



Wednesday, May 12, 2021

Citizens Union 2021 Candidate Questionnaire - Comptroller

Dear Candidate,

Congratulations on your decision to run to be the next New York City Comptroller! Citizens Union appreciates your commitment to serve the public.

In the following pages, you will find open-ended questions regarding your positions on various reform issues and your plans for office. The form includes sections on the public pension funds, the comptroller's auditing powers, budget, fiscal oversight and the economy, and the comptroller's role and work realtions.

Responses to these questions will be one of several factors Citizens Union uses to evaluate candidates running for city offices, and to issue our preference for the June primary. Read more about the method, principles, and criteria of the candidate evalatuion process [here](#).

**

If you wish to be considered, please submit the questionnaire by April 17 and no later than 48 before your interview.

If you seek our support, we will also need to schedule an interview with you as part of the evaluation process.

**

If you cannot complete the questionnaire in one sitting, you can click Save and Continue Later at the bottom of every page.

Once you submit the questionnaire, you will receive a confirmation email with a PDF file containing your responses. Citizens Union will not be able to see your answers unless you submit the form. We plan to make responses to this questionnaire public on our website, printed voters directory, and other appropriate venues (your contact information will not be published).

For any questions, please email candidates@citizensunion.org

We thank you very much for your response.

GENERAL INFORMATION

Your Info

Name

Michelle Caruso-Cabrera

Running in what primary

Democratic

Age

Education

Occupation/Employer

Previous Offices, Campaigns and Community/Civic Involvement

Website

<https://mccforny.com/>

Twitter

@MCaruso_Cabrera

Facebook

mcaruso.cabrera

Affirmations

Have you completed the required campaign finance filings?

Yes

Have you qualified to receive matching campaign finance funds from the CFB?

Yes

Are you willing to be interviewed by Citizens Union's Local Candidates Committee?

Yes

(Please note: interviews are prerequisites for Citizens Union's endorsements)

Signature



PUBLIC PENSION FUNDS

1. How will you select managers to manage

various parts of the pension plans?

First and foremost, we must be a good and proper fiduciary for the funds that our city employees and retirees are relying on for their retirement. Performance will be a key metric to ensure we have the best asset managers. Of course, past performance is no guarantee of future performance, so frequent evaluations are key.

Additionally, the overall portfolio must be balanced to reflect different strategies that can help provide good returns in different economic cycles and market cycles.

Finally, I have been very vocal about the fact that it will be a top priority to hire more women and minority money managers. Eighty percent of New Yorkers are either women or people of color and I believe that the Comptroller can play a much bigger role in encouraging greater participation of MWBE firms than it has done to date, and I intend to use the full power of the office, the power of the office, and the power as the chief fiduciary of the NYC pension funds to promote this agenda.

While I was at CNBC for 21 years, I saw the number of women and minority money managers rise from almost none, to now a large percentage the network's on-air guests. Some of the best money managers I have known are women and people of color. Whereas 20 or 30 years ago one could have argued there is a lack of W&M money managers, that is no longer the case.

I will prioritize increasing the number of women and minority money managers when it comes to pension fund investments, while leveraging economically targeted investments (ETIs) through the pension fund.

2. How would you work to reduce the appearance of or actual conflicts of interest that can arise from investment firms seeking pension business?

One of the first things I will do is review the Conflict of Interest agreements that must be signed by employees of the comptroller's office, and by asset managers to ensure they are strict enough and have a wide enough scope to ensure they prevent untoward influence from being used to secure our business.

3. What would you do as comptroller to improve pension investment returns? How would you limit or reduce costs associated with pension investment fees and consultants?

Managing a pension fund has become increasingly difficult over the last 20 years due to two trends beyond the control of fund managers: dramatically low interest rates, and a dramatic reduction in the number of publicly traded stocks.

Thirty years ago, fund managers would choose a mix of fixed income, and liquid, publicly traded stocks. But with interest rates being suppressed by central banks around the world, fixed income increasingly cannot generate enough in interest payments (coupons) to cover the required disbursements to retirees. Adding to the difficulty--the number of publicly traded stocks in the US has declined by roughly 50% since the 1990s. The Wilshire 5000, which is supposed to represent 5000 stocks, now only contains a little more than 3000 stocks.

These two factors have driven pension fund managers all over the world to invest in alternative assets such as hedge funds and private equity. They promise higher returns, but they bring higher risk, lower liquidity, not to mention higher costs and low transparency. And sometimes, they don't even bring the higher returns they promised in the first place.

How to manage this difficult situation? A pension fund the size of NYC has a lot of leverage. One way to reduce costs is to use that leverage in negotiations with firms and funds to secure larger tranches of offerings and lower fees. With the former, fixed costs are spread over a larger investment, improving the return of the underlying asset post fees.

But even better, would be to get those fees lowered in advance during the negotiation process.

On another note—it is possible we are on the verge of a major shift in interest rates. Larry Summers, one of many, who has warned of rising inflation. If indeed that does happen, the funds will have much bigger concerns than just fees. It will have implications for:

1. The duration of the bond portfolio in each fund
2. The valuations in the stocks being held in each fund
3. Solvency issues in high yield portions of each portfolio

4. Higher interest rates on any debt newly incurred by the city, or rolled over during a time of rising rates. Naturally, this will have implications for the city's budget.

4. Comptroller Stringer pushed pension funds to begin divesting from the fossil fuel industry. Do you agree with that approach, and how do you propose to balance the need to maximize investment returns with the pressure to meet broader social responsibility goals?

I support the decision made by three of the five pension funds to divest from fossil fuels, and I will encourage the other two pension funds to follow suit as Comptroller.

As someone who is deeply committed to combatting climate change, I believe that it was the right thing to do from a policy and value perspective.

At the same time, it is also a smart investment decision. I believe that divesting from fossil fuels is not just a moral issue: it is a smart and effective investment strategy that plans ahead for New York's dynamic future.

5. Is there anything else you would do to change how the pension funds are managed?

I believe that in addition to divesting from fossil fuels, we should divest from human trafficking / modern-day slavery.

AUDITING

6. How would you utilize the comptroller's auditing power to ensure government agencies and the contracts they engage in result in cost-effective quality delivery of services? What priorities will you have to audit city departments?

As Comptroller, I will use the power of the office and the power of the audit to lead an economic recovery that is equitable, inclusive, and leaves no one behind. The first two city agencies that I would audit as Comptroller are Health and Hospitals and the NYPD.

I will scrutinize every dollar, every program, and every outcome to ensure that every initiative that

comes out of City Hall is DELIVERING RESULTS when it comes to bringing back jobs, helping small businesses which are the lifeblood of our city, attracting investment back to New York City, and delivering economic justice to all New Yorkers.

A really high-quality forensic audit will yield an enormous amount of information about this disconnect and this lack of return and allow us to spend and invest wisely in our communities as we emerge from this crisis.

I know how to use income statements and balance sheets, and cash flow statements to extract the most valuable information, because in the right hands, they can be very powerful instruments, and I intend to make full use of them as comptroller.

7. As part of your auditing responsibilities, what would your approach be to the NYC Board of Elections? How do you propose to increase its operations and accountability to the city and its voters?

As Comptroller, I intend to take full advantage of the oversight powers of the office and the powers of the audit to hold the Mayor, the City Council, and all city agencies in check. This includes but is not limited to the Board of Elections.

I am sure that you are all aware of the fact that the Board of Elections has been the subject of criticism for decades owing to the inefficiency and ineffectiveness of its operations. A really high-quality forensic audit will yield an enormous amount of information about what underlying factors are at play.

I know how to use income statements and balance sheets, and cash flow statements to extract the most valuable information, because in the right hands, they can be very powerful instruments, and I intend to make full use of them as comptroller when it comes to the Board of Elections and all city agencies.

8. How would you create greater disclosure around city-affiliated nonprofits that are

increasingly supplementing the work of city agencies?

First, the city must fix the way it pays nonprofits that do business with the city. Nonprofits have to wait too long, some as long as nine months, to be paid for services they have already provided for the people of New York City when they needed it most. NYC must stop balancing its books on the backs of the essential workers and nonprofit organizations who fed the hungry, assisted excluded workers, helped the homeless, and provided critical programs for elderly New Yorkers during the pandemic.

The nonprofit organizations that are being shortchanged by the city provide essential services to some of New York City's most vulnerable communities. I intend to audit nonprofit procurement within her first 100 days in office to identify the sources of delays and put forth actionable recommendations for streamlining the payment process.

Doing right by New York City's essential nonprofits is part of my broader mission to deliver a true economic comeback for all New Yorkers as Comptroller. For too long, our political leaders have failed to deliver for the most vulnerable in this city. Nowhere is this failure more evident than in the way we are treating the nonprofit organizations that provide critical social services for the most vulnerable New Yorkers and are responsible for nearly one-fifth of the city's workforce.

BUDGET, FISCAL OVERSIGHT, AND ECONOMY

9. How would you utilize the authority of the comptroller's office to ensure the fiscal health and integrity of city spending, especially in this moment of economic crisis?

When it comes to spending, it is not that we have been spending too much, but that we have been spending badly - on programs that are failing to yield their intended results.

The city's budget has grown by \$20 billion, from \$72 billion a year to \$92 billion a year, over the past seven years. And yet the New Yorkers I talk to, from all walks of life, I would say every single one of them would struggle to identify \$20 billion worth of improvements to their daily lives in this city, or in

the quality of services available to them.

Spending on health and hospitals has increased by 400%, and yet so many black and latino New Yorkers died needlessly from the coronavirus - at hospitals like Elmhurst near where I live in Queens.

The pandemic has shed light on public health disparities that existed long before covid, disparities that the powers that be did not do enough to address. And when the pandemic hit, a perfect storm ensued.

10. In FY 2021, New York City spent \$20.5 billion on pensions and fringe benefits for City employees out of a total net budget of \$88.2 billion. What would you do to address the growing pension and health care costs borne by the city and New York City tax payers?

11. If elected, you will start your term as New York City (hopefully) begins to reopen its businesses, offices, and institutions. How will you utilize the comptroller's office to help rebuild the economic base of NYC?

In order to ensure a true economic comeback for New York City, it is essential that we attract the people, businesses, and investment that left during the pandemic to come back to New York City. I'm constantly telling people, yes, the city is resilient it will bounce back, but how long it takes and how much damage we have to undo will depend on the actions that we take over the next two years. For context, the population of the city in 1990 was smaller than it was in 1940, and that's because of the 70s. And if we do not get this election right, we could go back there again. The single most important thing I will do as comptroller is to look at every dollar we are spending, much as I used to when I was a journalist, we have to make sure we are getting the best possible bang for our buck with how we spend taxpayers' money. Specifically, as the city's chief financial officer and watchdog, I will conduct really high-quality forensic audits. This will yield an enormous amount of information about the disconnect that I've talked

about between spending and what we get for this and the lack of return and allow us to spend wisely and invest in our communities as we emerge from this crisis. I know how to use income statements and balance sheets, and cash flow statements to extract the most valuable information, because in the right hands, they can be very powerful instruments, and I intend to make full use of them as comptroller.

MISCELLANEOUS

12. Do you believe there needs to be improvements to the comptroller's role and practices? What changes would you make to the structure or functions of the office?

I intend to be a much more proactive Comptroller, and exercise a tougher and more serious commitment to the oversight duties of the office when it comes to being a watchdog and holding the mayor, the city council, and city agencies accountable.

The interesting thing about the role of the Comptroller is that it has historically almost always been held by someone who actually wants to be the mayor. Unlike many of my opponents in this race, I'm not a career politician who's running for comptroller just because. I'm not looking for a place to park myself after being termed out of another office. I'm not looking for a citywide perch from which to launch an eight-year campaign for mayor.

I have actual decades of experience following the money and investigating how it is being spent, and I believe I have the skillset and the experience – and the independence – necessary to take full advantage of the powers and responsibilities of this office and bring people, jobs and investment back to New York City, and lead a truly equitable recovery for NYC that empowers women and minorities and leaves no one behind.

I think one of the key problems in our approach to date is that we have focused too much on goal setting, with not enough on outcomes. For instance, despite all of the goal-setting when it comes to supporting women and minority owned businesses, in 2019, the City awarded only 4.9

percent of all awards to MWBEs we can and must do better.

Even before the pandemic, the allocation of city resources to minority and women-owned businesses was unacceptable. As Comptroller, I will not just set goals, but I will require that the goals are met.

13. What experience have you had, if any, with good government and reform issues? (e.g. voting and elections, campaign finance, ethics, police accountability, government transparency and oversight). If you've worked to advance these goals, we'd love to hear about it.

Before entering politics, I was a journalist. I began my career 30 years ago at Univision, and then spent more than 20 years at CNBC, where I was an anchor and chief international correspondent. As a journalist, I reported extensively on issues like voting and elections, campaign finance, ethics, police accountability, government transparency, and oversight - in the United States and all over the world.

14. What are the top three campaign promises or goals, and what action will you take to achieve them if elected? Feel free to reference an answer above rather than restate it.

First: Auditing power--question 6

Second: Nonprofits--question 8

Third: Fiscal Health--question 9

15. If you have not addressed this already, in what major ways would your priorities as comptroller differ from the incumbent?

16. In light of everything we have discussed above, why do you want to be mayor?

My career as a journalist has prepared me for doing the actual job the Comptroller – serving as the chief financial officer and watchdog for the city – overseeing the pension funds, following the money to ensure we are getting the best bang for our buck, and keeping the next Mayor, City Council, and city agencies in check.

Please feel free to attach any additional information such as resume, campaign brochures, or issues statements.

Please review your answers by clicking PREVIEW ANSWERS below. You can submit the questionnaire at

the bottom of the preview page by clicking SUBMIT.

Once you click SUBMIT, you will receive a confirmation email with a PDF file containing your responses. If you don't see the email, please check your spam box.

If you have any further questions, you may contact us at candidates@citizensunion.org.