



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public on our website, printed voters directory, and other appropriate venues (your contact information will not be published).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

We thank you very much for your response.

GENERAL INFORMATION

Your Info

Name

Terri Terri Liftin

Running in what primary

Democratic

Age

Education

AB Economics Barnard College, MA Economics NYU, JD Brooklyn Law School

Occupation/Employer

Chief Legal and Compliance Office

Previous Offices, Campaigns and Community/Civic Involvement

N/A

Website

www.Liftin2021.com

Twitter

@LiftinTerri

Facebook

<https://www.facebook.com/TerriLiftin>

Affirmations

Have you completed the required campaign finance filings?

Yes

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

I did not join the program

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?

I will select managers based on risk-adjusted performance for each strategy. From my decade and a half of experience working with asset management firms I have strong connections throughout the financial services sector. I would rely on my experience to help inform my decision on managers. I also believe in the Emerging Manager program that fosters outperforming diverse 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?

The conflicts that used to plague government pension funds have been mitigated since the adoption of pay-to-play regulations.

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?

The goal is to earn a rate of return that matches or exceeds the growth in our obligations to retirees, which is currently set at 7%. If an investment does not meet this actuarial rate, there is a real cost to the City because taxpayer dollars are used to fund the shortfall. We pay billions of dollars from the City's budget a year (about 10% of the total) to cover the City's pension obligations. This is a substantial figure, some of which should be going towards much needed services rather than propping up our pensions.

As mentioned above, I would base the initial investment decision on investment performance rather than impose social screens. I know how to do this as I have reviewed and negotiated billions of dollars of investments with managers for private and pension investors. We can and should use the power of the \$250 billion pension fund system to reduce investment costs. This can be done by reducing management fees, re-orienting these fees so they are charged on invested amounts rather than commitment size, and limiting affiliate and other portfolio fees. The pension funds should also

avoid investing in fund-of-funds managers for certain strategies where the double layer of fees is not justified by the returns.

As someone who has filled out consultant requests for proposals (RFPs) for investment mandates, I am very familiar with the process: it is cumbersome and unnecessarily bureaucratic. It also favors large managers with ample resources since RFPs take time and expertise to provide the requested information. Additionally, the screening process is easier for existing managers, which reinforces their continued selection. I will look to streamline the process and bring more control to the investment teams inside the Comptroller's Bureau of Asset Management. I would also reduce fees paid to consultants for recommendations of existing pension fund managers.

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?

Though I fully support taking bold action to address climate change, I do not agree with this approach and believe that divestment can be counterproductive. As we have seen in Europe, instead of divesting, pension funds can exert corrective pressure on corporations, like those in the fossil fuel industry, to push them to more environmentally friendly practices. Moreover, with respect to managers, once selected based on performance underwriting, I would impose an Environmental, Social, and Corporate Governance (ESG) policy to ensure that the pension funds are investing in a responsible manner that aligns with our retiree's social priorities. I have experience with these policies and have worked with portfolio managers to implement them on behalf of investors.

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

The Comptroller is a fiduciary to the pension funds, which means she needs to ensure they are invested in the best interest of the pensioners. Considering factors other than investment return is contrary to a fiduciary's duty. Indeed, a fiduciary's role is to carry out her responsibilities in the best and only

interest of the pension's beneficiaries. I would of course work closely with the pension boards to ensure there are no investments in industries that they object to on a moral basis, like private prisons or gun manufacturers. However, once these parameters were established, I would have the City pension funds invested with a focus on the best risk-adjusted returns rather than prioritizing social screens.

Just to drive home the point, the pension funds should not be used as political statements, they are taxpayer obligations. And the pensions should not be used to invest in projects and programs that properly belong within the City's budgetary process and agency oversight, as well as subject to audits by the Comptroller. To consider one's political views in determining an investment program for the current and future retirees is to put the City's teachers, firemen, police, and city workers at risk, as well as wastes taxpayer dollars as they ultimately fund the gap in performance needed to meet our obligation to our retired workers. Currently that figure is part of the \$10 billion annual pension contribution, which is 10% of the budget.

Finally, I would avoid expensive legal negotiation of terms with managers. The law firms that the City uses are very expensive and too much time is taken on terms that do not really matter. It recently came to light that the City was so difficult in its negotiating stance – in a way that was off-market – it missed out on investing with managers that achieved superior risk-adjusted returns. I have the experience, independence, and courage to stop this practice.

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, to ensure cost-effective delivery of services, I will engage in more robust audits, especially for some of the larger agencies that account for the bulk of City spending, like the Department of Education and the NYPD. As part of my audit process, I will have each agency appoint a

responsible individual, named on the audit, who will receive the full report and be responsible for the agency's follow up.

During my time in the asset management industry, I have been subject to countless audits, both by outside auditing firms as well as government regulators. As the Chief Compliance Officer at the firms where I worked, I put in place my own monitoring programs to track and verify expenses. The goal is always to safeguard investors, or in this case taxpayers' dollars; to ensure that every dollar is spent efficiently and effectively. Therefore, for each City agency audit, I will start with expense budgets that have increased the most and refer to past agency deficiencies. Outstanding problems need an escalation procedure, although the goal is not to engage in a game of gotcha. Problems that can be resolved before the audit report is issued should be resolved. In the end, I will require agency accountability by focusing on what matters and work with others to eliminate waste.

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?

No agency is too big or too small to be thoroughly audited by my office. The Board of Elections is no exception. In fact, the Board of Elections is one of the most important city agencies, as it safeguards our democracy. Therefore, I would engage in a thorough top to bottom audit of the BoE to root out waste, fraud, and abuse and to make sure that its allocated funding is spent on increasing its operations and accountability. By ensuring that the Board of Elections is spending its funding on the services that matter to New York City and its voters, rather than on administrative bloat, I will allow it to expand those services. Additionally, if I find the agency requires more funding, I will use the Comptroller's bully pulpit, as one of only three citywide elected officials, to call for the Mayor and City Council to make the appropriate budgetary adjustments.

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

To create greater disclosure around city-affiliated nonprofits, I will begin by annually evaluating the top third of all service provider contracts to ensure that services were provided efficiently and cost effectively. Additionally, I pledge to use my final signatory powers on new contracts and renewals as a hammer and not a rubber stamp. In particular, I will expand the use of performance-based contracts so that third-party contractors only get paid based on success according to relevant key metrics. This will allow agencies and my office to measure performance.

Finally, where possible, I will make contracts available online in a machine-readable format. We are now in the 21st century and need to make full use of the technology available. Thus, so long as the terms of the contract do not divulge trade secrets or cannot be made public for other good reasons, I will make them readily available so all New Yorkers can see exactly what they are paying for and the services they should be expecting.

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?

While the relief provided under the President's federal aid package will help close the current budget gap, there is a real risk that the money will be wasted – spent on recurring and unnecessary expense items if our leaders prioritize short-term political headlines over long-term prosperity. If that occurs, budget gaps will again appear, starting in 2023.

I believe the fiscal health of NYC depends on controlling costs and generating revenue. As Comptroller, my direct role is in the area of controlling costs. I will do the following:

(1) As mentioned above, invest the City pensions in investments with the best risk-adjusted returns rather than prioritizing social screens. The goal is to earn a rate of return that matches the obligation to retirees. If not, this becomes a real tax cost because the City uses taxpayer dollars to fund the

gap (which is in the billions).

(2) Ensure that the City's debt-financed capital projects (24 agencies currently have capital projects – over \$125 billion in debt outstanding) are well managed and proper oversight is given to the same degree as expense spending. Our taxpayers currently pay billions a year in debt service.

(3) Eliminate waste by thorough and effective audits. No more burying the costs in miscellaneous agencies. No more "other" lines for contract spending. We need to move past gotcha press releases and audit reports that no one reads. When I audit, I will start with costs that have increased and past deficiencies. Outstanding problems need an escalation procedure. Each agency needs a responsible person in charge of reporting back on the audits, whose name will be on the audit reports along with the mayor, speaker and council. In the end, I will require agency accountability by focusing on what matters and working together to eliminate waste.

We need honest and transparent accounting. Only then can we have a clear revenue picture and control costs in a way that best supports initiatives and strategies to make NYC the greatest city for everyone.

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?

The growing amount spent on pensions and fringe benefits by the City is concerning, especially in light of the current administration's growing headcount. To address these growing obligations, I will focus on the following:

1. Encourage the Mayor and City Council to take a hard look at requiring City employees and retirees to pay a portion of their benefits. The City currently offers benefit contributions far out of line with the rest of the country.

2. I will have each agency, through the audit process, look at cost savings through early retirement and workforce attrition.

3. I will advocate for portability of pensions for City employees, so that an employee can leave City employment for another job without the threat of losing his or her pension.

4. I will investigate whether police and fire fighters can continue to work at desk jobs after their active service to reduce headcount.

5. Finally, I will apply the strategies outlined above to more effectively invest the pension funds to reduce the amount of the City's budget that is used to cover the difference between the funds' performance and the statutorily required returns.

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?

To support the economic recovery of NYC, as Comptroller I will support businesses that suffered during the pandemic, push for improvements to bring our talent pool back to the City, and advocate for the infrastructure and training to allow New Yorkers to be competitive for the new jobs that are and will be available in the City.

My particular focus in helping businesses will be to aid those that were not able to leverage a digital infrastructure during the pandemic. These are small businesses and local retailers. They are strangled by bureaucracy, harassed, fined and taxed, and then burdened by more regulation. These businesses have never had a true voice and have really suffered over the last year. Specifically, I will work with each local chamber of commerce to examine the bureaucratic burden of a typical small business in each borough, and then unwind the unnecessary, expensive, and burdensome regulation. I will also give support to Minority and Women Owned Businesses (MWBE) to help them gain City contracts. This will include offering coaching to help them navigate the difficult bureaucratic process of getting certified for these contracts, as well as encouraging agencies to re-scale contracts so they are accessible to MWBEs.

Another challenge we will face in our recovery is that during the pandemic many people left NYC, and

they will continue to leave. We need workers to move back, and we need our nonresident workers to commute. This will only happen if our quality of life returns. This means mental health support, safe streets, reliable transportation, and predictable and functional schools. This may sound simple, but once again we need our leaders to be honest about what is going on and the problems we face. We are not going to move forward if we pretend that crime isn't an issue or that the rich don't matter. I will ensure these areas get the attention they deserve. I will fight for our City to invest in areas that improve our quality of life (these should not be taboo words), so that our workers, as well as tourists and businesses travelers, come back to NYC.

Finally, we need to make sure that New Yorkers are prepared to take advantage of the jobs available in the new economy. The challenge will be to ensure everyone can participate in the recovery so it is equitable and sustainable. We need an infrastructure to match labor needs with educational and skill requirements. Currently there are over 300,000 new job openings, but the bad news is that those who are out of work do not have the skills or required education (above a high school level) to fill those positions. The City cannot continue to be the default employer for those with only a high school diploma. Employers should be encouraged to hire qualified candidates with vocational training or specialized licenses for positions -- not every job requires an ivy league degree. CUNY has been a leader in this area -- partnering with the private sector to provide apprenticeships and internships that provide real experience, mentoring, and networking -- real upward mobility for students and graduates. The City needs to encourage this type of public-private partnership.

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?

First, I will undertake an assessment of the office to determine how many employees are serving New Yorkers and how many employees were hired for political reasons. Based on recent reports, there may have been employees hired to lay groundwork

for the mayoral campaign. I do not need those positions, and New York City taxpayers should not pay for them.

Second, as noted in answer #6, I will focus on ensuring accountability in the auditing process.

Third, I will take a more proactive role in the contracting process. Rather than merely approving contracts, I will work with experts to develop model contracts that are success-based, so we pay for performance. These contracts will also include requirements to collect data, so there are clear metrics available to determine whether services are being properly delivered. By creating these model contracts, I will also allow for a more efficient approval process, so agencies that utilize them will get their contracts approved more quickly. Additionally, I will make contract terms publicly available.

Fourth, I will commit to reducing legal payouts under lawsuits brought against the City and will seek the advice from litigation experts in the private sector to achieve this result. There are plenty of talented lawyers who would gladly help for free if it meant reducing taxpayer cost. Generally, my approach to litigation is to settle quickly if the City is at fault. Similarly, I will find a way to dismiss those cases lacking merit to discourage copy-cat cases. I will also reduce the backlog of cases outstanding over 10 years. Nobody wins if a case is outstanding for 10 years, except maybe the lawyers (I say that as a lawyer).

Finally, I will also solicit expert guidance to explore exciting new technological developments to increase efficiency and deliver services. One example is investigating the use of Social Impact Bonds to address areas like homeless services and affordable housing.

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 have not held office previously. As a Chief Compliance and Chief Legal Officer, however, I have focused on conflicts and disclosure my entire

professional career. My experience is extensive when it comes to developing and maintaining good corporate governance regimes. This includes establishing compliance, operations, and audit committees to improve communication and mitigate risk, forensic auditing programs to track and monitor expenses, and a compliance regime designed to foster high levels of ethical behavior, transparency and oversight. I have drafted numerous Compliance Manuals, Codes of Ethics, and Employee Handbooks, and administered employee training on all topics. Finally, as a lawyer, I am subject to ethics rules, which I take very seriously.

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: Rebuild the economy - see question 11.

Second: Ensure government transparency and accountability - see questions 6, 8, & 9

Third: Manage and protect the pensions. See questions 1-5.

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

As noted above, some of the primary ways my priorities would differ from the incumbent are: 1. Increasing the frequency and focus of audits, with a special emphasis on ensuring agency accountability for making changes based on these audits; 2. Modernizing the contracting process with an emphasis on paying for performance and increasing contract-term transparency; and 3. Removing social screens as a priority in the investment-decision making process for our pension funds and focusing on delivering the best possible risk-adjusted returns for the City's retirees.

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

I do not have political ambition. I am not looking for my next government job. I am running for NYC Comptroller because I love New York and want to be of service to this City and its residents. I have lost faith in New York City's political leaders. Long before the Covid pandemic, our elected politicians were leading us on a path of financial

mismanagement, stemming from wasteful spending and corrupt contracts with the special interests that fund their campaigns. As its next Comptroller, New York needs someone who is truly independent, who can hold the Mayor and City agencies accountable. We need someone with experience as a fiduciary to ensure our pension funds are effectively managed, not just for our retirees, but for every New York City taxpayer. We need someone who knows how to root out waste and effectively oversee our City's massive budget. We need a financial professional to serve as the adult in the room to better serve all New Yorkers. In this critical moment, I want to be Comptroller to serve my fellow New Yorkers and ensure that our City has someone with the experience, independence, competence, and character as our chief financial watchdog and fiduciary.

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.