



**CITIZENS UNION CANDIDATE QUESTIONNAIRE
COMPTROLLER
ELECTION 2013**

Citizens Union would appreciate your response to the following questions related to policy issues facing the City of New York that are of concern to Citizens Union and residents of the City. We plan to make public your responses to this questionnaire in our Voters Directory, on our website, and in other appropriate venues. Responses to these questions will be one of several factors Citizens Union will use to evaluate candidates who are running for office in order to determine our "Preferred Candidates" for the primary election and "Endorsed Candidates" for the general election. If you seek our support, we would also need to schedule an interview with you as part of the evaluation process. Please contact us if you wish to be interviewed. We thank you very much for your response.

Candidate Name: John L. Burnett Age: 43

Campaign Mailing Address: One Penn Plaza, Suite 6321, New York, NY 10119

Campaign Telephone Number: (646) 663-4523 Fax: (866) 381-7821

Party Affiliation(s): Republican Campaign Manager Name: Marcus Cederqvist

Website & Email: www.johnburnett2013.com; johnburnett@johnburnett2013.com

Education: BS, New York University; MBA, Cornell University

Occupation/Employer (or years in currently held elected office): Currently a full-time candidate for New York City Comptroller, previously Director, Risk and Compliance, at McGraw Hill Financial

Previous Offices and Campaigns: None

Are you willing to be interviewed by CU's Local Candidates Committee? YES

Have you completed requisite campaign finance filings? YES

(Please note: Citizens Union can grant its "Preferred Candidate" or "Endorsed Candidate" rating only to candidates we have interviewed. We will make every effort to interview candidates in this race.)

Signature of Candidate: _____ Date: _____

CANDIDATE QUESTIONS

Please state your position on the following issues by indicating whether you support or oppose each. You may elaborate in the space provided at the end or on additional paper.

1. What is your position on Comptroller Liu's and Mayor Bloomberg's proposal to consolidate the five pension boards into one Pension Investment Board consisting of appointees from labor and government?	Support
2. What is your position on requiring that all pension fund trustees have financial or investment experience or academic training?	Support
3. What is your position on prohibiting pension fund trustees from having in the last four years served as a lobbyist, political party official, elected official serving the city, fundraiser for a city candidate or bundler for one of the appointing authorities to the pension boards?	Support
4. What is your position on clarifying the city's lobbying laws so that firms and individuals representing firms seeking to do business with the city's pension funds are indeed lobbying, and therefore subject to disclosure and other requirements of the lobbying laws?	Support
5. What is your position on changing the city's ethics laws to explicitly name the city's current pension boards so they are subject to the city's ethics laws?	Support
6. What is your position on providing online, as part of Pension NYC in near real time, firms and individuals representing firms that lobby the office or the trustees?	Support
7. What is your position on codifying in city law Securities and Exchange Commission (SEC) rules that prohibit placement agents from bundling contributions and subjecting them to lower doing business contribution limits?	Support
8. What is your position on requiring the current pension funds establishing websites that reveal pension board trustees, the board's mission statement, by-laws, resolutions passed, investment performance and links to or actual laws, and rules and regulations pertaining to the fund?	Support
9. What is your position on public hearings and passage of legislation to update restrictions on asset allocation in state law so they reflect the Prudent Investor Act or other prevailing standards?	Support

10. What is your position with respect to eliminating party primaries and establishing a non-partisan election system in which all candidates and all voters participate in the first round and the top two candidates advance to the second round?	Support/Oppose (no position)
11. What is your position on instituting Instant Runoff Voting for all citywide offices and for all special elections for city offices? (Int. No. 1066)	Support (or even go a step further and eliminate runoff elections altogether)
12. What is your position on requiring city agencies to report the number of applicants that they register to vote as required by current law (Int. No. 760)?	Support
13. What is your position on modifying the City Charter to require that laws enacted by referendum only be changed through approval by the voters?	Support
14. What is your position on establishing independent budgeting for:	
a. the borough presidents?	Oppose
b. Conflicts of Interest Board?	Support
c. the public advocate ?	Oppose
d. community boards?	Oppose

15. How you would define and operate the office of Comptroller?

The Comptroller is the Chief Financial Officer of the City of New York. As such, the role of the Comptroller is specific to the fiduciary responsibilities of the office to ensure that every tax dollar is being spent properly, efficiently, and transparently and to oversee management of the City's five pension funds worth approximately \$135 billion. Transparency would begin in the Comptroller's office – I would seek to make information concerning the office's performance readily accessible for public review. I am the only candidate in this race with auditing experience and I will use this to independently review City contracts and transparency in government operations. I am similarly the only candidate with professional financial management and risk assessment experience to manage the pension investment fund with an understanding of returns and risk.

16. 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?

Combining the pension plans into one comprehensive fund will save New York City millions in redundant administrative costs associated with operating 5 funds separately. The savings will

help maximize performance and increase overall investment returns, thereby, avoiding the need to use taxpayer dollars to make up any shortfalls.

We should explore managing a portion of the pension fund in-house to save on portfolio management fees. For example, we can manage government, municipal and corporate fixed income portfolios. Additionally, investments into indices and various exchange traded funds can also be done within the auspices of the investment arm of the Comptrollers office. With regard to equities, private equity and hedge fund investments, these investments can be managed externally. This approach could save on investment fees associated with third party money managers. The model can be expanded into equities (e.g., domestic and international) with lessons learned and benefits achieved from the in-house management of fixed income, indices and ETF investments.

I would seek to modify to fee structures during market declines and when the market outperforms. This method directly correlates investment fees to portfolio performance with appropriate incentives.

17. What is your position regarding managing pension fund investments and the appearance of or actual conflicts of interest that can arise from investment firms seeking pension business given the corruption scandals surrounding this activity in recent years?

I support any lobbying laws that require firms seeking to do business with the City's pension funds to disclose their activities. This includes providing easily accessed information online that details any firms that lobby the office or the trustees. The pension board members must also clearly and publicly be identified. Finally, we should follow the State's lead by specifically banning the use of placement agents.

18. 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?

The ability to audit is one of the most powerful tools at the Comptroller's disposal to establish accountability and a culture of cost effective spending. It shouldn't take the realization that a contract has gone over-budget by a factor of nine times to alert the City's leadership that there is a problem with a contract. Proactive risk-based auditing, while not a panacea, is absolutely necessary to ensure adherence to the terms of contracts, as well as performance evaluation. Additionally, it is essential for the Comptroller's office to enforce contract terms and require claw-backs, where applicable.

19. How would you utilize the authority of the Comptroller's office to ensure the fiscal health and integrity of city spending?

Since 2002, City spending has increased 64%, while outstanding debt has skyrocketed by 86%, requiring annual debt service payments of ~\$6 billion. It is imperative to assess and report on the long term impact and consequences of current budgeting decisions. These decisions tend to be extremely short-sighted with a biased political view in lieu of fiscal responsibility. While the Independent Budget Office and many advocacy groups have sounded the alarm about these ramifications, the Comptroller is in a unique position to influence City leadership to make prudent fiscal decisions.

20. 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?

The Comptroller's office can introduce the Balanced Scorecard Approach (BSA) to the City's strategic planning and management system. The BSA is used extensively in business and industry, government, and nonprofit organizations worldwide to align activities to the vision and strategy of the organization or government entity to improve internal and external communications and monitor organization performance metrics against strategic goals. The information should be made readily available to the public to enhance transparency.

The categories of performance include:

a) Stakeholder needs and satisfaction (e.g., New York City taxpayers, service recipients, etc.) - Heads of City agencies must know if their organization is satisfying customer needs. They must determine the answer to the question "how do city residents and stakeholders view us and what is their level of satisfaction?";

b) Internal Business Processes - City agencies would focus on critical internal operations that enable them to satisfy customer needs, while reducing waste and inefficiencies;

c) Innovation and Learning - this focuses on the City's ability to innovate, improve and connect employee development to its stated goals and objectives. The benefits of an enhanced learning environment can have a positive impact on internal job mobility, job satisfaction and morale. Essentially, answer the question, "Can we continue to improve and create value for our services?";

d) Financial Perspective - while the private sector is focused on profits and market share, the public sector financial measures can be benchmarked to the Government Performance and Results Act of 1993 (GPRA).

21. What would you propose to increase the transparency of the Board of Elections in the City of New York's operations and accountability to the city and its voters?

As a creation of State Law, the Board of Elections is a unique City agency. Its mandates are largely the result of State Law yet its operations are funded entirely by the City of New York. The Board has massive contracts with service and goods providers and the Comptroller has review over these contracts to ensure not only that they are executed in accordance with the Procurement Policy Board Rules but also that they are in the best interest of the taxpayers and voters of New York City. This is especially important in light of the massive new mandate to purchase paper ballots as part of the City's new voting system that was instituted in 2010. The Board should publish large contracts on its web site for public review, for example, any contract valued at \$100,000 or more. Further, the mandate to publish an annual report is too vague and should be amended to require specific reporting requirements.

22. What would you propose to further enhance transparency of the pension funds and city spending? How would you create greater disclosure around city-affiliated non-profits that are increasingly supplementing the work of city agencies?

Given the recent bankruptcy filing by the city of Detroit, it is essential to actively manage pension fund performance in light of rising future obligations to retirees. By enhancing transparency and providing pension projections based on a myriad of various scenarios performed by city's actuaries, all key stakeholders (e.g., unions, employees, retirees, taxpayers, etc.) can have a better understanding for the need to make changes to budgetary spending. Essentially, consistent and timely reporting will avoid any budgetary surprises resulting from gradual or sudden changes in the city's economic condition.

In addition to subjecting city-affiliated non-profits to metrics reporting and requirements that will provide insight to the value creation from supplementing city agencies, I would ensure that such entities routinely disclose any actual or perceived conflicts of interests to uphold the integrity standards of the procurement process.

23. What would you propose to address some of the structural imbalances in the current budget process?

Pension fund costs have increased from \$1.8 billion in 2002 to \$8 billion in 2012. Additionally, pension fund and health care liabilities are currently \$122 billion underfunded. The rapidly rising costs of maintaining pension fund benefits and health care for retirees have created a "crowd out affect" for other vital city services. This impact has created a strain in the budgetary process and opportunity cost decisions that are politically unpopular but necessary to reach a balanced budget as required by law.

24. What is your view of how the taxes paid by New Yorkers compare to the value that is received in City services? Do you believe that taxes should be raised or lowered? To the

extent you believe taxes should be changed, please provide specific proposals about what taxes you would change and what services you would cut, if you didn't raise taxes, listed in order of greatest magnitude.

I am vehemently against raising taxes on New York City residents. Currently, New York residents are taxed on their personal income at a combined rate that reaches 12.7%, which is the second highest in the country. My goal is to create value for services provided by the city via efficiency enhancements, while reducing wasteful spending and fraud.

Prior to making any budget cuts, I look forward to assessing the broad range of taxes that impact household budgets and conduct impact analyses to make informed decisions on budget cuts or service cuts and prioritization of rebalancing of tax rates for various revenue streams. Additionally, I would analyze the cost of various city services vs. the residents that passively use or depend on such services.

25. In FY 2012-13, New York City spent \$13.649 billion on pensions and fringe benefits for City employees out of a total net budget of \$68.7 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 City should establish a health care trust fund and manage the fund's investments to outpace rising healthcare costs. Currently, the city uses a "pay as you go" approach, which is not fiscally sustainable. The healthcare costs for retired New York City employees have increased more than 5 times over the last 10 years. I support Mayor Bloomberg's proposal to competitively bid health care benefits for retirees without any loss of current benefits with proper governance and oversight.

26. Many policy advocates champion the creation of a more diversified economy, and one that is less reliant on Wall Street. What is your position on such a plan? If you support it, what would you do to diversify the city's economy? How would you adjust spending in New York City to accommodate the anticipated reduction in tax revenue as the tax base shifts to lower paying jobs?

The Mayor, City Council, and Comptroller can partner on creating a diversified economy. Ideally, our goal should be to reduce the city's dependency on Wall Street tax revenues from ~30% to ~15%. Presently, the City corporate tax rate is 17.5%, which is double the national average. It is essential to create tax incentives to stimulate small business growth and appeal to large corporations to establish a presence in New York City. This approach will create a mixture of well-paying and lower paying jobs for a balanced tax base. This is why I strongly support initiatives such as the new Tech Campus on Roosevelt Island, although I remain concerned that the current transportation infrastructure, which is already operating at capacity, will be insufficient to bring the thousands of people back and forth to the new facility.

CANDIDATE ACCOUNTABILITY QUESTIONNAIRE

Citizens Union is adding a new element to its evaluation of candidates running for office. As a candidate who presently does not hold elected office, CU is interested in knowing your top five campaign promises you are making to the voters during this campaign for this position.

If elected, Citizens Union will use these promises to evaluate your performance while in office, as well as, to evaluate your candidacy in the future.

We thank you very much for your response. Please feel free to use additional paper if the space provided is not sufficient.

TOP FIVE 2013 CAMPAIGN PROMISES

1. **Government Accountability and Transparency:** It is the fiduciary responsibility of the Comptroller to ensure that every tax dollar is being spent properly and efficiently. I am the only candidate in this race with auditing experience and I will use this to review City contracts and ensure transparency in government operations.
2. **Pension Plan Efficiency and Transparency:** My parents relied on their pensions as they got older, and I plan to do everything in my power as Comptroller to bolster the City's pension for our current and future retirees. We can realize increased performance and returns of the pension plan by combining management of the separate funds and eliminating redundant administrative costs.
3. **Expanding Minority and Women Owned Businesses:** African-American and Hispanic unemployment rates in the city are double the national average. Meanwhile, minority and women owned businesses receive less than 5% of the City's \$77.5 billion budget. We can and must do better.
4. **Infrastructure investments to enhance New York City's competitiveness:** Investments in New York City's transportation and technology infrastructure are absolutely necessary to be competitive in the 21st century.
5. **Jobs and economic development:** Well-paying jobs and a diversified economy are vital to preservation and growth of a strong middle class in New York City. I will advocate for New York City's economy and help create a sustainable environment for our small business owners to address the longstanding unemployment rate in New York City.

Please return to: Citizens Union, Local Candidates Committee
via fax to 212.227.0345 or via email to candidates@citizensunion.org
Call us at 212-227-0342 with any questions.