



Monday, May 10, 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](#).

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**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.

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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public on our website, printed voters directory, and other appropriate venues (your contact information will not be published).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](mailto:candidates@citizensunion.org)

We thank you very much for your response.

## GENERAL INFORMATION

### Your Info

#### Name

Corey D. Johnson

## Running in what primary

Democratic

## Age

39

## Education

High School

## Occupation/Employer

Elected Official/New York City Council

## Previous Offices, Campaigns and Community/Civic Involvement

NYC Council Speaker (2018-Current); New York City Council Member (CD3) 2013-Current; Former Chair of Manhattan Community Board 4

## Website

coreyfornyc.com

## Twitter

twitter.com/CoreyInNYC

## Facebook

facebook.com/CoreyJohnsonNYC

## 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?

As Comptroller, I will give the pension fund trustees candid financial and investment advice and work collaboratively with them in developing an investment strategy, including manager selection and structure.

The pension funds pay billions of dollars in fees to Wall Street investment managers, including \$880 million last year, and about \$5.5 billion to fund managers in the last eight fiscal years.

That's about ten times more than what the pension funds would have paid if they had invested their money in a low-cost index fund that simply tracks the stock market. For that kind of premium, we should expect—in fact, we should demand—investment returns that significantly beat the market. But that just isn't what we've seen.

I will work in partnership with the pension fund trustees to take a hard look at the billions and billions of dollars that we are losing in high fees and below-market returns, and evaluating our portfolio for stronger long-term positions.

In 2014, the newly elected Comptroller commissioned an independent study to look at the functioning of the office across the board. That study found that the Bureau of Asset Management at that time was not properly structured to meaningfully assess and monitor the risk levels across the pension funds' many investments and its many different fund managers. That was the right place to start, and I will further those efforts. The Bureau of Asset Management must be provided with sufficient staffing and resources to ensure that the managers with whom we trust our pension funds are upholding our standards.

Finally, I will build equity and inclusion into everything the office does, from investment advisers to enhanced MWBE contracting. I will

name a Deputy Comptroller for Equity and Inclusion and create an Office for Equity and Inclusion in City Government to bring diverse perspectives on handling the City's finances and selecting managers.

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

In 2014, the newly elected Comptroller commissioned an independent study to look at the functioning of the office across the board. That study found that the Bureau of Asset Management at that time was not properly structured to meaningfully assess and monitor the risk levels across the pension funds' many investments and its many different fund managers.

As far as the BAM is concerned, I fully believe that an ounce of prevention is worth a pound of cure. A fully resourced BAM that is staffed with top talent will identify potential conflicts of interest in investment firms seeking pension business and instruct them on how to resolve the conflict or advise against working with them.

I'm proud of my history of giving professional staff the resources they need to succeed and listening to their expert guidance, sometimes in the face of political expediency or convenience.

**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?**

Consistently earning good investment returns is critical because whenever the pension funds' investments don't earn enough to pay for retirement benefits, the City—and its taxpayers—have to cover the shortfall. The pension fund paid \$880 million in fees last year, and they've paid about \$5.5 billion to fund managers in the last eight fiscal years -- or about ten times more than what the pension funds would have paid if they had invested their money in a low-cost index fund that simply tracks the stock market.

I will work in partnership with the pension fund trustees to take a hard look at the billions and billions of dollars that we are losing in high fees and below-market returns, and evaluate our

portfolio for stronger long-term positions. But we will not just lower pension management fees, we will also invest more in our city workforce going forward as opposed to hiring out consultants year in and year out. My plan is to uplift our talented and hard working city staff to help cut costs and establish greater institutional stability while relying on in-house talent.

**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?**

Maximizing the return on investment is one of the most important things a Comptroller does. With over 800,000 city employees currently enrolled and 330,000 retirees currently receiving benefits, New Yorkers are counting on this. If a well-intentioned, but fiscally irresponsible, action doesn't earn a high enough return, the City and its taxpayers cover the shortfall. For example, this year the accumulated pension investment shortfalls are roughly \$9.5 billion —more than all the COVID aid we're getting. Of course, meeting broader social responsibility goals and maximizing investment returns are not mutually exclusive. There are certain areas where smart investment strategies can reflect our values. Just look at fossil fuel divestment: one of our funds put about \$144 million into Exxon and Chevron, and lost about \$49 million on that investment. It's up to the Comptroller and Bureau of Asset Management to identify areas like this, where fiscal responsibility meets our values as New Yorkers.

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

Yes. We have to make sure that we have a good handle on the level of risk in all of the pension funds' different investments. This year has shown us firsthand the potentially devastating costs of being wrong about how risky certain investments are. Almost \$330 million in retirement funds for MTA retirees was wiped out basically overnight when the hedge fund holding those assets melted down.

Investing always comes with risk. There is no guaranteed outcome. But the Comptroller's job is to work collaboratively with the pension fund

trustees to ensure we have a good handle on exactly what risks we're taking, and to make sure the rewards are worth those risks.

In 2014, the newly elected Comptroller commissioned an independent study to look at the functioning of the office across the board. That study found that the Bureau of Asset Management at that time was not properly structured to meaningfully assess and monitor the risk levels across the pension funds' many investments and its many different fund managers. That was the right place to start, and I will carry those efforts forward. Our City workers deserve nothing less.

## **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?**

The Comptroller is required to audit every City agency once every four years, but that's not often enough for specific agencies. As Comptroller, I will prioritize audits of agencies with the largest budgets and that have the greatest impact on the daily lives of New Yorkers. The Department of Education, the NYPD, the Department of Housing Preservation and Development, and the Department of Homeless Services, would be audited annually, at a minimum.

I believe these audits must reach past merely looking at agency finances and issues like document retention and equipment policies. They must also truly assess performance as well as investigate, identify and ameliorate disparities, inefficiencies, and harmful or misguided policies in delivering services to New Yorkers. By digging deep and following up on corrective action plans coupled with new transparency measures, these audits will ensure that City dollars and resources are being effectively used and allocated to those most in need of services.

### **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 Speaker, I have worked hard to keep the NYC Board of Elections publicly accountable and held to a higher standard than they have been in the past. In recent years, Comptroller's audits have found systemic dysfunction at the NYC BOE, from purging of voter rolls to unorganized and chaotic poll sites.

As Comptroller, I will continue to audit the Board to discover if they have learned from these mistakes in recent years and to find areas where we must continue to improve and reform the BOE.

I will also not allow political or personal motivations to color the process or results of audits the Comptroller's office performs. For that reason, I'm not comfortable making specific determinations or proposals regarding the NYC BOE before I've had a chance to perform a thorough audit.

**8. How would you create greater disclosure around city-affiliated nonprofits that are increasingly supplementing the work of city agencies?**

I understand that honesty and transparency are non-negotiables for New Yorkers. They demand the ability to understand where their tax dollars are being spent and how the government utilizes its resources to provide for the people of this City. Especially when those resources are going outside of city agencies. Accountability also enables the press, advocacy groups, and other stakeholders to do their own analyses and shed light on government and nonprofit operations.

It's time New Yorkers get an interactive interface that will allow them to dive deeper into the City budget at a more micro-level. We currently benefit from Checkbook NYC, the City's first ever public dashboard of spending, and the MWBE Dashboard, allowing the public to see clearly how much money from the City's budget goes to minority and women owned businesses. A new dashboard will include more detailed information about contracts, salaries, insights regarding pay equity in agencies, agency budget allocations to outside contractors, and can incorporate data from the Doing Business Database. Accomplishing greater disclosure and transparency around city-affiliated nonprofits that supplement the work of government is an important goal within my priority to bring greater transparency and accountability to city government,

and will nonprofits prove their credibility as they sustain important relationships with city agencies and continue to support the work of government in reaching and providing services to our most vulnerable constituents.

## **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?**

This will be a top priority for me as Comptroller. The City is scheduled to receive \$5.9 billion in direct aid and up to \$4.5 billion for our schools from the latest federal stimulus package, in addition to \$1 billion in FEMA reimbursement. This is a once in a lifetime opportunity and New York taxpayers can't afford for a single dollar to be wasted.

I have a plan to construct a Recovery and Rebuilding Unit that will create a COVID-19 Relief Dashboard to track how the City is spending federal aid. The COVID-19 Relief Dashboard will be publicly searchable and hold up-to-date information on how the City is spending federal aid as well as detailed information on any programs to help tenants, businesses, cultural nonprofits, or community groups. Armed with this knowledge, New Yorkers will be able to hold their government accountable and track opportunities for financial assistance and support.

Another core function of my office will be advocating for greater budget transparency on the front end of negotiations, so that New Yorkers can see in greater depth the type of programs we are going to be funding, and where dollars are being allocated but for no specific function. This will be very important to cutting costs and keeping our budget accountable to hard working people who need their city to provide the best services and support possible right now, but at a level of unprecedented efficiency.

I believe we must continue the important legacy at the Comptroller's office of budget transparency by updating the Checkbook NYC interface to be more user friendly. A new dashboard will include more



detailed information about contracts, salaries, insights regarding pay equity in agencies, and agency budget allocations by combining the dashboard's data with data available in Open Data NYC and other sources dedicated to transparency, like Council and Comptroller reports of the last several years.

This will be a first of its kind interactive tool. This update will also allow New Yorkers to propose their own budget allocations. New Yorkers will be able to take a deep dive into the City's finances and propose ways to cut waste and call out inefficiencies and inequities, strengthening the City through transparency and engagement.

**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?**

A major part of reducing City contributions is making sure that our pension funds are seeing greater returns than they have in recent years. As I mentioned previously, the budget must make up the difference when the pension underperforms, meaning the costs of having high-fee but low-functioning external investment managers are felt twice. In reforming how we manage our funds, we can more closely track the market in upswings, and lower the annual cost to taxpayers of paying for underperformance. This city has hundreds of thousands of New Yorkers within the retirement system, either contributing now or receiving their pensions. We must continue to support these public servants with the funds and benefits they were promised, while finding ways to make this less of a burden going forward on the overall budget.

**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?**

Economically Targeted Investments (ETIs) are an important tool in the Comptroller's arsenal to help address "market inefficiencies" in New York City by putting money into the most vulnerable and historically under-resourced and funded communities in our City.

Currently, ETIs are supposed to be allotted based on the estimated value of 2% of the pension joint value, yet the actual amount of money allocated is far less. As of the end of FY 2020, the total ETI investment was about \$3 billion, which according to the Comptroller is about 1.44% of pension assets. The five public pension funds' total value is about \$250.96 billion as of this writing, meaning the Comptroller can still allocate another \$2 billion to invest in the long-term futures of New Yorkers who have been hit hard by the pandemic. We should also take the opportunity to explore investments in green infrastructure. President Biden has made it clear that the federal government will focus on investments in the green economy. In addition to being ready for this investment by identifying capital investment opportunities for the City, I will seek out pension fund investment opportunities in green technologies to capture better returns for the funds while supporting efforts to combat climate change and creating good, living wage jobs.

When we invest locally, we are also investing in the New Yorkers who will build these projects and I will ensure all projects supported with such funds create and support good, long term jobs for low-income New Yorkers.

We also have a social and financial opportunity to invest in the hardest hit communities in a way that helps them rebound from the pandemic while at the same time allowing our pension funds to earn a good rate of return from the resulting economic upswing. A significant part of this will be supporting minority-owned businesses in every way we can. One of the top challenges facing minority entrepreneurs is a lack of adequate access to capital, particularly low-interest loans to cover seed (start-up) capital and affordable lines of credit to cover short-term inventory, equipment, and working capital needs.

To address this long standing problem, I will work in partnership with the New York City pension funds, the City, financial institutions, and other private investors to establish the CLIMB Fund as part of the ETI program. This Fund will provide low-cost financing for small minority- owned businesses, particularly those operating in communities that have traditionally lacked investment.

The CLIMB Fund will also participate in the federal Small Business Investment Company (SBIC) program, which means every dollar invested by the

Fund will be matched by two dollars from the U.S. Small Business Administration. Participation in the SBIC program will also allow the Fund to attract investments from banks seeking to fulfill their obligations to invest in low-income communities and small businesses under the federal Community Reinvestment Act.

## **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?**

There's room for improvement to practices in every part of government. In 2014, the newly elected Comptroller commissioned an independent study to look at the functioning of the office across the board. That was the right place to start, but 8 years have passed since that study was conducted and we've seen countless advances in best practices during that time. I will also commission an independent study to review the role and practices of the office to determine what structural or functional changes need to be made to it.

Specifically, I believe the Comptroller must be more present during the budget negotiation process, ensuring transparency and responsiveness during the negotiating process between the City Council and the Mayor's Office, and a financially responsible outcome. I think the Comptroller can be more involved in this area, and I look forward to using my expertise as the Speaker of the City Council overseeing the Council's budget negotiations these last few years to have an immediate impact in this area as Comptroller. I also think the Comptroller's office can work more effectively to use internal data regarding claims, settlements and yearly audits to push for important legislative changes at the Council. We need to be using all the data we have to save taxpayers money and keep our agencies accountable.

### **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.**

I am proud of all the Council has accomplished during my tenure as Speaker to advance good government reforms, including establishing the 2019 Charter Revision Commission which placed

Ranked Choice Voting on the ballot, expanding the reforms of the 2018 Charter Revision Commission full-match program to the 2021 cycle, funding voter outreach and education, and conducting critical oversight of the Board of Elections. Just this year, I led the City Council to historic, and common sense, police reforms including greatly limiting qualified immunity for police brutality, transferring crash response to the Department of Transportation, creating quarterly reports on traffic stops, expanding the jurisdiction of the CCRB, and investigating officers with a history of bias.

The Council and I have passed historic bills ending the police practice of using chokeholds in arrests, introducing Early Intervention Systems data analysis to identify patterns of police misconduct, and calling upon the NYPD to develop and publish a disciplinary matrix for officer misconduct. I created a new Oversight & Investigations division within the City Council. Through the work of that division, the Council and I exposed NYCHA's failure to provide heat and hot water to nearly 80% of its residents. We also worked with the O&I division to expose the head of the NYPD's Office of Equal Employment Opportunity as a virulent bigot who frequently posted on a law enforcement message board about his racist, anti-Semitic, and misogynistic views. Finally, the Council and I uncovered documents on the City's role in creating the taxi medallion crisis that left thousands of drivers on the brink of financial ruin.

**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: COVID-19 Relief, Affordable Housing, and combating Systemic Racism will be my main priorities as Comptroller. These will be achieved through many actions written about throughout the questionnaire, including increased and diversified use of ETIs and the naming of a Deputy Comptroller for Equity and Inclusion

Second:

Third:

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

While I already addressed these points above, I will prioritize audits of agencies with the largest budgets and that have the greatest impact on the daily lives of New Yorkers. The Department of

Education, the NYPD, the Department of Housing Preservation and Development, and the Department of Homeless Services, would be audited annually at a minimum.

I will work in partnership with the pension fund trustees to take a hard look at the billions and billions of dollars that we are losing in high fees, such as the \$880 million in fees last year, and about \$5.5 billion in the last eight fiscal years.

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

I want to be Comptroller. Comptroller is a difficult job, and one that requires serious leadership, discipline, and a steady hand overseeing the city's budget, agencies, and business relationships. When I look back on my time as an elected official, as a Council Member and as Speaker, I think I was at my best -- my most effective, and my happiest -- when I was in the position of oversight and auditing, keeping agencies and their leaders accountable, and in budget negotiations, making sure we are saving money for a rainy day, funding essential services and expanding their scope to meet the needs of our most vulnerable neighbors. This includes coming up with ideas to help this city provide better services to New Yorkers while spending taxpayer dollars responsibly. New Yorkers need a proven leader in all the areas mentioned here in this questionnaire, and I am confident I can fill that need. I am so excited to continue to serve this city, and I think this office is the perfect match for my passions and skillsets.

**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](mailto:candidates@citizensunion.org).