings that the City really needs, especially during tough fiscal times. Of course, you have the check on the mayor's agencies, the audit function, a very important function. The charter, the City charter only requires you to audit some aspect of every city agency once every four years. That's certainly not frequent enough, I would look to audit every city agency every year. You also have the prevailing wage division, where you have to enforce the prevailing wage laws on public contracts. You have contracts with the City and registering those contracts. I'm probably going to leave something out. But you have so many different areas in one office, you have about 800 employees.

One of the things I've been saying everywhere is I'd like to open up satellite offices in every borough. We're a five-borough City, I want to be a five-borough comptroller's office. I want to use those satellite offices in the boroughs to be liaisons with the boroughs, but be more than that. Really help small businesses and help minority, women-owned businesses recover from the pandemic. We, of course, got a large infusion of money from Washington this year. It aligned together with the Democrats in the Senate and the new president and his agencies. Of course, that's only good for one year. We got probably the equivalent of five or \$6 billion that we can use.

That's not going to be there for the next three, four or five years afterwards. We are anticipating multi billion dollars deficits in the out years. So it's important role of the chief financial officer to be involved in the certification of the budget, making changes and suggestions. But there's a lot of roles in the comptroller's office. I think my background is uniquely qualified for that. As you probably know, I have extensive private sector background, being in municipal finance for over 20 years, in and out with different firms. Then with six firms DOJ, Kidder-Peabody, Paine-Webber, Agnes, Stern AG and Lesion Stern AG, and Stern-Robbins.

**Andrew Rein:**

Yeah. You're bringing it back. I appreciate it very much. Let's delve into some of these functions. I know after that, I testified in front of you in the City Council. So you've held a number of roles overtime.



**David Weprin:**

I chaired, I chaired the Finance Committee in the City Council for eight years.

**Andrew Rein:**

So could you please give us your assessment of the City's long run fiscal health and what tools you use as comptroller to improve the City's structural balance?

**David Weprin:**

Yeah, I mean, I think we're in trouble, frankly. This is probably the worst fiscal crisis that the City of New York has ever faced. I think it's worse than the 75 fiscal crisis, the post 9/11 fiscal crisis, the 2008 recession altogether. Had we not gotten that aid from Washington, I don't know what we would have done this year. But I think you have to look at it long term. You can't just say, "Oh, we got this bail out from Washington, we're in good shape now." I think you really have to think long term, certainly over the next four or five, six years, I think you have to plan. So there's a lot that can be done.

**Andrew Rein:**

If you were comptroller today, how would you use your office to push the City to manage its long run finances better? What specifically would you do?

**David Weprin:**

Well, certainly, when it comes to the budget, there are ways to set aside money and to survey every city agency as to where they can have cuts on a regular basis, whether you decide to eventually cut in any of the agencies or not. But there should be a plan to close the gap as we had during my eight years as chair of the Finance Committee. I think that was a major program.

We didn't always use it. But we had it there. We actually created the first Healthcare Trust Fund when I was chair of the Finance Committee, I was involved in that. We set aside eventually about 2.5 billion dollars to cover retirees' healthcare trust fund, healthcare trust costs over the years, and to have the money there for the retirees. Again, I came in under the two fiscal crises. I came in post 911. But then I also chaired the Finance Committee during the 2008 recession, which was also a major crisis. I'm happy to say that when I left the end of 2009, we had a surplus again.

**Andrew Rein:**

Thank you very much. Now, you mentioned one of your priorities is to audit every city agency every year, now the requirement is some function of every city agency once every four years. Are you talking about doubling the size of the audit staff or tripling to do that or are you talking about not doing certain audits and focusing on other audits? Could you delve into that a little more?

**David Weprin:**

Potentially, potentially increasing the audit staff as we go. If it looks like it's necessary, I wouldn't hesitate to make that a priority because there's a lot of savings. The other thing that hasn't been done effectively is auditing some of these outside contracts. The outside contracting the budget of the City of New York started exploding under Mayor Bloomberg when I was there. But it's actually exploded even



more under Mayor de Blasio. The outside contracting budget of the City, the current budget last year was 92 billion. Now it's going to be 98 billion this coming fiscal year and about almost 20% of that are outside contracts. The Department of Ed is probably the largest. Last year, it was an \$8 billion outside contracting budget.

A lot of that could be trimmed. There's a lot of waste. In some of those contracts, I would certainly be looking at some of those outside contracts. In the case of homeless shelters, there was that one large contract, that wasn't audited as far as I know by the comptroller. I'm talking about the Bronx Payer and Housing Network by Victor Rivera, who was exposed in a New York Times expose, a two-day expose day where they found a lot of corruption, a lot of insider dealings, a lot of mixing and commingling of for profits, not for profits. A quarter of a billion dollar contract. At the same time, there were allegations of sexual abuse by women in the shelter, and I think that's still being investigated and potentially being prosecuted. But a lot of that could have come out in a routine audit had some of the largest contracts, outside contracts been sufficiently funded through the comptroller's office.

**Andrew Rein:**

You've talked about, I've heard you talk about those audits and also how much we contract out, maybe some should be brought in house. What functions and are you including some of the functions now provided by nonprofit providers or what would be brought in house?

**David Weprin:**

Potentially. There's another problem with nonprofit, and it was a problem when I was Chair of the Finance Committee. It's even a bigger problem now is that a lot of nonprofits who are doing services at the City really should be doing in some cases, often can't afford to lay out the money. In some cases, they're not getting reimbursed for up to a year, which is really outrageous. I mean, there's no reason why we can't streamline the process and have every vendor who's contracting with the City of New York paid within 30 days.

**Andrew Rein:**

As comptroller, what would you do about that? Because it's obviously an executive function on monitoring, managing the contracts, not necessarily cutting the checks, what could you do as comptroller?

**David Weprin:**

Well, streamline the process have dedicated personnel to expediting, find out what's the issue, why there's a reason people shouldn't get paid. I can't tell you how many not-for-profit providers have told me when I was chair of the Finance Committee, and I've heard it since then that they'd rather not accept City money, even though they think they do a good job because they can't afford it. They can't afford to lay it out. That's not productive for the City, and it's not productive for them. So I think something major has to be done in that area.



**Andrew Rein:**

Let's go back to your borough offices. This is an interesting idea I hadn't heard before, but I'm trying to understand exactly what services the comptroller provides to small businesses. Are there services that are provided now that you think should be decentralized or are you saying there's a new suite of services that the comptroller should provide that the mayor's office doesn't already do?

**David Weprin:**

Well, there's a whole new amount of services that people should be accessing because of COVID-19, because of the pandemic, because we're getting all this federal stimulus money and state stimulus money. There's so many additional programs that didn't exist last year and will exist over the next three, four or five years. Those offices could be used to help small businesses and help MWBE businesses trying to access some of that money and streamline some of it.

So as Chief Financial Officer of the City, I think that's a legitimate function for the comptroller to get involved in. So I would hope that those borough offices reserve that function. Of course, every comptroller in recent history has had liaisons with all sorts of ethnic communities and holiday celebrations and what have you. A lot of that could also be done, be serviced out of the borough offices because that's already being done out of one set the street, out of the municipal building, some of that could be transferred over to some of the borough offices, which are involved in communities, which have more of an ethnic base. A lot of that could be used with that as well.

**Andrew Rein:**

Understood. Understood. Thank you very much. Let's move, if we may, to our lightning round. Quick yes or no type of answers, if you would, please. First, do you support requiring mandatory deposits into a rainy day fund when the economy is growing and limiting withdrawals from that fund only to times of recessions and severe emergencies?

**David Weprin:**

Yes.

**Andrew Rein:**

Should the City significantly increase the size of its retiree health benefits trust fund to address the outstanding \$109 billion other postemployment benefit liability?

**David Weprin:**

Yeah. I think it's important to set aside. We did that when I was chair of the finance committee under Mayor Bloomberg. That was the first time it was actually done. I certainly would look to continue that and potentially expand on it. Yes.



**Andrew Rein:**

Is there any circumstance that should require the New York State financial control board to be empowered to approve City fiscal actions?

**David Weprin:**

Well, I would try to avoid it. Certainly in 75, that's what happened when it was created. The emerging financial aid should still be there I think as a tool when necessary, but I think it's important to avoid that.

**Andrew Rein:**

On a scale from one being not very familiar to five being extremely familiar, how would you rate yourself on familiarity with generally accepted accounting principles?

**David Weprin:**

I would say a four or five. It's something I've gotten to know. I'm not a CPA, but I am an attorney and have been an investment banker for 25 years. So it could be a five but I'll say a four, four and a half.

**Andrew Rein:**

For the last question, please choose your own topic from New York City music, food or sports. Pick one of those, music, food or sports.

**David Weprin:**

Music.

**Andrew Rein:**

Music. What is your favorite 1970s New York City music genre, disco, punk or hip hop?

**David Weprin:**

I would say disco.

**Andrew Rein:**

Okay. Well, thank you very, very much. David Weprin. Thank you very much for joining us today.

**David Weprin:**

Thank you, Andrew. Let me just point out, I was the Citizen Budget Commission trustee for at least 15 years, maybe longer.



**Andrew Rein:**

Well, thank you very much. Thank you for your service and have a great evening.

**David Weprin:**

Thank you. You too.

**Andrew Rein:**

So that wraps up. We'll wait for a moment. There you go. Well, that wraps up CBC'S Comptroller Candidate Forum. We hope you found it informative and helpful in making your decision when you go to vote. Please continue to learn more about tonight's participants, and as I said, the other candidates for comptroller, and certainly please tell two friends. Speaking of the 70s, please tell two friends and they can tell two friends because it really is a critical job. We need more people to be invested in this race and make informed choices.

Now to learn more about the City's finances and about other issues like NYCHA, Health + Hospitals, MTA, state budget and more, please go to CBCNY.org. I want to thank all the candidates for participating and their staffs for helping out. Thank all of you for joining. Thanks to all the press who do so much to inform the public. Thank our CBC trustees for supporting us in this and all of our work. We want to especially thank all of our staff who've helped prepare, and especially Kevin, Sam, Natalie, Heather and Ana. For all of you, have a great evening.