



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

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**REMARKS AS PREPARED
ASSOCIATION FOR A BETTER NEW YORK**

MONDAY, JANUARY 26, 2015

Good morning. And thank you, Bill, for that great introduction, and to Jen Hensley for gathering us here this morning.

I see so many friends from different walks of life – from business, from labor, from government.

And that's always been the genius of ABNY, ever since its founding in 1971. You've always been the great convener.

It's been that way ever since Lew Rudin and Robert Tisch hosted that first breakfast meeting -- to confront the fiscal crisis of the 1970s. They literally helped save New York from the brink of fiscal collapse.

I remember those days. I grew up in Washington Heights in the 70s. I remember when the A Train was a rolling crime scene, and we all felt like the city was teetering on the edge.

Forty years later, we as a city have climbed our way to recovery, and ABNY is a big reason we've made it so far.

Each of us is drawn here by one truth – we all love this town.

And in one way, our mission is the same: like ABNY, the Comptroller's Office takes the long view on the city's economic health.

We also watch the bottom line. And we demand value and performance from government in order to boost economic opportunity for all New Yorkers.

In 2014, that's exactly what we did – we took seriously all of our charter-mandated duties. But we also re-imagined the office of comptroller, and elevated it to a place where it has made a real difference in the lives of New Yorkers!

So I wanted to come here this morning to tell you how we've raised the capacity of the office, and how we'll continue to fight for accountability, transparency, and opportunity.

I knew from day one that protecting the retirement security of our 700,000 active and retired employees is one of the most profound responsibilities of our office -- they are the teachers, the cops, the nurses -- who safeguard our city. And you can be sure that I am going to continue to safeguard their futures.

So that's why we launched a sweeping ethics reform of our pension system, the fourth largest in the nation. Under the leadership of our new chief investment officer, Scott Evans.....

We banned placement agents -- those middlemen who got paid big bucks for doing little work.

We've hired the first-ever chief risk officer, and the first-ever chief compliance officer at the bureau of asset management.

If the financial crisis taught us anything, it's that those charged with keeping us on the straight and narrow must have a direct line to the top. And they will have that with me.

With these reforms, we've sent a clear message: Just as we hold investment managers to the highest ethical standards, we're demanding the same from ourselves.

It's also our job to free up funds for essential programs.

We've already saved the city \$1.2 billion -- that's billion with a "B" -- by aggressively taking advantage of low interest rates and working with the administration to refinance our debt.

That's real money that can be invested to build up our schools, parks and hospitals.

At the same time, when it comes to accounting, we're paying attention to the rules and making sure they are applied to our city budget.

That means telling taxpayers precisely how we're paying for the operations of our city -- with maximum disclosure and accountability.

We're also using our audit power to tackle some of our city's most stubborn management failures.

We are pulling back the curtain on the New York City Housing Authority. NYCHA is the largest single source of affordable housing in the city!

And yet, for too long the agency has lived in the shadows – and too many residents have lived with mold, cracked windows and busted doors.

It's appalling what we've found in one recent audit:

NYCHA lost \$700 million because it botched federal funding applications. That money could have gone to new boilers, new lighting, and desperately needed safety measures!

This dysfunction must stop – now.

We're also using every tool at our disposal to fuel our local economy and to spur growth in every neighborhood.

Investing in minority and women-owned firms is critical to our success. New York City spends \$18 billion a year on goods and services – but less than 4% of that goes to minority and women-owned firms.

That's not just wrong. It's bad economic policy. These companies are engines of employment – and they're more likely to hire locally.

In Brooklyn, Park Avenue Building & Roofing was once a small family hardware store. Today it has grown into a booming, 90,000 square foot warehouse on Atlantic Ave. in Brownsville.

They're a certified MWBE – and they've helped to build everything from schools and hospitals to our new police academy.

They employ over 70 workers – the majority of whom are African-American and Latino.

That's how you lift up neighborhoods. That's how you increase competition and lower prices for all taxpayers.

Government needs to lead by example -- by harnessing our purchasing power to boost companies like this.

It's one reason I decided to grade agencies last year, to see how well they're complying with laws that require them to engage MWBEs.

I have to tell you -- the results were not pretty. No agency got an "A". The average grade was a "D."

And anyone who thinks this was somehow political -- we graded our own office—and got a "C." Clearly we need to do better – and we will.

I've started by appointing the comptroller's first chief diversity officer, Carra Wallace. Her mandate is to improve these grades across the board. When it comes to diversity – and economic opportunity -- New York can and must be a model for the rest of the nation!

We are also playing a national leadership role on corporate governance.

Our pension funds have a long, proud history of demanding performance and integrity.

But when it comes to the most serious challenges facing long-term investors, we need to take our efforts to the next level.

Fundamental change has to start in the board room. Because that's where major corporate decisions are made. Yet for too long, the election of corporate directors has been a stacked deck.

They're not elections -- they're coronations. Boss Tweed never had it so good.

In recent years, weak and conflicted boards have failed to prevent everything from accounting fraud at Enron, to the excessive risk-taking that led to the financial crisis.

So we've launched a national campaign to open up America's corporate boardrooms. We're leading a coalition of pension funds – from California, Connecticut, Illinois and beyond.

We call it the Boardroom Accountability Project.

And we're demanding that 75 major companies give long-term shareholders the right to nominate independent candidates – to hold real elections.

We're already seeing results.

This month, the S.E.C. stopped granting cover to companies that try to game the system by advancing their own, phony reforms to exclude ours. It was a critical win for investors.

And today I'm announcing a major victory: one of the nation's largest discount retailers – Big Lots -- has agreed to enact our proposal.

And we are continuing to wage this battle company by company—whatever it takes to protect our retirees and open up corporate boardrooms!

We've been just as vigilant in demanding better performance from technology consultants who do business with the city.

I knew coming in that i.t. contracts have been running off the rails for years.

Comptroller John Liu exposed that when he called out the CityTime boondoggle.

So for the first time in nine years, our office issued a binding comptroller's directive—to root out waste and fraud. That directive says something very simple: you need to document the hours you've worked before you get paid.

Imagine, what a radical notion -- somebody gets paid only after they've given us a record of the work they've done!

It's ridiculous. But that's never been required by the city.

We've changed that. And by putting in new controls at the front-end of the process, we've sent a strong message: If you can't account for your work, you're not getting paid by the Comptroller of the City of New York. Period.

We're also looking to find real savings in the costs of legal judgments against the city -- now \$732 million a year. That's triple what it was in 1995.

Let me put this in perspective: \$732 million is more than we spend on the Parks Department, the Department for the Aging and Consumer Affairs combined.

Yet for years, the city has accepted these soaring expenses as the cost of doing business. It's an insult to our taxpayers. In response, we launched ClaimStat.

It tells us where claims are coming from in real time, in every borough -- just like CompStat did for crime and the NYPD.

So if Rikers is suddenly seeing an uptick in violent incidents, or malpractice claims are spiking at one of our hospitals, or there's a neighborhood in Queens where sewers keep overflowing.....

We can do something about it! We can make the changes needed to prevent the problems that lead to claims.

Let me tell you -- commissioners are taking note. Because they know that claims are often a leading indicator of challenges within their agency. Commissioner Bill Bratton gets this.

This morning, I'm proud to announce that we have launched the first-ever, real-time data sharing agreement with the NYPD.

The department now gets claims data from our office through a dedicated portal, and we're holding weekly conference calls between front-line attorneys at both agencies.

Where once there were silos, there is now collaboration. Where once there were reams of buried data, there is now a cutting-edge tool for reform. And by working together, we are identifying hot-spots before they become crises, because nothing is more important than keeping New York City safe.

It's a lesson we learned the hard way this year when -- four times -- our city buried police officers killed in the line of duty.

They were heroes who died protecting us. And there is no way we can make up for this loss.

But what we can do is live up to the principles and ideals these officers stood for.

They believed in our city – and they made the ultimate sacrifice. Now, it's our duty to be worthy of them.

We can start by honoring the great promise New York has always represented. For generations, we have been the Port of Possibilities. You can come here from anywhere, and be a New Yorker.

You can pursue the hopes and dreams that have inspired so many before you, and build a better life. It's a tale told by millions, in every language on earth.

It's the real-life story of a young girl who grew up in Baruch Houses on the Lower East Side in the 1960s, the daughter of immigrants.

She would go on to NYU, then a coveted internship at Xerox. And in 2009, Ursula Burns became Xerox's CEO – the first African-American woman to run a Fortune 500 company. Forbes magazine just named her the 22nd most powerful woman in the world.

She's traveled an amazing path – and it began just down the road, at Baruch Houses.

Now that's the bright, shining promise – the opportunity -- that New York City has always offered to the world.

That's why the work we do matters so much.

For me, as the city's chief fiscal officer, it means pushing government to do better.

And it means looking not just at next year's budget, but years down the road—to ensure New York's long-term economic health.

We can start by raising our city's minimum wage, and I hope to be in Albany tomorrow making the case.

But let me be clear: while raising the wage is essential, we cannot stop there. Because our dreams—for our children and our city—are much more ambitious.

Let's face it: Our economy has changed dramatically over the last few decades.

Thousands of jobs that used to be a ticket to the middle class – the typists, the telephone operators, the factory workers of yesterday – have all but disappeared.

What's replacing them is a new high-tech economy that's re-making this city – and so many others around the world.

It used to be that people climbing the ladder had their eyes on the big corner office.

But today, the symbol of success is changing: It's running your own start-up, with a group of young people gathered around a table with laptops. They're dreaming up the next big idea, the next big wave that will transform our lives.

And the economy they're building is creating good, entry-level jobs: The coders, the programmers -- paying \$70,000 a year -- enough to help a family start climbing that ladder to the middle class.

But business owners tell me all the time that our kids coming out of our schools too often lack the skills to fill these jobs.

That is unacceptable.

We are failing our kids. We are undermining their shot at a decent future -- as well as the city's economic vitality.

That's why I was shocked when our audit of the Department of Education found thousands of new I-Pads and lap-tops were either missing, or stuffed into school closets: Un-used, un-opened, forgotten.

Think about that for a second: For every I-Pad left in a closet, that's one more child who won't be able to compete in a 21st century economy. One more child who is not getting the future she deserves.

So we're not going let DOE off the hook. We're going to make sure they fix their inventory system -- and then we'll go one step further.

I'm sending our auditors back into schools this year, to make sure that when the DOE finally does unwrap those new computers, there's a high-speed internet connection at every school.

Since 2010, we've dedicated \$780 million to upgrade broadband in our schools and libraries. If students and teachers are getting the bandwidth they need and deserve -- great. If not, we need to fix it.

Because without a high-speed connection, a computer is just an expensive paper-weight. And that's just a waste.

In the same way, arts instruction must be a part of every child's education. It teaches creativity and problem-solving skills that kids need in today's job market.

That's why I was so alarmed when my office revealed that 28% of our schools have no fulltime arts teacher -- not one! And most of these schools were in our poorest neighborhoods, in Bed-Stuy, Bushwick and the South Bronx.

So we got to work. We released our report -- and the Speaker and City Council put \$23 million into the budget. We met with Mayor de Blasio and the chancellor, and they got it right away.

Today, there are new arts teachers in classrooms all over our city!

All of these initiatives framed our first year. But we're not stopping there.

For too long, our pension funds have paid millions of dollars to Wall Street money managers without demanding sufficient value for taxpayers and retirees in return.

That must change.

Working with the trustees of our pension funds, we will strengthen our system to make it more efficient.

And we're going to demand better alignment of interests, so that investment managers only benefit when our retirees and taxpayers do as well – nothing less!

For too long, we've accepted the idea that bureaucratic red tape will inevitably tie up businesses. We've created a nightmare of regulations that frustrate business owners, discourage innovation and block efficiency.

We're going to change that.

This year, I'll convene a red tape commission made up of small business owners and regulatory experts. And I'm proud to announce this morning that the co-chairs will be:

- Jessica Lappin, president of the Downtown Alliance, and
- Michael Lambert, with the New York City and Bed-Stuy BID Associations.

Together, we'll break down roadblocks and help New Yorkers. Whether it's a bodega owner frustrated over permits she needs, a homeowner trying to rebuild after Sandy, or the head of a new start-up who can't afford an expediter.

Government must be a partner, not an obstacle, to achieving their version of the American dream.

Each year, we issue scores of audits that show Commissioners how they can operate more efficiently. But too often, agencies say, "Thanks, Mr. Comptroller, we'll stick to the old ways of doing business."

Well, we're going to make that harder. We're going to keep the pressure on: to find savings, to fix broken systems, to break down bureaucracy.

That's why I'm creating a new unit -- the Comptroller's Audit Assessment Team. After an audit is completed, this new unit will go back to agencies and make sure that our most important recommendations—the ones they've agreed to--are being implemented.

Our auditors are the eyes and ears of our taxpayers -- and we're going to hold agencies accountable. Stay tuned!

It's all about elevating and re-imagining the office—to do the people's work.

Now, one of the most profound ways we're doing this involves certain claims against the city, and the comptroller's authority to settle them before they go to trial.

We do this to protect taxpayers and the interests of justice. The charter gives us this authority, and we take it seriously.

Some of these cases have involved wrongfully-convicted individuals – or people who died while in the custody of the department of correction.

People like Jerome Murdough, a Marine Corp veteran. He was arrested for trespassing last February, while seeking shelter from the cold.

Unable to make bail, Murdough was held at Rikers for 8 days, until he was found dead in his 104-degree cell.

His mother later found out about her son's death not from the city -- but from a reporter who called her one month later. Imagine being a parent, that mother, and learning from a stranger that your son had died alone in a prison cell a month earlier.

That's a case we chose to settle, in the interest of taxpayers—and because it was the right thing to do.

Of course no amount of money, and no words, can fill a void like that in a mother's heart.

For Mrs. Murdough, like millions of parents, her son represented her hopes and dreams for the future.

And that's true for all of us. It's the reason we care so deeply about this city. It's not for ourselves – it's for the next generation.

And it doesn't matter whether you have kids or not, whether you're a grandparent or a foster parent.

We want this to be a city of opportunity for all of our children. And we all care passionately about this, whether we live in Parkside Houses or in Park Slope.

You know, almost every night one of my two young sons wakes up – usually around 3 a.m.

It's actually a very important time for me. It's quiet. I can look into his face. I can hear him breathe.

There are nights I can't help but worry: Can I protect him? Can I keep him healthy? Can I help him someday reach his dreams?

And I know parents are having the same thoughts in homes all over the city, every night, in every neighborhood.

Because we may be limited in what we can personally achieve, but we're never limited in what we think our children can be.

And that's what drives our urgency -- so our kids can have a better world.

At the end of the day, we need a new math for our city. The old math was about division and inequality. The new math has to be about multiplication—and opportunity.

It's a very simple formula: What we have, times what we dream, equals what we can be.

Never forget: Dreams and opportunity are the bedrock of this city. That shining hope for a better future has brought people here from around the globe.

And we're going to keep that bright light burning: By rattling the bureaucracy, by demanding value and performance, and by reaching higher for our city than we ever have before.

It's up to us – everyone in this room -- to deliver that opportunity every day, for every child.

That's the challenge for all of us. And it's a challenge I know we'll meet.

Thank you.