



STATEWIDE RACES

• GOVERNOR •

H ENDORSED CANDIDATE – ELIOT SPITZER – DEM, WFP, IND H

Has returned questionnaire; view responses at www.citizensunion.org

Occupation: Attorney General, NYS

Education: Princeton University (AB); Harvard Law School (JD)

Eliot Spitzer was elected Attorney General in 1998 and has become what many describe as the one of the most effective Attorney Generals in the history of the State of New York, and perhaps the nation. As Attorney General, Spitzer has become most well known for the aggressive and directed focus he brought to bear in his pursuit of unethical business practices on Wall Street, where there has been some criticism of his tactics in that pursuit. His prosecution of those companies has played a major part in forcing greater corporate accountability and transparency throughout the nation.

Spitzer's candidacy is built largely upon this established record of action and accomplishment. He promises to bring this same fervor to the office of Governor as well. In its evaluation of the candidates for Governor, Citizens Union feels that Eliot Spitzer's agenda for the reform of state government is both aggressive and refreshing, most particularly his pledge to veto any state legislative district lines that are not drawn by an independent redistricting commission, a move that many believe will have wide-ranging impacts on the legislative process and competitiveness of elections. In addition, he pledged to use the bully pulpit and his political capital to build public support for the passage of legislation creating an independent commission so that he does not have to resort to exercising his veto power.

Spitzer says he would first turn his reform attention to the judiciary. He finds it troubling that the last refuge of patronage is the judiciary, where by all reason, judges should be the most independent and insulated from such influence. Ideally, he supports a process of merit-based appointment, but short of that would favor the merit based screening of candidates as a precursor to the judicial conventions. Spitzer also believes that the way campaigns are financed has been detrimental to the legislative process. If elected, he would push for the adoption of a blanket ban on contributions to state candidates from those who do business with the state, a dramatic reduction in campaign contribution limits, and a system of public financing of campaigns that matches private contributions. With these measures, candidates who demonstrate a certain level of support would receive the financing they need to communicate effectively with voters.



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In addition to his commitment to reform state government, Spitzer listed his other two top priorities if elected Governor as the revival of the statewide economy with a far more favorable business climate, and reform of the state's education and healthcare systems.

Spitzer would like to transform the upstate business climate to make it more attractive by lowering taxes and investing in human capital, specifically in our university centers, which he believes could be economic engines if we could produce not only research but development as well. Downstate, Spitzer would invest in major transportation infrastructure and housing, arguing that this will help ensure that companies want to do business in New York, and that a talented workforce wants to reside here.

Bemoaning the state's third-worst high school graduation rate in the country (58 percent) and the fact that only 37 percent of our high school graduates go on to finish college, Spitzer would work to guarantee access to pre-kindergarten for all students, reduce class sizes – especially in early grades – and increase the supply of skilled teachers through closer cooperation with SUNY, CUNY and private schools of education. He believes the state has waited too long to resolve the Campaign for Fiscal Equity lawsuit and pledges to divert a portion of the \$4-6 million needed to settle the lawsuit from Medicaid savings he says he can accomplish if elected. He stresses that any final settlement must not add to the state's property tax burden or reduce aid to some districts to support others.

Spitzer would like to see the state cut the total number of New Yorkers without health insurance in half over the next four years. He proposes an increased use of generic drugs and the creation of a centralized prescription drug management program to leverage the state's purchasing power to reduce prescription drug costs. To address the spiraling costs of Medicaid, Spitzer would push for legislation to increase the state's ability to investigate and prosecute Medicaid fraud and would work to reduce Medicaid's prescription drug costs through a stronger preferred drug list program.

Citizens Union believes that Eliot Spitzer is best positioned of the two major party candidates to effectuate critically needed changes in how Albany operates. He has also shown a willingness to attack the established order and understands that his success as Governor will largely depend on his ability to fundamentally change how Albany functions. The leadership he has displayed as Attorney General, his very strong command of complex state issues, his very specific ideas on reforming state government, and his well thought out proposals on how the state should address the problems and challenges it faces are the reasons why Citizens Union has decided to endorse Eliot Spitzer for Governor.



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JOHN FASO – REP, CON

Has returned questionnaire; view responses at www.citizensunion.org

Occupation: Attorney, Manatt, Phelps & Phillips, LLC

Education: SUNY Brockport (BA); Georgetown University Law Center (JD)

John Faso brings to his run for Governor an admired record as not only a Member of the Assembly from 1987-2002, but a respected former Minority Leader of the State Assembly from 1998-2002. Faso left the Assembly to run for Comptroller in 2002 and ran a strong race against the eventual winner Alan Hevesi. Since leaving the Assembly, Faso has served as a board member of the Buffalo Fiscal Stability Authority from 2003 until 2006. He is currently a partner in the national law firm of Manatt, Phelps & Phillips.

Citizens Union feels John Faso is a far more compelling candidate than the media coverage of his race has presented. As discussed below, his policy platform reflects a coherent view of his understanding of the role of government and is part of a thoughtfully laid out agenda of informed ideas that fit well into his governing philosophy. While CU has not endorsed him, should he be elected, Faso has the ideas and experience that could make him an effective Governor.

Faso is a self-described conservative who is very knowledgeable about the state's budget process and its fiscal practices, earned in part by having been chosen in 1994 by then Governor-elect to chair his budget transition team. In this capacity, he supervised the state's budget staff in drafting the initial Pataki budget proposal. While there, Faso developed an economic blueprint of tax and spending cuts that led to the first reduction in state spending in decades, closing a \$5 billion deficit. Because of that service, Faso was named ranking Republican member of the Assembly Ways and Means Committee by then Minority Leader Clarence Rappleyea.

During his service in the legislature, Faso promoted legislation to foster job creation, curb government spending, cut taxes, end parole for violent felons, and prohibit questionable borrowing by the state. Faso was also the original sponsor of charter school legislation in New York State and was a leading figure in the passage of Governor Pataki's proposal in 1998 to create charter schools in New York State. His leadership on such issues led his colleagues to elect him Assembly Minority Leader in 1998.

Faso has been a consistent advocate to reform Albany's notoriously secretive budget process, and to adopt a constitutional amendment to permanently ban backdoor borrowing by state authorities and the legislature without voter approval. He also advocated for budget reforms that would require the legislature to pass a balanced



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budget and to clearly indicate the impact of changes in the enacted budget from that originally proposed by the Governor. He pledges to put the state budget on a diet and would not spend one penny more next year than this fiscal year's budget. Faso opposes the creation of an Independent Budget Office, but would bring transparency to the process of budget making by negotiating the budget in public, insisting on public legislative conference committees, and requiring the state to engage in long term budget planning.

If elected Governor, Faso's first priorities would be to cut taxes and spending. Specifically, he would cut school property taxes by capping allowable growth in local taxes and cut income taxes by 25 percent. As part of his fiscal reform, he would push for workers' compensation reform by limiting permanent disability awards to 500 weeks.

He believes that New York's healthcare system is too expensive and inefficient. Faso says that his "Medicaid Reform" plan of rooting out fraud, bringing the program's cost more in line with national standards, promoting primary care and community health centers to better provide preventive care, expanding use of preferred and generic drugs, and encouraging different practices for managed care and elderly care would result in saving the state \$13 billion over four years.

He does not speak specifically enough on how he would bring about education reform, in particular solving the Campaign for Fiscal Equity demands, other than to say that he would overhaul school aid funding formulas and increase public charter schools and education credits.

Though Faso does embrace some significant reform of state government particularly in the area of the budget and fiscal practices, he does not support lowering campaign contribution limits or public campaign financing of state elections. He also does not think state Supreme Court judges should be appointed; rather he favors direct elections in which the influence of party leaders is significantly lessened. Additionally, he would keep the bipartisan control of the Board of Elections and modernize and improve the professionalism of the operations. Pledging to end the shameless gerrymandering of legislative districts that currently occurs, Faso pledges to veto any partisan district lines drawn by the legislature, though he does not support creating an independent redistricting commission to accomplish that.

If elected Governor, Faso pledges to focus on two or three major issues and use his bully pulpit to rally public support behind them. On other matters of policy and reform, he would take a consensus building approach with the legislature.



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• ATTORNEY GENERAL •

H ENDORSED CANDIDATE - ANDREW M. CUOMO – DEM, WFP H

Has returned questionnaire; view responses at www.citizensunion.org

Education: Fordham University (BA); Albany Law School (JD)

Former Secretary of the Department of Housing and Urban Development (HUD) during President Clinton's second term, Andrew Cuomo's professional legal career began in 1984 with a brief stint as Assistant District Attorney in Manhattan under Robert Morgenthau. After 14 months at the District Attorney's office, Cuomo established his housing credentials as the founder of a national nonprofit organization that provided transitional housing for the homeless Housing Enterprise for the Less Privileged (HELP), and as an appointee to the New York City Commission on the Homeless under Mayor Dinkins. Cuomo's work at HUD attracted the most attention and while criticized for some failings, he is generally credited with turning around an agency that was besieged with inefficiency and corruption. He credits his accomplishments at HUD and his experience in supervising 12,000 employees and 350 attorneys as uniquely preparing him for the office of Attorney General.

Two key measures to combat the dysfunction in Albany, according to Cuomo, are campaign finance and redistricting reform. He argues that these two measures will make elections more competitive and in turn bring about more government accountability and better qualified elected officials. Cuomo's proposal to reform how campaigns are financed includes a limited public financing system much like New York City's, a ban on soft money contributions, a \$10,000 limit on contributions to political parties, a \$300 limit on contributions from corporations doing business with state, a moratorium on contributions from pharmaceutical companies doing business with the state, and other measures. He also supports a ban on elected officials' accepting of honoraria or fees for public speaking engagements and other events, as well as a three year "cooling off" period before an elected or appointed official of the executive or legislative branch can lobby the state government.

Cuomo would more aggressively enforce the Tweed Law which brings suit to recover any governmental funds (state or local) that have been "without right obtained" as the way in which to fight political corruption, unethical or fraudulent police behavior, and enact political reform. He believes that simply enforcing the law will bring dramatic results.

If elected, Cuomo would also push for a comprehensive healthcare reform package including a crackdown on fraud and abuse in the pharmaceutical and insurance indus-



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tries and more active policing of Medicare to protect seniors. Cuomo believes that Medicaid fraud is widespread and that encouraging whistleblowers to come forward under the federal false claims act will bring greater compliance. Citizens Union was also pleased to see Cuomo stress the need to partner with local district attorneys in addressing systemic enforcement issues such as Medicaid fraud and his interest in continuing Spitzer's work with other state attorney generals in protecting the environment at a time when the federal government has adopted a more laissez-faire approach.

With specific ideas on reforming state government and practical proposals, Cuomo demonstrated that he has been thinking about these issues in concrete ways that attend specifically to the role and place of the Attorney General in the government structure.

Andrew Cuomo earns the Citizens Union endorsement on the strength of his record in managing and reforming a large government agency like HUD, the way in which he articulated in our interview his vision for the office of Attorney General, including his specific ideas on how to pursue both Medicaid fraud and official malfeasance, and the commitments he made on a host of reforms like campaign finance and ethics. CU believes that he is best equipped to manage the state's Department of Law and bring innovation to the Attorney General's office in its role to reform state government.

JEANINE PIRRO- REP, IND, CON

Has NOT returned questionnaire.

Candidate could not be scheduled for an interview.

• COMPTROLLER •

NO ENDORSEMENT

J. CHRISTOPHER CALLAGHAN – REP, CON

Has returned questionnaire, view responses at www.citizensunion.org

Occupation: Accountant & Former County Treasurer

Education: SUNY Albany

J. Christopher Callaghan was first appointed to the position of Saratoga County Treasurer in 1997 by Governor George Pataki and was elected later that year and then reelected in 1998 and 2002 facing no opposition. Prior to serving as County



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Treasurer, Callaghan served as Budget Officer for the Town of Waterford from 1980 to 1986, and as a management analyst in the Saratoga County Administrator's Office from 1983 to 1997.

Callaghan believes that his main qualification for Comptroller is that he is an accountant and has been a County Treasurer, and as such would take a back to basics approach to managing the state's pension fund and serving as the voice of restraint and reason for the state's fiscal practices and spending priorities.

He would make performance and return on investment the two principal criteria in making investment decisions for the state's pension funds, and would move away from the practice of making socially responsible investments using the state's pension fund.

Callaghan is concerned that audits under the current Comptroller have not produced enough savings and he pledged to do more audits and not make them based on political considerations or whether they could generate the most amount of publicity. He believes that many public authorities should be liquidated and necessary legislation enacted to allow the state or localities to take over their functions directly. He also believes that the Comptroller should be given the authority to determine the annual amount of money that is available for the state's budget, and he is opposed to the creation of an independent budget commission because he believes that the responsibility should rest with the Governor and legislature to decide jointly.

He is worried about the burgeoning level of state debt and how much of it is not subject to voter or legislative approval. He believes that the state's pension obligations are being seriously underreported because the promise of health insurance for all public sector retirees is unfunded and its cost is close to \$150 billion.

Callaghan does not support lowering campaign contribution limits or establishing a statewide public campaign finance system.

Callaghan is an able public servant and affable candidate who has a clear idea of what he would like to accomplish were he to be elected Comptroller. His presence in the campaign has shed a necessary light on the ethical shortcomings of the current Comptroller. In addition to disagreeing with Callaghan on important policy issues, Citizens Union, believes that he lacks the experience necessary to manage the challenging myriad of responsibilities of being the state's chief fiscal officer.



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ALAN HEVESI – DEM; WFP, FND

Has returned questionnaire; view responses at www.citizensunion.org

*Occupation: State Comptroller Education: Queens College;
Columbia University (Ph.D.)*

Alan Hevesi, who has had a strong record of accomplishment as the current state Comptroller, has acknowledged his failure to reimburse the state in a timely manner for personal chauffeur services estimated at \$82,000 that were provided to his wife during the past four years.

As discussed below, based on what he has achieved as state Comptroller, Hevesi would have easily earned Citizens Union's support for reelection. However, we believe his credibility as the state's chief fiscal officer - even though he has apologized - is damaged because of his failure to reimburse the state, and therefore Citizens Union cannot support his reelection.

It is hard to understand how he could have made such a mistake through simple omission given that he made the very same mistake as Comptroller of the City of New York. That this mistake was uncovered by his opponent raises concerns over whether Mr. Hevesi would ever have reimbursed the state had it not been for his opponent's inquiry. His transgression calls into serious question his ability to be effective as the state's fiscal watchdog. More information is clearly needed, so we anxiously await the outcome of the State Ethics Commission investigation into his actions before passing further judgment. Given his actions and the damage caused to his credibility, Citizens Union cannot endorse his candidacy.

Hevesi was elected New York State Comptroller in 2002. Over the past four years, he has become a champion of many fiscal reforms. His office has increased the value of the state's pension fund from \$95 billion to \$145 billion, and has provided an additional \$346 million in venture capital for New York State businesses. Additionally, his office has identified \$2.1 billion in savings from January 2003 to June 2006 through auditing and oversight activities, particularly in the areas of healthcare and Medicaid. Hevesi established a Division of Investigations to identify fraud and corruption, which has referred 92 cases to the U.S. Attorney's office, local District Attorneys' offices and the state Attorney General, of which there have been 45 convictions. During an investigation of the Roslyn school district on Long Island, his office discovered that over \$11 million of school funds had been used for personal expenses. As a result, his office is now conducting school district audits statewide, and created an internal control pro-



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gram for school organizations to better monitor school district finance practices. This program has trained 5,000 people to focus specifically on the school system.

He also worked with Attorney General Eliot Spitzer to produce a public authorities reform agenda to increase transparency and accountability, one-third of which has been passed into law, including parts of the Public Authority Accountability Act of 2005. His office also exposed the Metropolitan Transportation Authority's false budgets and double bookkeeping, and imposed administrative regulations to ensure the MTA created a four-year budget plan and corrected its budget practices. As part of his fiscal reform agenda, he would require public authorities to fully disclose their expenditures of state funds.

He formerly served as the New York City Comptroller from 1994 to 2001 where he worked to raise the city's pension fund to over \$100 billion from \$49 billion. Hevesi also served in the State Assembly for 22 years where he authored more than 100 laws.

Hevesi considers the growing state debt to be alarming and problematic for New York's fiscal future. Consequently, he has developed a debt reform control program and proposed constitutional amendments to address this looming problem. His program calls for provisions to place a cap on state-funded debt at 5 percent of personal income, create an independent debt commission, and require voter approval for annual issuances of debt exceeding \$1 billion. Stressing the importance of fiscal prudence, he believes the state needs to begin limiting spending to only that for which it has revenue, to fund one-time expenses with one-time revenues and to prioritize projects it chooses to incur debt for.

Hevesi is also active in addressing the dysfunction of the budgeting process and has put forward a 21-point plan to strengthen the state's fiscal management practices. The agenda includes measures to lengthen the budget deliberation by changing the fiscal year to start on July 1, set the budget deadline at May 1, create an independent budget office, and require a balanced enacted budget as opposed to solely the Executive Budget. He would also require expanding financial planning from three-year to four-year plans.