

GOVERNING CHANGE

POLICY, POLITICS, AND THE SPITZER ADMINISTRATION

MILANO ~~THE~~ NEW SCHOOL FOR MANAGEMENT AND URBAN POLICY

GOVERNING CHANGE: POLICY, POLITICS, AND THE SPITZER ADMINISTRATION

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Edited Transcript

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**GOVERNING CHANGE:
POLICY, POLITICS, AND
THE SPITZER ADMINISTRATION**

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FOREWORD

“Day One, Everything Changes.” The audacious campaign theme then-Attorney General Eliot Spitzer chose for his run for governor in 2006 was exactly what Spitzer’s supporters wanted to hear. Some journalists, however, as well as his political opponents, mocked the slogan, pointing to it as a sign of arrogance and cluelessness about the way things work in Albany.

And so, tired of what many voters and political observers have long viewed as the embarrassing performance of New York State’s government—too often characterized by gridlock, late budgets, secrecy and captivity to special interests—supporters of the brash attorney general felt that he was the right person to provide the spark needed to change things for the better.

Eliot Spitzer knew that there were tough, complicated issues awaiting him upon his ascendancy to the governor’s office. There were the issues he campaigned on, such as government reform and controlling the state’s spiraling health care costs, as well as big-ticket items like education funding and hard-to-solve issues like the housing crunch, particularly in New York City.

Given the complex nature of the problems Governor Spitzer was to face, Milano, in cooperation with the *New York Times*, convened a series of panel discussions on these critical policy issues. “Governing Change: Policy, Politics, and the Spitzer Administration,” our December 12, 2006 forum, featured the following:

- Reporter Janny Scott moderated a panel on housing which included New York City’s Commissioner for Housing Preservation and Development, Shaun Donovan, who tackled the tough issue of the middle class being squeezed out of the city due to the skyrocketing cost of housing.
- Health reporter Richard Pérez-Peña moderated a panel on the most contentious issue in the state budget, health care funding. Jennifer Cunningham, political director of the state’s powerful healthcare union, 1199 SEIU, and Patricia Wang, an executive at the Greater New York State Hospital Association, represented the organizations at the center of a battle between cost control and patient care.
- *New York Times* Albany Bureau Chief Michael Cooper facilitated a panel on government reform, which featured wildly divergent views on the level of dysfunction in state government, as well as the need for campaign finance reform in a state with the highest contribution limits in the country.
- Education reporter David Herszenhorn moderated an education panel, which touched on everything from the federal No Child Left Behind law to the politics of charter schools to a potential settlement of the long-running Campaign for Fiscal Equity case.

Governor Spitzer's incoming Budget Director, Paul Francis kicked things off, framing the issues to be discussed—and perhaps seeking to bring expectations in line with the reality of life in Albany. He said: “Eliot likes to say that on day one, everything will change. But I think we all know that there’s a great deal of continuity in government. The issues that you’re talking about today won’t be solved in one administration or even two.”

Francis went on to acknowledge the middle class squeeze in New York City, saying, “If we don’t have a significant increase in affordable housing, the character of the city will change. And even more significantly, the economic growth on which this whole region depends will be choked off.”

He called health care the most challenging of all the issues facing the new administration. And, indeed, a nasty battle between the governor and the state’s powerful health care interests commenced almost as soon as the budget was announced. Spitzer has said that Medicaid spending is already too high and was rising faster every day, and he sought cuts in funding for hospitals and nursing homes. The industry’s lobbyists and unions fought back, contending that the system could not absorb such a deep cut without serious ramifications for patient care. In the end, a compromise postponed many of the planned cuts—but the governor has advanced an agenda for greater investment in primary and preventive health care services.

Government reform, an issue Paul Francis described as the one “that best defines what Eliot is all about,” has proven to be less acrimonious than the debate over health care and education. Shortly after his inauguration, the governor issued several executive orders on ethics, including barring state employees from accepting gifts designed to influence their decisions, from using state property for personal use, from hiring relatives and from taking jobs as lobbyists for two years after leaving state government. He also barred some state employees from making campaign contributions to the governor and lieutenant governor and would not allow officials to ask prospective employees and contractors about their political affiliations. And he banned elected officials and candidates from appearing in publicly funded ads for state agencies. But the bigger ticket items—campaign finance regulation, changing the way districts are drawn and streamlining the court system—will undoubtedly prove more difficult to take on.

On education, Francis said the governor would provide “significant additional funding and tie that funding to substantial reform and accountability,” which was music to the ears of supporters of the long running Campaign for Fiscal Equity lawsuit. But in order to fund the \$7 billion increase the governor ultimately proposed in his budget, he set out to replace the existing school funding formula which many critics contend is not only confusing, but unfairly advantages wealthy suburban districts like those on Long Island. Senate Republicans resisted this change, contending that the districts whose funding is cut will need to raise property taxes in order to make up for the disparity. Again, a compromise resulted in a new formula, but also more money for some suburban districts.

The December 12th conference was an excellent preview of the budget battle that ensued, as well as longer-term challenges facing the new governor and the state. It was exactly the kind of conversation that Milano is known for—that crucial intersection of politics and policy—conducted by experts in their respective fields.

I would like to thank the *New York Times* for partnering with Milano in presenting this preview of what we can look forward to in the Spitzer administration. Additionally, I want to thank all of the panelists for their time and candor. Lastly, I want to acknowledge Steve Nislick and Edison Properties for underwriting this series and this publication.

—Dean Fred P. Hochberg
**Milano The New School for Management
and Urban Policy**

CONFERENCE PARTICIPANTS

WELCOMING REMARKS

Fred P. Hochberg, Dean, Milano
Paul Francis, Budget Director, Office of Governor-elect
Eliot Spitzer

PANEL I: AFFORDABLE HOUSING

OVERVIEW OF ISSUES FACING THE STATE **Emily Youssouf**, President, New York City Housing Development Corporation, and Member, Milano Board of Governors

DISCUSSION **Eric Bluestone**, Partner, The Bluestone Organization
Shaun Donovan, Commissioner, NYC Department of Housing Preservation and Development
Eduardo LaGuerre, CEO, Neighborhood Association for Intercultural Affairs

MODERATOR **Janny Scott**, Reporter, *The New York Times*

PANEL II: HEALTH CARE AND MEDICAID

OVERVIEW OF ISSUES FACING THE STATE **Howard Berliner**, Professor, Milano

DISCUSSION **Dr. Olveen Carrasquillo**, Principal Investigator, Columbia Center for the Health of Urban Minorities, Mailman School of Public Health, Columbia University
Jennifer Cunningham, Executive Director, SEIU New York State Council, and Executive Vice President for Politics and Legislation, 1199 SEIU
Patricia Wang, Senior Vice President, Finance and Managed Care, Greater NY Hospital Association

MODERATOR **Richard Pérez-Peña**, Reporter, *The New York Times*

PANEL III: GOVERNMENT REFORM

OVERVIEW OF ISSUES FACING THE STATE **Gerald Benjamin**, Dean, College of Liberal Arts and Sciences, SUNY New Paltz

DISCUSSION **Norman Adler**, President, Bolton-St. Johns
Blair Horner, Legislative Director, NYPIRG

MODERATOR **Michael Cooper**, Albany Bureau Chief, *The New York Times*

PANEL IV: PUBLIC EDUCATION AND THE CAMPAIGN FOR FISCAL EQUITY

OVERVIEW OF ISSUES FACING THE STATE **Meryl Tisch**, Member, New York State Board of Regents

DISCUSSION **Geri Palast**, Executive Director, Campaign for Fiscal Equity
Randi Weingarten, President, United Federation of Teachers

MODERATOR **David Herszenhorn**, Reporter, *The New York Times*

PROGRAM

8:00 a.m. **CONTINENTAL BREAKFAST**
8:20 a.m. **WELCOMING REMARKS**
8:40 a.m. **PANEL I: AFFORDABLE HOUSING**
9:50 a.m. **PANEL II: HEALTH CARE AND MEDICAID**
11:00 a.m. **BREAK**
11:15 a.m. **PANEL III: GOVERNMENT REFORM**
1:20 p.m. **PANEL IV: PUBLIC EDUCATION AND THE CAMPAIGN FOR FISCAL EQUITY**
2:30 p.m. **CLOSING**

WELCOMING REMARKS

FRED P. HOCHBERG: Good morning. My name is Fred Hochberg. I'm happy that you could all join us today.

In November, we hosted a campaign roundtable looking at the governor's race and the attorney general's race. At that event, we heard from high-level campaign strategists and the journalists who covered them—many of whom are with us today—about their plans for winning and also about the mistakes they made along the way. And what was striking about our review was that even though the governor-elect had an insurmountable lead, the campaign was really about policy and about issues. It was not full of campaign gas and a lot of political infighting like we might have expected.

So it seemed particularly fitting that we at Milano would host and organize today's conference, Governing Change: Policy, Politics, and the Spitzer Administration.

The governor of New York influences the country. Just think for a moment about Governor Roosevelt, Governor Dewey, Governor Cleveland, and Governor Alfred E. Smith, to name just a few governors who had an influence well beyond the borders of this state. New York City is also home to financial markets, media, fashion, and live entertainment. On January 1, Governor Spitzer will be the governor of the largest blue state in the country—a state that is in the same time zone as Washington, D.C. There is always a national platform that comes with being governor of New York. What happens here will have impact way beyond our borders.

Let me just give you a quick outline of the day. We've organized each panel to begin with a brief overview that will be provided by an expert in the field. Then a reporter from the *New York Times*, our cosponsor today, will moderate a discussion with three or four experts on the subject. Regrettably, the legislature was called back into session and we lost a few of the legislators who were going to be with us. But our goal today is to have a very lively conversation.

But before we start, I have a couple of thank yous. I want to thank our underwriter, Edison Properties. I also want to thank the Model Foundation for their continuing support of our work. I'd like to thank Rick Berke and Jennifer Pauly of the *New York Times* for helping us with our cosponsorship, which added enormously to the conversation we're about to have. Furthermore, I would be remiss if I didn't also acknowledge—I'm not going to list every name, but on page two of your program there are a number of people both in The New School and outside The New School without whose support we would not have this stage.

Now to kick things off, I'm really delighted that my good friend Paul Francis is able to join us. Paul was very recently appointed budget director and a senior counsel to the new governor. This is without question one of the most critical jobs in Albany and one of the closest jobs to the governor. He had been policy director to the campaign since February 2005, and a friend of Governor-elect Spitzer for many more years before that. Let me introduce Paul Francis, who will provide the welcome, and then we'll go on to the first panel. Paul?

PAUL FRANCIS: Thank you and good morning. Eliot asked me to extend his appreciation to his good friend Fred Hochberg and the Milano School and all of you for participating in today's event. Eliot ran a campaign of ideas. He gave over 20 policy speeches that were serious, I believe, for any campaign, and especially for a candidate who had a large lead. I think Eliot has laid out a significant platform for governing. And the topics that you will be talking about today address many of those issues.

Eliot likes to say that "on day one, everything will change." But I think we all know that there's a great deal of continuity in government. The issues that you're talking about today won't be solved in one administration or even two. And in many ways, this is really a relay race. And in that context, I want to acknowledge the man who I will be succeeding as budget director, John Cape, and thank him for the excellent transition that he has helped create in the budget division. I am very pleased and proud to be



Milano Dean Fred P. Hochberg welcomes the audience to the day's program.



Paul Francis, budget director for Eliot Spitzer, delivers his opening remarks.

taking the baton for the next leg of the relay race from John.

The issues that you'll be talking about today—housing (considered in the context of economic development), health care, government reform, and education—really form the core of Eliot's 100-day agenda. And I'd like to say just a very few words about each of those.

With respect to housing, the state is really the junior partner to New York City in affordable housing. And one of our challenges and goals in the next administration is to increase the role of the state in helping to provide affordable housing. This is an issue across the state, whether it's providing housing for soldiers at Fort Drum or providing housing for middle-class homeowners in New York City who are being priced out by the market. If we don't have a significant increase in affordable housing, the character of the city will change. And even more significantly, the economic growth on which this whole region depends will be choked off.

With respect to health care, I think there is no issue that both poses a greater challenge for Eliot and presents a greater opportunity for him to really make his mark in the next four years. Health care as a share of the budget over the last 20 years has grown from 14 percent of the general fund to about 37 percent of the general fund. And in the process, it has crowded out other priorities in education, in infrastructure, in higher education, and the like.

In Washington, the debate on health care is primarily about who pays. But at the state level, the challenge

and the opportunity really are to restructure the entire health-care delivery system to make it more efficient, more affordable, and of higher quality, irrespective of who pays. Eliot was clear throughout the campaign that he would make the hard decisions that are necessary to restructure our health care system. The ideas that will be discussed by Jennifer Cunningham today will describe the problems that we face. And in the coming session, I think you will begin to see the outlines of a fundamental restructuring of health care that will take into account the changes in technology in the 21st century. This is an opportunity for New York State to lead the nation in how to provide one of the most critical government services.

With respect to government reform, there really is no issue that better defines what Eliot is all about. And there is no one better than Gerry Benjamin to speak on that topic. Early in Eliot's 100 days, I think you will see significant initiatives with respect to lobbying reform and ethics reform, campaign finance reform, and ultimately redistricting, which is clearly a critical part of any serious restructuring of government in New York State.

And finally, education. The decision by the Court of Appeals in the last weeks of the campaign to reverse a prior decision that required the state to provide substantial additional money for education in New York City has clearly changed the political dynamics surrounding that issue. However, Eliot continues to believe that we must provide significant additional funding and tie that funding to substantial reform and accountability if we are going to significantly improve the education of New Yorkers—both in New York City and around the state. The panelists who will be speaking on education today will both describe the problem and lay out some of the solutions that we will consider in the days ahead.

Eliot continues to believe that we must provide significant additional funding and tie that funding to substantial reform and accountability if we are going to significantly improve the education of New Yorkers—both in New York City and around the state.

—Paul Francis

About nine months ago, I met with someone who had served under both Governor Carey and Governor Cuomo. And he said, “You need to think now, because when you get in office you don’t have time to think.” This transition period really represents our last opportunity before Eliot takes office. Soon we’ll call him Governor Spitzer, but for now he’s still Eliot to me and to everyone who meets him. And I very much appreciate, as does Eliot, the efforts that you’re making today to help the campaign think about the very serious problems that face New York, so that when Eliot takes office he can hit the ground running. Because “on day one everything changes.” Thank you.

PANEL I: AFFORDABLE HOUSING

OVERVIEW OF ISSUES FACING THE STATE

EMILY YOUSSEUF: It is an exciting time to be in the housing field in New York City. The market is hot. The demand seems to be endless. But upstate, the dynamics are different. New York State is really a tale of two states requiring different approaches to housing. Here in New York City, you have a growing economy, a highly educated and young workforce, high land costs, and population growth. Upstate, you have a stagnating economy, population declines in many areas, and an overall exodus of talented young people.

Unfortunately, both upstate and downstate have a common theme. Real housing costs are rising in both places but for different reasons. In the city, we’re seeing headlines everyday saying that housing is becoming more expensive to own and to rent. In fact, according to recent statistics, a third of renters in many neighborhoods in the South Bronx spend more than half of their income on rent. Meanwhile, in upstate New York, housing is becoming unaffordable due to lower wages and job loss. In rural Clinton and Jefferson Counties, nearly half of renters spend more than 30 percent of their income on housing.

The question that the governor faces is how to increase the supply of affordable housing in regions with vastly different needs. The state agencies could try to shoulder the entire burden themselves. But New York is a big state and each part of it has unique characteristics

The question that the governor faces is how to increase the supply of affordable housing in regions with vastly different needs.

—Emily Yousseuf

that are more easily understood and solved by local agencies. The state should focus on empowering relationships with local municipalities and counties, which, by definition, have the best understanding of the dynamics of their local market. Much like its tangible brick-and-mortar component permanently affixed to the ground, all housing issues, to paraphrase Tip O’Neill, “are local.”

Speaking as president of the local housing agency charged with financing affordable housing in New York City, I can say that the state has in the past fostered an incredibly cooperative relationship with us. We have never thought of ourselves as being in competition with the state agencies. The Pataki administration understood that empowering finance agencies like HDC to tap into private capital markets is the best way to enable local government to achieve its goals and serve its population. In particular, the governor’s office has been extremely supportive of our work by giving us historic amounts of volume cap, so we could issue tax-exempt bonds. This has empowered us to use our programs to their fullest potential. And as a result, we have been able to achieve record years recently.

Since 2003, we have brought in \$5 billion in private capital to finance more than 25,000 housing units in the five boroughs of New York City alone. That, by the way—and I have to brag about this—means New York City has financed more affordable housing just for the five boroughs than our counterparts on the state level in Florida, Texas, and Illinois combined. I think this is quite an accomplishment. And it really bodes well for Mayor [Michael] Bloomberg’s priority: affordable housing.

However, the state is in a unique position to guide housing policy in ways that local agencies cannot. It has a great capacity to advocate on the national level. One thing that the new administration should do is encourage New York’s recently empowered congressional delegation to abolish the alternative minimum tax. It is something both Senator [Charles] Schumer and Congressman [Charles] Rangel have told me that they are interested in doing. The AMT has made tax-exempt housing bonds more expensive and therefore depressed demand for them and increased the cost. An increase in the cost of tax-exempt bonds has a direct relationship to how helpful they can be for building affordable housing. Eliminating AMT would be a major boon to the tax-exempt bond market and would ensure that housing bonds could continue to provide affordable housing.

I’ve been talking about market-based solutions on the bond side. Now let’s talk a bit about construction. Housing builders operating in a private market are concerned with risk and rewards and with profit, not with social concerns. No offense to some of the



HDC's Emily Youssouf talks about ways to create and maintain affordable housing in New York.

builders out here, but in my experience the more innovative way in which you are able to structure financing programs, the better able you are to harness their motivations and their many talents to provide housing and produce a public good.

Other ideas for increasing affordable housing have been suggested and some of them may be worth mentioning in the panel: stimulating developers to build at affordable rates; reducing regulatory red tape that constricts housing supply, and reducing NIMBYism. I'm sure our participants will want to discuss these ideas.

One proposal to stimulate production would be to dedicate the State of New York Mortgage Agency's mortgage insurance fund reserves to affordable housing, instead of putting them into the general revenue. At HDC, we create programs where we use our corporate reserves at 1 percent, combine them with tax-exempt or taxable bonds, and thereby are able to offer developers below-cost financing. In exchange, they agree to provide affordable housing fitting one of our programs. If the state was able to do something akin to that, we think it could really stimulate the affordable housing sector. SONYMA could also provide mortgage insurance on multifamily housing developments. It is an important alternative to provide that kind of credit enhancement, because that allows both the bond market and the private finance companies, such as commercial banks, to provide financing to these projects. However, the agency needs to be more nimble, to react more quickly, and to have its resources increased. The more credit enhancement

options available, the more affordable housing gets built. Competition in this arena is critical.

Since we're here to take a fresh look, I'd also like to talk about a version of the Community Reinvestment Act that applies to insurance companies. CRA has required banks to invest in neighborhoods. And it has been successful. Because even though banks like to talk about how much they really want to help [create] affordable housing, they are also motivated by profit. But when forced, they are more than willing to do it and figure out ways to make money on it. Similar legislation has been proposed for the insurance industry and would provide a large revenue stream for affordable housing. And I strongly urge the new administration to take a look at that.

Upstate or downstate, policies that stimulate mixed income [housing] in mixed-use neighborhoods are beneficial. NIMBYism is reduced when affordable housing takes the form of mixed-income buildings. High-density in-fill development encourages revitalization of city and town centers and provides for efficient production of more units of affordable housing. We found in New York City that economically integrated buildings stimulate entire neighborhoods. Once you build a building that has low-, moderate-, middle-income and sometimes a few market rate units in it, then suddenly the demand for services is increased. Banks open up branches. Grocery stores appear and other support services. And all of that helps to rebuild a particular neighborhood.

As we're looking at tax incentives and government-sponsored programs, the state's Home for Working Families Program, the state's Low-Income Housing Tax Credit Program, Affordable Housing Corporation, and Housing Trust Fund, have all been useful. But I think they could be improved. And I think it'd be great if the panel could suggest how. Here in New York City, we're in the process of adjusting the 421a tax program, which has been very controversial. It was a program created in a different time, when no one would invest in New York. And it has been extremely helpful in getting people to invest. But now it's a different market and a different reality. And how the city is planning to negotiate to alter that program will be a very interesting lesson for the rest of the state and perhaps something that they can use once they see how we do it. I'm sure the panel will be discussing 421a and similar programs. Those are just some of the ideas to consider as we now move to the panel. Thank you.

SUMMARY OF PANEL DISCUSSION

The panelists discussed the following key issues.

- *Does the state have a housing shortage or an affordable housing shortage?* The panelists recognized that a housing shortage exists across the income spectrum in New York State. In New York City in particular, middle-class families with annual incomes in the range of \$100,000 to \$150,000 are increasingly being pushed out of their neighborhoods and further from Manhattan. The panel agreed that more housing should be constructed to meet the needs of an increasing population, especially in the New York City metropolitan area.
- *What is the best way to encourage smart growth and the construction of new housing in the state?* The panelists noted that the population of the New York City metropolitan area is projected to grow by 4 million over the next 25 years, with only 1 million of that growth projected to occur in the five boroughs. There are currently numerous obstacles to “smart growth” because of the existence of fragmented municipalities, each with its own land-use policy. Developers also confront widespread NIMBYism, as well as a resistance to any growth at all. The panelists acknowledged the need for a statewide approach to smart growth that encourages in-fill development, transit development, and the re-use of state-owned brownfields.
- *What should the new administration do to preserve affordable housing?* The panelists expressed concern that the state has not done enough to ensure that subsidized housing programs, such as Mitchell-Lama, remain in existence. There are more than 100,000 subsidized Mitchell-Lama housing units in the city, and another 50,000 in the state—all in imminent danger. Eric Bluestone suggested that the state could coordinate different agencies, such as the Housing Finance Agency, which holds the mortgages on many of these properties, and the Department of Housing and Community Renewal, which oversees them, in order to refinance the units and preserve 75 percent of them. Eduardo LaGuerre stressed the importance of tenant involvement during the turnover period to prevent both the building’s owners getting a “windfall bonanza” when HUD transfers the units and the tenants themselves having to pay large rent increases.
- *With incomes stable or declining and housing costs rising, can New York City keep up with the lack of affordability unless rent laws are changed?* Eduardo LaGuerre argued that rent regulation laws should be controlled by the state. Commissioner Shaun Donovan noted that although an increasing number of units are being taken out of rent stabilization at the \$2,000 threshold, new rent stabilized units are

also being added to the overall housing pool through the city’s affordable housing programs. Over the last three years the number of rent-stabilized units in New York City has increased by 30,000.

- *What is the significance of public-private partnerships in affordable housing?* Commissioner Shaun Donovan argued that, “There’s broad, broad agreement among people who work in housing across the country that private involvement, whether it be nonprofit or for-profit, has been a very positive thing for affordable housing.”

EXCERPT FROM DISCUSSION

The excerpt below addresses a question about the priorities of the new administration in Albany, and whether it should concentrate on providing housing to populations at the lowest end of the income spectrum or to low to middle-income families. It also examines the role of the Housing Finance Agency.

JANNY SCOTT: Shaun, how do you address the problem that those with the lowest incomes can’t even afford to get into affordable housing developed by an apolitical corporation? And where should the state’s focus really be, if it has limited resources?

SHAUN DONOVAN: I think that one of the biggest challenges we have is that the traditional source of funding for the extremely low-income population has been the federal government. And traditionally, the partnership has worked best because the city and often the state have supplied capital subsidies to build units and bring the rents down to a level that’s affordable to families with low incomes, but not to those with extremely low incomes. And then, through Section Eight vouchers and a range of other operating supports from the federal government, those units have been made accessible to the population with the very lowest income. That kind of national strategy around vouchers paired with capital subsidies from a local or state government is the right way to build in combination. The problem is we haven’t seen new vouchers from the federal government in roughly a decade now. That’s a real issue, but obviously, one that we’re not going to be able to solve here.

What we’ve started to do is to find ways to take programs like the tax credit, which reach low-income families, but not extremely low-income families, and buy those units down even further through a housing trust fund that is targeting formerly homeless families that, obviously, have extremely low incomes. In the absence of federal support for the lowest-income populations, we have to find ways to be creative.

You’ve got to reach low-income and extremely low-income families. And you’ve got to reach some middle-

class people in New York City, given the challenges that we have. Our balance—which we think is the right balance—is that about 75 percent of our resources go to the lowest-income families with about a quarter of them going to moderate-income or middle-class families. We believe that’s the right balance. The majority should be for the lowest-income populations, but you’ve got to do something about creating an incentive for home ownership and other things that are getting more and more difficult in the market today.

JANNY SCOTT: Are there specific programs that you would recommend that the state take on to help you in this?

SHAUN DONOVAN: I would certainly say we’ve got an enormous amount of work to do on this billion-dollar commitment to supportive housing. Supportive housing is the combination of housing and services targeted at the most vulnerable families. These are families coming out of shelters or individuals coming out of shelters, suffering from substance abuse. This model has worked so well that, in fact, we save money. If you look at the cost of emergency rooms, jails, hospitals—not to mention homeless shelters, the cost of housing folks in the shelter system in a band-aid way is actually significantly higher than the cost of supportive housing. And so we’re broadly expanding our use of supportive housing. Youth aging out of foster care is a new population. So I do think it’s very important for the state to continue that commitment as well.

JANNY SCOTT: There’s been a lot of talk about a broad reform of the Housing Finance Agency, including the use, perhaps, of a higher percentage of tax-exempt bonds for low-income units. I’m curious what you think about ways that that agency could be changed, Eric, and what kinds of reforms might be appropriate

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—Shaun Donovan

at this time, if you have had much dealing with that particular group?

ERIC BLUESTONE: I think that the Housing Finance Agency, unfortunately, has not directed enough of their funds to the low-income population—basically, financing primarily 80/20 buildings. We effectively financed a project with the Housing Finance Agency outside the city this year, using the as-of-right tax credit. It was a very complicated deal. HFA was successful in being able to allocate a possibly higher than normal allocation of their Empire funds, which is their 1 percent financing money, similar to HDC’s program to help buy down the capital costs of affordable housing development. One way to change the agency is to expand the use of the Empire funds, because right now their per-unit allocation is considerably lower than what HDC allows with their development projects. And the other way is possibly being a little bit more friendly toward cross-leveraging multiple-source financing. The project that I was referring to was a combination of HFA bonds, low-income housing tax credits, state low-income housing tax credits, Empire funds, and HOME funds. The process took about two years of pre-development to be able to get it to closing. It was a massive undertaking, primarily because it was not the norm for a typical HFA deal. I think that they need to rethink the way that they approach these deals, especially in light of us trying to reach moderate-income families and low-income families outside and inside the city.

SHAUN DONOVAN: Jan, if I could just jump in there. Just step back from the details of the programs and the management of them and recognize that—Emily talked, I think, very well about it—the Housing Development Corporation in the city and HFA in the state are enormous financial institutions. And we’ve been able to take about six or seven hundred million dollars in what would otherwise be profits at HDC and plow it back into housing. If these were private sector entities, they would be highly profitable entities. What’s been happening at HFA is that each year millions of dollars are taken out of HFA and put in to fill gaps in the state budget. We have an enormous opportunity to say, “Let’s keep what are essentially



Developer Eric Bluestone discusses the state's Housing Finance Agency.

Eduardo LaGuerre stresses the need for new housing developments that incorporate social service facilities.

profits from financing affordable housing in affordable housing, and use it in creative ways to reach the lowest-income population, to reach new priorities.” And this is not a question of money that’s allocated in the budget and would take away from something else. These are gaps that are filled on an ongoing basis using this money that, we believe, ought to stay very much in housing.

EDUARDO LAGUERRE: If I can just say something about that. It’s not enough that you have money to construct this building, but you also have to have mixed-use opportunities in order to create the day-care facilities, in order to create the social service rooms that you need to provide those services to the low-income population, the 30 percent who are homeless. The provisions do not allow for the developer and the builder to really go out there and build this additional space that’s needed. And fortunately, in the Bronx, there’s a borough president who committed some capital dollars that helped us build a day-care facility.

On the other side, where there are no capital dollars, we have a 100-unit day-care facility that is just a structure. And I have to convince my partners that it is in their best interest to complete the building, so they can get their Certificate of Occupancy and invest additional monies so that it can be built out. Because there’s no project money designated for that. But as a community person I want to make sure that we have a day-care facility, that we have a social service room, that we have a large community center. These things are critical when we’re bringing a low to moderate income population into our buildings, and especially when we’re bringing in a lot of children. And there are really no social amenities in the immediate area, because we’re building without a sound policy whatsoever, because we’re not looking at the needs of those residents who are now being concentrated in a

...[As] a community person I want to make sure that we have a day-care facility, that we have a social service room, that we have a large community center. These things are critical when we’re bringing a low to moderate income population into our buildings, and especially when we’re bringing in a lot of children.

—Eduardo LaGuerre



given area. And then when you do find the opportunity to build the facilities, there are no additional dollars to fund the programs. So I have two day-care centers. I could not find the money to fund them. So I had to go out there and get partners and get other providers of those services to come in and use my space. But it doesn’t mean that I’m increasing the volume of day-care services—it just means that I’m relocating one program from one site to another in my neighborhood, and that’s something that really has to be looked at.

Where do we find the additional capital to build those facilities and, within the facility, to provide those services for the folks? With respect to the new program that allows for Section Eight for homeless families, that’s still in the working stage. We don’t know when this Section Eight voucher program is really going to come into place or if there is going to be a Section Eight voucher, because that is still unclear. And here I am identifying families to move in, in another month, and I’m telling them they’re going to have a Section Eight voucher, but that’s not going to happen immediately. It might happen four, five, six months down the road, but that’s a real problem, too.

PANEL II: HEALTH CARE AND MEDICAID

OVERVIEW OF ISSUES FACING THE STATE

HOWARD BERLINER: Good morning. What I'd like to do is just give a short overview of some of the issues facing New York looking forward to this gubernatorial four years. And let me start by saying what I think is the fundamental issue that New York has to face over that time, and that's the large number of uninsured that we have—almost three million people out of a population of a little over 18 million people—a number that has not substantially gone down over time, even with the growth of programs such as Child Health Plus, Family Health Plus and Healthy New York. Fundamentally, this is the cause of the great majority of our problems. Many of the other issues we confront turn out to be just symptoms of this underlying cause. And if New York doesn't address this problem, we're not going to see very much change elsewhere.

Of course, we're looking at a very expensive Medicaid program. Statewide, we'll be paying over \$47 billion for Medicaid. New York is the only state that requires county participation in payment for Medicaid. This has proven to be a great problem for the counties, largely because they have limited sources of revenue. In order to pay for the Medicaid program, their property taxes have increased. And this has become unbearable for some of those counties. The ability or the need for the state government to take over that program, without at the same time substantially diminishing it, is going to be a problem. The last two administrations have looked at this problem and have not done all that much about it. One would hope that this is something that could

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be addressed much more substantially moving forward over the next four years.

In addition, we've noticed a problem with Medicaid fraud—something highlighted impressively by the *New York Times* last year. If you have a \$47 billion program, it's hard to imagine that you're not going to have a substantial amount of fraud. Both the new governor and the new attorney general have campaigned on the need to crack down on this. And a new federal waiver that New York has accepted requires very substantial Medicaid fraud targets of over \$200 million a year. To take \$200 million a year out of the health-care system through challenging institutions and how they budget is going to be an incredibly difficult problem both for the state and for the institutions concerned.

As is very well known in the state, we have hospitals that have almost the worst financial performance in the country. We've been plagued by hospital closures that have been somewhat random—random in the sense of being unplanned and not necessarily worked out well for their communities. In addition, we have a large number of facilities that have gone into technical bankruptcy. And while some of those facilities remain open, it seems like this is a great year to be a lawyer, particularly if you do bankruptcy law in New York.

The Berger Commission Report—the report on health-care facilities in the 21st century—has recommended the closure of nine facilities statewide and five in New York City, along with substantial restructuring of the health-care system. Legislative hearings are being held today and were held on Friday in the Senate. I'm not the person to predict whether this is going to be challenged or will pass. But in any event, we will see consequences just from the issuing of the report, in



Milano Professor Howard Berliner provides an overview on health care and Medicaid in New York State.

terms of hospitals beginning to change what they do and how they do it. Certainly, there's no reason why every hospital in New York has to stay exactly the same as it has been for the last 20 or 30 years. Institutions evolve. The needs of the health-care system change.

But this is a lot of change to happen in a very limited period of time, driven by not very much money, and frankly, not very much in savings for the state. Lots of people will have their lives disrupted, either through job loss or changes in job function. And this is going to be a tough period for New York health institutions to get through. In July of 2007, the state legislature has to decide whether it's going to renew the Health Care Reform Act and most particularly its public goods programs—graduate medical education and the bad-debt and charity-care pools, which help New York hospitals pay for the large number of people who don't have health insurance. Will these be renewed? Will these be substantially changed? Will we move toward more of a market system? Will we move back toward more of a regulated system? It remains to be seen.

And finally there's the issue of long-term care. We know that nationally the number of people over 65 will be doubling between the year 2000 and 2030. That increase in population will be most profound in the period after 2010 or 2011, when the baby boom generation starts to retire. We certainly need to improve our long-term care system. It would be great if it could change, and we could get rid of nursing homes. Everyone could just get home care and assisted living. I'm not sure that's a really accurate perception of the way that things will go. But in any event, we need to deal with improving the long-term care system moving forward.

SUMMARY OF PANEL DISCUSSION

The panelists discussed the following key issues.

- *What is the impact of programs like Child Health Plus and Family Health Plus on the percentage of the uninsured in New York State?* The panelists noted that since these programs were instituted the percentage of New York State's population that lacks insurance has decreased to below the national average. In practice this means that the percentage of uninsured has dropped from 19 percent to 16 percent—a total that remains unacceptably high. The situation is exacerbated by the bureaucratic challenge of enrolling in these programs in the first place, and then by the need to fill out forms to recertify every year.
- *What are the demographics of the uninsured in New York State?* Because of the decline in manufacturing and the growth of the service economy in New York State, the demographics of the uninsured have shifted. Approximately one-third of all Latinos in the

state currently lack health insurance, as do almost half of all immigrants.

- *Should HMOs be forced to give back some of their profits?* The panelists observed that between 2001 and 2005, HMOs made increasing profits while the condition of New York's hospitals deteriorated. In fact, Howard Berliner noted that HMOs derive greater profits from New York than from any other state, including California and Texas. Dr. Olveen Carrasquillo argued in favor of rethinking whether for-profit HMOs with primary responsibilities to shareholders should be responsible for delivering care.
- *Should New York follow the Massachusetts model and require an employer contribution into a common health-care fund?* The panelists noted that the employer contribution in Massachusetts is relatively insignificant, around \$300 a year. Dr. Olveen Carrasquillo argued that the biggest feature of the Massachusetts model is that the state requires residents to pay for their own health coverage without giving them an adequate subsidy. "I don't think requiring people to buy super-duper inferior health policies is the right way to start health reform," he said. Jennifer Cunningham argued that the verdict on Massachusetts is still out. She noted that SEIU made a proposal to the New York State legislature a couple of years previously along the lines of the Massachusetts model, but in this case the employer contribution was about \$3,000 a year.
- *We have a \$1.5 billion commitment from the federal government that depends in part on the state tripling its Medicaid fraud recoveries. How realistic is this?* The panelists noted that the actual amount of Medicaid fraud in New York State is debatable. While a recent *New York Times* article estimated that it was as much as 10 percent of Medicaid costs, the federal government says it is below 2 percent. Patricia Wang noted that the federal requirement is very aggressive, especially against an unclear definition of fraud that doesn't differentiate between waste and abuse. Dr. Olveen Carrasquillo argued that combating Medicaid fraud requires better documentation for doctors to complete. Ultimately, however, the solution for Medicaid fraud will be found at the macro-level.
- *What are the implications of the Berger Commission recommendations?* The panel recognized that, despite claims to the contrary, politics were a large part of the Berger Commission's process. Howard Berliner noted that there is no empirical evidence demonstrating that closing a hospital bolsters the finances of the remaining institutions. There will be thousands of job losses as a result of the closures, and although both 1199 [SEIU] and the Berger Commission claim that hospital workers will ultimately be reabsorbed into the system, Jennifer Cunningham argued that the



GNYHA's Patricia Wang argues that Medicaid is a “bargain” for New York State.

impact of the closures is far from benign—displaced workers will likely have longer commutes to new jobs and lose seniority. Patricia Wang reiterated this point, arguing that closing nine hospitals will have a large impact on their communities, while the restructuring suggested in the Berger Commission report will likely prove difficult.

EXCERPT FROM DISCUSSION

The excerpt below addresses Governor Spitzer’s challenge to cut the cost of Medicaid while enrolling everyone who is eligible.

RICHARD PÉREZ-PEÑA: If the one 800-pound gorilla underlying all these problems is the uninsured, the other one is Medicaid. It costs too much. I think just about everybody would agree with that. The cost per patient in New York is far higher than it is in any other state. You have about a million people, as we said, who are eligible, but not enrolled. And Governor-elect Spitzer says we have to cut the cost of it, but we have to enroll everyone who’s eligible. I never could do a Rubik’s cube [laughter]. I don’t know about anybody else here, but . . .

JENNIFER CUNNINGHAM: The one thing I think it’s important to note is that what you actually have in New York is about 25 percent of the Medicaid population driving about 75 percent of the costs—

RICHARD PÉREZ-PEÑA: The 25 percent being the elderly and disabled.

JENNIFER CUNNINGHAM: Yeah, and their costs have gone up. But I think it’s just as important to note that for fully 75 percent of those covered by Medicaid, the cost per beneficiary has gone down. So I think that when we talk about Medicaid and costs, we really need to take a look at where the costs are going up and what’s driving that, and not just address the program as a whole.

RICHARD PÉREZ-PEÑA: So the people who are eligible but uninsured—who are not enrolled—on the whole would be the healthiest people. That’s why they’re not enrolled. They wouldn’t be in the most expensive group of the elderly and disabled.

HOWARD BERLINER: That’s correct.

RICHARD PÉREZ-PEÑA: Most likely, they’d be relatively cheap to insure, relatively cheap to care for, and yet you’re still talking about billions of dollars a year. How do you do this?

HOWARD BERLINER: Well, let me take a somewhat contrarian point of view on this. I think Medicaid is a great “bargain” for New York. We spend a lot of money on it, but we get a lot of benefit from it. First of all, 50 percent of the cost comes from the federal government. It’s a half-price sale. And I don’t think any New Yorker in their right mind would turn down a half-price sale. I think that if we could do any one thing to improve the health and finances of the New York health-care system, it would be to encourage the congressional delegation to change the federal formulas. If we got more money from the federal government for providing a better and larger program, it would cost New York less and everyone would benefit. But frankly, we have states in this country that get a lot more money than we do from the federal government, and who have the most minimal programs where people, basically, go without care. We do a good job with it.

RICHARD PÉREZ-PEÑA: What’s interesting about that, historically, is that the purpose of the sliding-scale match was incentivizing, if I can use a word I hate to use. The poorer states actually do more. And say the more you do, the more on the dollar you’ll get. And it hasn’t worked that way at all.

HOWARD BERLINER: I think, in reality, the reason for the way the system was set up was because the ranking chairs of the relevant congressional and senate committees were from those Southern states. And they took care of themselves and, basically, screwed the Northern states and the more progressive states that were going to have big programs as a result. But we haven’t seen even those states getting a lot of money, or adopt really aggressive, improved programs.

*Medicaid is a real bargain for New York State.
Half of the money is federal. And it provides a
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And I think that New Yorkers should be proud
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structuring the Medicaid program.*

—Patricia Wang

RICHARD PÉREZ-PEÑA: So you're the king or queen of Medicaid, and you can wave your scepter and make anything happen. You don't have to deal with the legislature. What do you do? What can you change to cut the cost of Medicaid that won't harm services to actual people?

PATRICIA WANG: To underscore Professor Berliner's point, I agree that Medicaid is a real bargain for New York State. Half of the money is federal. And it provides a very, very comprehensive insurance package for a great number of needy people in the state. And I think that New Yorkers should be proud of the job that New York has done in structuring the Medicaid program.

One of the other things that New York has done in structuring its Medicaid program is probably to qualify more health care expenditures for that federal matching share, which is the lowest rate in the country that states can be eligible for. It's 50 percent versus 70-plus percent, which some other states get. But we have qualified a great deal of programs, for example, in the behavioral health area, in the physical health area, etc., that other states do not put into the Medicaid program, and may choose to provide with 100 percent state-only dollars or provide in a very limited fashion. So I think that's important to note when we look at the size of the Medicaid program.

But getting back to your question, the world is governed by the 80/20 rule. Anywhere you look you can see 20 percent being responsible for 80 percent of spending or whatever it is. And it's really no different in our Medicaid program. The state's doing a great job with relatively healthy adults and children—spending has actually declined on an inflation-adjusted basis for those people. It's flat on a non-inflation-adjusted basis. But the aged, blind, and disabled really are the 20-plus percent of the Medicaid group that is driving not just the bulk of expenditures, but also the increase in expenditures. It's not easy, but I think that you could probably improve care and outcomes for that population with an increased focus on care management, disease management, and looking at

some of the specific conditions. We're talking about some of the sickest people in the entire state. Medicaid is a complete safety net for those very vulnerable residents of the state. But we think that focusing efforts on developing better care-management models for that population is probably a very good starting place.

OLVEEN CARRASQUILLO: We have to look at some of the other states, and some of the really horrible things they've done. I just heard that in Kentucky they're going to limit Medicaid beneficiaries to four visits per year. If you're a diabetic, just seeing your primary care doctor alone is four visits. There's an eye doctor. There's a podiatrist. And I think some really mean-spirited attempts to save money in some states are really not the solution.

But Richard, I want to challenge you. We really have to think a lot about what, in terms of governance, it means to the majority of the public and the majority of health-care leaders if they had their choice and would favor a single-payer approach. And there's certainly no reason why New York State couldn't adopt a single-payer system if they really wanted to at the state level. We have enough people in this state to be able to do that, unlike some smaller states. But this whole thing—even though that's what the public wants and thinks is right—we can't do it because of special interests. So how can we save Medicaid? I think you're going down the garden path that a lot of special interests in the state would want us to follow, which is, "Let's preserve the same system. Let's keep all these high overheads for the for-profit insurance companies. And let's keep the same system that maintains all these disparities that we see in our state." And we really need to go back and say to our politicians, "If this is what



Dr. Olveen Carrasquillo contemplates the merits of a single-payer system for New York.



Richard Pérez-Peña from the *New York Times* poses questions to the panelists.

of the costs that continues to drive everybody over the edge is the increased cost of prescription drugs. And that's certainly true for the Medicaid program as well.

RICHARD PÉREZ-PEÑA: And in fact, the preferred drug list that New York adopted isn't particularly stringent by national standards, is it?

JENNIFER CUNNINGHAM: No.

RICHARD PÉREZ-PEÑA: And you could—I've heard people advocate this—you could go a step further and negotiate prices with the drug companies, could you not?

JENNIFER CUNNINGHAM: Certainly.

RICHARD PÉREZ-PEÑA: And there are states that have done that, right?

JENNIFER CUNNINGHAM: I believe Maine, right?

HOWARD BERLINER: Tried to do it and had been challenged in court—unclear what the final results are going to be.

RICHARD PÉREZ-PEÑA: You and I have talked several times about the area of home health aides, which is a little-known, but multi-billion-dollar a year part of Medicaid in New York. And that this is a system in which you have contractors for the state who then subcontract, and skim a certain percentage off the top as administrative costs, and then the subcontractor does the same. The state puts in \$18 an hour. And the worker gets \$7. Isn't that a ripe area for cutting costs without actually harming patient services?

JENNIFER CUNNINGHAM: It certainly would seem to be. And Richard's referring to the home health aide program. That description was absolutely accurate.

the people want, if this is the right thing to do, why don't you do it?" And hold them to that.

RICHARD PÉREZ-PEÑA: Do you think the political will is there? It's not something I've heard any of the policy makers talk about—a state-level single-payer system?

OLVEEN CARRASQUILLO: And that's why we're talking about governance here, right? But we have to think about whether we really have representative democracy or not. *[Applause]*

RICHARD PÉREZ-PEÑA: Jennifer, any ideas about what you could cut in Medicaid?

JENNIFER CUNNINGHAM: I think that the state legislature over the past couple of years has started to stick a toe in the water on this. I think it was Howard who mentioned the more aggressive approach that we're seeing to Medicaid fraud. Another thing that the legislature has done is to start some pilot programs on disease management. Members of our union have a self-administered benefit fund that we jointly administer with our employers. If we were a private insurance company right now, we would be the seventh largest in the state. We cover about 600,000 lives. We have begun disease management, looking especially at the common diseases—whether it's asthma, whether it's diabetes—and we have seen some significant savings while still making sure that people get the care that they need. I think this is one place where the state needs to look. And of course, the place where we finally got some action—and I know this is controversial—is looking at a preferred drug list. Because I think one

There's certainly no reason why New York State couldn't adopt a single-payer system if they really wanted to at the state level. . . . We really need to go back and say to our politicians, 'If this is what the people want, if this is the right thing to do, why don't you do it?' And hold them to that.

—Dr. Olveen Carrasquillo

Most of the product, so to speak, is the actual workers, themselves. And yes, we have a system where there's \$18 paid for an hour of care. And the folks that we represent get about \$7 an hour. And embarrassingly enough from the union's perspective, these are unionized workers. Many of them still don't have health insurance. They have no pensions. They cannot take time off for vacations or sick days. And when we talk about transitioning to a model where we have more home-based care and less institutional care, we need to think not just about the cost savings, but also about making sure we treat these people decently.

HOWARD BERLINER: One other area, I think, where Medicaid could save some money is that we have an incredibly bizarre and Byzantine system of enrolling people and then keeping them enrolled. And the churning that goes on flies absolutely in the face of things like disease management where you want to have a stable population, who you can then treat on a regular basis.

RICHARD PÉREZ-PEÑA: And the annual disenrollment rate is still around a third to 40 percent?

HOWARD BERLINER: I'm not sure of the number. But clearly that's a way that you could actually improve care and lower costs. Just by making the system a little bit easier for people to navigate—to get into and stay in once they're in.

RICHARD PÉREZ-PEÑA: But there's a federal requirement that you re-enroll people every year. How do you get around that?

HOWARD BERLINER: But there are states that have found ways to do that without actually having face-to-face interviews and all the financial forms that have to be filled out. They can be done through self-attestation. There are a variety of ways other states have found to minimize the hurdles and maximize the continuity of care, which is what would actually save money in the long run.

OLVEEN CARRASQUILLO: There are state waivers to look at these innovative solutions. I think the best way to save Medicaid money is to cover people. If you actually

This is the 15 minutes of fame for reform in New York. We have a Governor-elect who has committed himself to fundamental reform of our government. And yet we have a system that's notoriously resistant to change.

—Gerald Benjamin

cover people today it will cost us more to expand Medicaid to the uninsured who are eligible, but in the long run the state will save money. Because these people won't then get sicker and have all the future health-care costs.

PANEL III: GOVERNMENT REFORM

OVERVIEW OF ISSUES FACING THE STATE

GERALD BENJAMIN: I'm delighted to be here today at The New School, historically a locus of extraordinary thinking about government in New York.

This is the 15 minutes of fame for reform in New York. We have a governor-elect who has committed himself to fundamental reform of our government. And yet we have a system that's notoriously resistant to change. And since there is a limit to the capacity of the government—even the most committed and energetic government—to act, especially if legislative action is required, then what do we pay attention to? What do we focus upon in this time of special opportunity? That's the fundamental question.

So I categorized, and perhaps subsumed, a lot of the specifics into a few general categories. And one of them, I promise you, will be a surprise, because it's not anything that Eliot Spitzer will do anything about, nor is it anything you might want anybody to do anything about. And so, if you stay tuned for the full ten minutes, you may be surprised by one point on my list.

Let me say first that New Yorkers need a functioning democracy and we do not have one. Now, what's startling is to know that there were 20 percent more votes cast for governor in 1954 than in 2006. And the drop-off is palpable from the last, relatively competitive election to this one. So there's something going on. And by the way, Spitzer's total is quite healthy compared to those of other winners of the governorship. Because he had the support of such a large percentage of those who voted, I still think he has a mandate. But he has a mandate in the context of people not participating. And there are lots of reasons for that.

One thing we can do is to try to restore confidence in the system. What do we need to do? Well, the agenda's quite familiar—campaign finance reform is fundamental, legislative districting reform is fundamental, and reforming election administration, too. Our failure to meet federal expectations on HAVA has made it clear that we have an egregiously dismal election administration system. And that system is embedded in our state constitution. We can do some things, but not all things, to fix that. In the immediate



Gerald Benjamin from SUNY New Paltz describes a variety of government reform issues confronting the new administration.

term we have to deal with the technology we're using for voting. But that's in the larger context of thinking about how we run elections, so as to encourage participation rather than discourage it. So that's my first category: Give New Yorkers a functioning democracy.

My second category involves returning financial balance and probity to state government and, I would say, derivatively to local government. This entails debt control and debt management, with the public authorities bringing balance to the state fiscal situation—real balance, not year-to-year balance—which means tough-minded consideration of our spending, as against our resources. We need to understand in a transparent way what is going on fiscally in the state—inclusive of all its activities, not just those activities that we see in the budget. And we need to make the budget outcome transparent and understandable to citizens, so they can hold their government accountable. One area that's really regarded as local, but which ought to be a state concern, involves addressing property tax, which is rising in this state. I'll speak for the Hudson Valley. Something needs to be done about it. It is extraordinarily important for people's daily lives across the state.

A third category involves improving our institutions and the relationships among them. For example, we are compelled to give consideration to how we pick judges. Certainly, if we pick judges in a better way, we will have a better judiciary. But we have to attend more generally to reform of the judiciary, which has been stymied during recent New York history

despite the best efforts of the chief judge, because it requires constitutional change. It is extraordinarily difficult to get anybody interested in local government structure and operations in this city. But they are very important. I think we're enormously wasteful in sustaining our historic structures and in our lack of attention to ingraining efficiency in our operations through collaboration on functions. I've talked a little bit about transparency and accountability in government in mentioning the budget. There are a lot of other opportunities for greater transparency, too, which leads to greater accountability.

So here's my surprise. I think we have a fundamental stake in the revitalization of the Republican Party in New York. The Republican Party must be reformed and must become competitive in order for New York to have accountable government. One dominant party, what I call the Massachusetts-ization of New York, is not desirable. And Republicans need to attend to this and they are not doing it. And I said that the governor-elect would probably not help with this, nor would he have a stake in it, because it empowers the opposition. But in fact, opposition to sitting governors after their first term has been nil in New York in recent history. If you're a political scientist who believes in the value of competition and fair competition, you want institutions that bring it forward. And if you believe in the party system, you want competitive parties. And I think we all have a stake in that.

Now, there are some things to do now and some things to do later. When I was a young graduate student, I read a book called *Presidential Power* by Richard Neustadt. The fundamental point was that early victories are necessary for later victories. So battles have to be fought selectively. And so the governor has some choices to make. If I were making the choices, some of the most popular reforms wouldn't be pushed forward because they're the least likely ones to be achieved in the short term. And we can talk about that. But in the longer term, our governor-elect needs a constitutional reform agenda. Every area I've mentioned implicates the New York State constitution and barriers to change within it. And those constitutional changes won't be easily or quickly achieved. So in the long term I would talk about changing the budget process to bring greater balance to it in the constitution, changing judicial

Let me say first that New Yorkers need a functioning democracy and we do not have one.

—Gerald Benjamin

As far as who pays for campaigns, every time I've polled the issue, and I've polled it every which way, it is clear that the electorate does not want tax money to be used to pay for elections.

—Norman Adler

selection and court organization in the constitution to bring rationality to it, changing the local government articles to allow a rational reorganization of local government, changing the article on election administration to allow an efficient, effective election administration that invites voters into the process—and the list could go on.

And finally, I think that reformers have to embrace constitutional reform, as they've failed to do in recent history.

SUMMARY OF PANEL DISCUSSION

The panelists discussed the following key issues.

- *Should the new governor focus in his first term on achieving substantive reform, such as making Medicaid more efficient, or on process reforms, like restoring functioning democracy to Albany?* The panelists agreed that Governor Spitzer should make substantive reforms that people care about early in his tenure and potentially focus on procedural reforms in his second term. They argued that it was important for him to deliver on the things he had promised in his campaign, focusing on key issues that the electorate cares about such as fixing Medicaid and instituting a property tax cut. As Blair Horner put it, “You get future victories by initial victories.” Norman Adler said that Republicans seemed inclined to cooperate with Spitzer initially, “And so, he has a period where if he doesn't succeed in advancing some of these issues ... then he's really blown it and the electorate has a right to take it out on him the next time he runs.”
- *Is it necessary to differentiate between certain battles that are winnable in the short term and others that are winnable in the long term?* Should redistricting be a short-term or long-term goal? The panelists agreed that differentiating between short-term and long-term battles was imperative for the new governor. Although Blair Horner thought that Governor Spitzer could raise the issue of how district lines are drawn when the Legislative Redistricting Commission expires in June 2007, neither he nor the other panelists thought the governor could win on this issue in one year. Gerald Benjamin thought this

issue might be best left until Spitzer's second term, enabling the new governor to pass substantive reforms early on without unduly antagonizing Republicans in the legislature (assuming that Republicans will be opposed to redistricting reform because it would disrupt the status quo).

- *Is government in Albany actually as bad as a recent report by the Brennan Center for Justice suggests?* Norman Adler attacked the methodology behind the Brennan Center's report claiming that New York is the most dysfunctional state government in the country, saying, “The legislature on the whole works just fine.” He pointed to the many laws passed by the legislature on an annual basis as proof of its functionality. Blair Horner challenged this view. Although he said he has a “slightly different take on the rules issues than the Brennan Center,” he also argued that there are real problems with the legislature, including that the majority uses the arcane regulatory structure to “run roughshod over the rights of the minority parties in each House.” “They're supposed to be representing our interests,” Horner said. “How can they do that in such an unfair system?”

EXCERPT FROM DISCUSSION

The excerpt below addresses campaign finance reform and public financing of elections.

MICHAEL COOPER: We were talking about campaign finance reform. Right now, the governor in this last race could raise \$50,100 for the primary and the general election. New York has the highest limit of any state that has campaign limits. And there are numerous loopholes that essentially make it a system with no



Norman Adler argues against pursuing campaign finance reform.

limits. Recently, Governor-elect Spitzer announced that he was unilaterally going to follow a series of rules. He was going to limit his contribution take to \$10,000, which I would note is still more than twice what somebody running for President of the United States can take. But it's still unusual for anybody to unilaterally determine this way. And he said he was going to push for some campaign finance legislation.

My question for the panel is what do you think the essential elements of that would be? Is this a good idea? Is it a question of lowering the limits, closing loopholes? What should it look like? And should there be public financing of elections?

NORMAN ADLER: I've got an old farmhouse in Connecticut. And it gets damp every time it rains. I hired a guy and he cut a trench around the outside, and he put in plastic and stuff like that. And then it rained, and I got water in the basement. So we put in troughs on the inside, and a little bit of a pump to clean it out. And then it rained, and I got water in the basement.

Political money is like water in the basement. These reforms are very interesting. And you can do every single one of them. You can limit the amount of money you ask for. You can forbid lobbyists from holding fundraisers in Albany. You can do all that stuff. But resources are going to flow to the people who are the expected winners in the next election and who are holding power now, because that's the way it is.

As far as who pays for campaigns, every time I've polled the issue, and I've polled it every which way, it is clear that the electorate does not want tax money to be used to pay for elections. And the best example of their unwillingness to do this is that they won't even check off a buck on the federal tax return to give money to national campaigns.

My view is, sure go ahead and do it. But all I'm going to tell you is that when I get ready to run my next round of campaigns, if I'm going to need a million dollars to run a state senate race, I'm going to find a million dollars to run a state senate race, because sooner or later, one way or another, the money will find its way there. My view is, if the governor is going to expend his resources, he ought to expend his resources on something that's issue-related and substantive. And then he can go back and say, either to the whole state or to a goodly portion of it, "There. I did something for you and your life will be better because of it." And campaign finance reform is not it.

BLAIR HORNER: I don't have a house in Connecticut, so I don't have nearly as good a story to go with it. I just have my little house outside of Albany. And the basement's dry, in case anybody's interested. There's a U.S. Supreme Court decision that basically says that

you can spend money, it's free speech. Let's just for the moment assume that everyone will always figure out how to get around every single reform that we ever come up with. But does that mean you don't do anything?

NORMAN ADLER: Sure. *[Laughter]*

BLAIR HORNER: I would say no. I'll give you an example. Is it right for people to be able to give \$100,000 in a political campaign? Is it right for elected officials, who virtually never face opponents, to spend the money on themselves for leasing luxury cars, for taking trips abroad? Is that right? Is it right that no one enforces the pathetic law that we have in New York in the first place? Those things are all issues on the table. That's the status quo. We should demand that our campaign finance system—no matter how you set it up—is based on what we think is right. It isn't right for people to write \$100,000 checks. When I talk in the communities, I ask how many people make \$84,000 a year. And there's not a whole lot, certainly, upstate. If I ask how many people know people who can write a check for \$84,000, the number is smaller still. Who are those people?

And that's the problem. If you allow people to write huge campaign contributions, then what happens in the political party? They're not giving money because they're feeling charitable. They want something in return. And when they talk, they speak with a megaphone. And the rest of us speak with a whisper. That's not right. Lower contribution limits have to be part of the mix. If Spitzer is able to achieve reasonable contribution limits, plug up some of these ridiculous loopholes in the law and actually get it enforced, then that would be a substantial achievement. And would Norman and his clients figure out how to get around it? Yes. And then on to the next thing, right? Democracy's a work in progress. That's what we're all here for.

MICHAEL COOPER: Professor?

GERALD BENJAMIN: I just wanted to say that America's a great country. I also have a house (laughter). And lower-middle-class guys have houses. My father was a cop in the city here. And in my house we get the electric bill every month or every two months. And I used to go around the house telling the kids, "Turn off the lights. Do you have stock in the electric company?"

We should demand that our campaign finance system—no matter how you set it up—is based on what we think is right. It isn't right for people to write \$100,000 checks.

—Blair Horner



NYPIRG's Blair Horner stresses "it isn't right for people to write \$100,000 checks" as campaign contributions.

Because that's what my father used to do. And we get the heating bill in the wintertime. And I turn down the thermostat. But at the end of the day, I have to pay for the heat and light in my house. And you all have to pay for democracy.

One of the hated companies when I lived in New York City was the power company. Another hated company was the telephone company. Nobody liked their telephone bill. And nobody liked their power bill. And

Citizens have to pay the heat and light of democracy, whether they like it or not. . . .

They need to learn that there's a certain overhead for a democratic society. So there are certain things I'm not going to poll on. I'm not going to poll on paying for the heat and light. If I'm going to provide it, I'm going to complain about it. I'm going to try to control the cost. And that's what public financing of elections is. And that's why we need it.

—Gerald Benjamin

they had to pay it. And citizens have to pay the heat and light of democracy, whether they like it or not. And they know that. They need to learn that there's a certain overhead for a democratic society. So there are certain things I'm not going to poll on. I'm not going to poll on paying for the heat and light. If I'm going to provide it, I'm going to complain about it. I'm going to try to control the cost. And that's what public financing of elections is. And that's why we need it.

NORMAN ADLER: So Gerry, you're for democracy in government, unless the democracy doesn't work in favor of one of your reforms?

GERALD BENJAMIN: No, no. I'm just saying this is fundamental. There are certain things we need to do to give New Yorkers a functioning democracy. And coming back to campaign finance, because it's so fundamental to maintaining the Republican majority in the Senate, I wouldn't take this fight out front. I would take reforms like selection of judges on merit out front. I would take reforms like getting decent technology to record votes out front. And I would claim success where I can. Norman pointed out that the courts are making us do some stuff. The governor should embrace that.

NORMAN ADLER: Let me just point out one other thing. When Governor-elect Spitzer ran for attorney general, he embraced the Buckley decision. And he reached into his own pocket, and he spent millions of dollars of his own money on a campaign, as Bloomberg did. It's kind of gratuitous for a rich person to say that somebody who isn't rich shouldn't be able to get substantial contributions when they're in the position to make all kinds of contributions to themselves. When millionaires and multimillionaires can spend as much of their own money on their own elections and reelections and on buying a political party to run in—leasing it at least—then I think it's really gratuitous to say, "Now I'm in favor of election reform."

GERALD BENJAMIN: That's the argument, really, for public financing, right? Because you have two choices right now in American democracy—unless you're in a public financing system—either you can be independently wealthy, or you have buddies who are wealthy and will give you the money. That cuts out virtually everyone, right? I think there are plenty of people who don't have buddies who are wealthy or powerful and are not themselves wealthy or powerful who have good ideas about how to make government work better. And they can't run for office right now. By and large, the system is set up so that unless you win the wealth primary, you're not in. That's why you need a system of public financing. Not so much to fix all

these other problems, but to give average people a real opportunity to run for political office. That would be a good thing, because more competitive elections are what we need.

PANEL IV: PUBLIC EDUCATION AND THE CAMPAIGN FOR FISCAL EQUITY

OVERVIEW OF ISSUES FACING THE STATE

MERYL TISCH: I wanted to say that one of the key things about working in government is the ability to disagree with people and yet find within ourselves the ability to move on and keep having conversations around important issues. So when Fred asked me today to briefly overview some of the education-related issues that I think are going to be challenging for the next administration, I did it bearing in mind that Randi, who represents the teacher's union, would be on the panel with me, along with the very able leader of the CFE contest. I'm going to touch on a number of issues. And some of you might disagree with me. Some of you might actually agree with me.

The first thing I believe is that the governor is going to have to deal with the issue of school accountability. As we all know, accountability is the new buzzword for government efficiencies these days. And when I talk about school accountability, I see it more as the ability for the state to identify just what it is they're going to do with failing school districts around the state. As we all know, the state education department took over a district on Long Island, known as the Roosevelt School District. And as best as I can tell, we are struggling to show any improvement in that district. What do we mean by state intervention? And what's the role of government in state intervention?

Another issue that I think is going to be very key is what we mean by teacher quality and teacher preparation. As we all know, schools that need the best teachers, more often than not, have some of the least prepared teachers teaching in the most challenging circumstances. How do we go about setting in place a system that allows the better teachers to find their way to the most needy classrooms in the most underserved school districts? In addition, we have to examine what we mean by teacher credentialing. We have a system of certification in place that is expensive and that sets a lot of young students on a path to getting credentials. But after having spent thousands of dollars preparing to be teachers they often find themselves ill equipped to deal with the reality of classrooms on the ground. Maybe it is time to crack open the academies that train teachers and have them talk with us about how to improve the system and perhaps open it up in a more meaningful way.

As we all know, schools that need the best teachers, more often than not, have some of the least prepared teachers teaching in the most challenging circumstances. How do we go about setting in place a system that allows the better teachers to find their way to the most needy classrooms in the most underserved school districts?

—Meryl Tisch

Another thorny issue is the whole issue of charter schools. We are going to be faced, I think, over the next 24 hours, with the next chapter in the charter school movement. From where I sit—and mine is a policy board—I would want to query the legislative system about how we effectively expand the charter school movement. In New York City there are 1.1 million students in charter schools and it is clear to me that while they do allow us a laboratory in which to experiment around the fringes of education, they're not going to be the panacea for a complete overhaul of the system. Yet, many philanthropic and government resources are going into charter schools. How can we use this expansion of the charter school movement, which I think we're going to have over the next 24 hours, in a way that is meaningful across the educational spectrum? And one of the questions I might ask Randi is how she defines the role of teachers and teacher unions within an expanded charter school model? I think that's something that we all have to get our heads around, because the reality is that these charter schools are garnering a lot of social and political support. And they are going to be an integral part of any conversation that we have across lines.

And another issue that I think we must focus on is, obviously, that no school system can tolerate the high school graduation rates that we are now seeing in New York State. New York City says that their graduation rate is 54 percent. From where I sit, I say the New York City graduation rate is something like 46 percent. How do we count students? How do we account for students? And within the context of high school graduation rates, I think we also have to decide whether or not this new small school movement in New York City is really a place for us to invest so many resources. The truth of the matter is that 75 percent of the youngsters who find themselves in high school in New York City find themselves in disastrous large high schools. They are not part of the small school movement. And what are we actually doing to focus on improving large high school settings? I, for one, have visited enough large public

high schools to know that they can work and can be turned around. It's just how you accommodate them and how you think about them in terms of where it is you're putting your resources.

And I want to end up with two issues. The No Child Left Behind Act is a federal law that has enormous impact on a state like New York. Over the next few weeks, you're going to be reading some really disturbing things. The federal government is going to force New York State to double-test English-language-learning-students. These are students who don't have full grasp of language yet. But because the state is in a fight with the federal government over the exam that we use to test these students, they will be forced to take two tests. Additionally, children in special education will be forced, under NCLB, to be tested by chronological age rather than by their ability. So those are just two thorny issues as we address the reauthorization of NCLB that bring into focus state rights versus federal authority in the whole arena of education. And since I'm in an institution of higher education and since the Board of Regents also has great reach into the area of higher education, I would say to the governor that the issues of access and affordability in higher education are going to be front and center over the next four years.

SUMMARY OF PANEL DISCUSSION

The panelists discussed the following key issues.

- *Will Governor Pataki push through legislation lifting the caps on charter schools before the end of his term of office, or is this going to be something left to the next administration?* What are some of the problems with charter schools? Randi Weingarten professed ignorance



about Governor Pataki's plans for legislation on charter schools but nevertheless anticipated that future changes might involve increasing the cap on charter schools while also making sure that upstate districts don't lose more funding, that parents have more say in where a charter school will be located, and that the unions will be allowed to be more actively involved in charter schools. Meryl Tisch pointed out that charter schools are unpopular because they don't draw democratically from the populations of the areas in which they are located. Special education students and students with limited English proficiency are often underrepresented in charter schools and over-represented in public schools in the surrounding district.

- *What are the best ways to spend additional monies in order to enhance educational outcomes?* Randi Weingarten argued that educational outcomes could be improved in New York State by limiting class size, increasing career and technical education programs (which have higher graduation rates and more students taking and passing Regents exams than other schools), instituting all-day, universal pre-kindergarten programs, and creating a career ladder program for teachers. She also emphasized the need to make special efforts to retain the best and brightest teachers and to differentiate instruction in an attempt to reach the most challenged students. Meryl Tisch emphasized the need for a longer school day and a longer school year. She also thought that developing mechanisms to support teachers who work in the more difficult school districts—including loan forgiveness or pay increases—would be helpful.
- *Should the governor have more say on education policy?* The panel was unanimous that if the governor was going to spend substantially on education, he should have more say on education policy. As Meryl Tisch put it, "This is a governor who's going to spend a fortune on schools and education. And you cannot assume that an executive is going to put money in a pot and want no authority or control over that pot."

EXCERPT FROM DISCUSSION

The excerpt below addresses the Court of Appeals' decision in the Campaign for Fiscal Equity case.

DAVID HERSZENHORN: Obviously, the new governor is going to take office. And the biggest issue on the table is the judgment by the Court of Appeals in the Campaign for Fiscal Equity case ordering the state legislature and the governor to provide, at a minimum, \$1.9 billion a year in additional operating aid. Governor-elect Spitzer has promised more. Geri, how much more are you asking for?

New York State Regent Meryl Tisch frames the issues for the panel on public education.

Geri Palast talks about the Campaign for Fiscal Equity.

GERI PALAST: We would like to make Governor Spitzer our champion and hold him to his commitments in the campaign, which are consistent with the high point of the litigation. At the high point of the litigation, the Special Masters and the trial court said that it would take \$5.63 billion to solve the adequacy problem, providing a sound basic education—meaning a meaningful high school education—to all public school students. And that was a New York City number and that was in 2004 dollars. Eliot Spitzer, during the campaign, promised that he would solve the New York City problem for between \$4 billion and \$6 billion dollars. And provide up to \$8.5 billion statewide. We think these are good pledges. And that's what we're working on with the governor. I think we have a period between now and the introduction of the budget on February 1 to try to tie down these numbers. And it's a very critical time. Not only to get the numbers, but also to talk about the other critical elements of the reform that we think need to go along with the budget numbers. As Meryl said and I know Randi agrees, dollars are critical—yet they are necessary but not sufficient. If we don't have accountability, if we don't have some kind of school finance reform that lasts beyond this year's political deal, then we won't really achieve what we set out to do.

We are currently working on getting a foundation formula reform that really does provide something that's simple, transparent, that lasts over time, and that addresses real needs in the schools, not only in New York City, but statewide. In addition, we do feel like the term accountability has to be very comprehensive. If we're really going to have a foundation formula approach which moves away from categorical programs, then we have to have some very clear accountability provisions that require districts to employ strategies that work.

MICHAEL COOPER: Geri, clearly the governor-elect has some incentive to keep his campaign promise. What one incentive—and Randi feel free to jump in at some point—what incentive do you think can be created for Joe Bruno in the state senate to do any more than \$1.9 billion, if that?

GERI PALAST: I think a couple of things. First of all, I think the fact that there is a court decision means that we do have a minimum. There is a court order. And it is actionable on our part. We don't expect anything to go below \$1.9 billion and that's in 2004 dollars. I do think that there are a series of interests that come into play. I think that there are—as was discussed earlier—a set of property tax issues that are on the table. And I do think that there is a way to create a new initiative that will fully fund these schools as we've just



described. And in addition, take care of some of the complex issues statewide.

RANDI WEINGARTEN: I don't think anybody believed—until it happened and there's not been enough attention paid to it—the capital settlement last year. Thirteen billion dollars is not chump change. You have to give the mayor a lot of credit, because he said, “Let me pull off capital from everything else. And let's have a laser-like focus on it.” If you don't focus on capital, you can't do some of the things that we think are so important, like lowering class size. And what was interesting is that the mayor put up 50 percent of city funds for capital, asked for 50 percent, and there are very innovative financing processes that happened.

What's the end of this story? Simplicity ruled the day. It was one piece—capital. There was a real consensus about it. You had a whole bunch of people lobbying

Dollars are critical—yet they are necessary but not sufficient. If we don't have accountability, if we don't have some kind of school finance reform that lasts beyond this year's political deal, then we won't really achieve what we set out to do.

—Geri Palast

Geri's absolutely right. There has to be a statewide solution here. And part of the statewide solution has to be a property tax solution. That is a very complicated grand deal.

—*Randi Weingarten*

together. We got it done with huge help from the senate, the assembly, the governor—all led by the mayor with us. So, fast forward to this year: the court suit is over for all intents and purposes. The number over either a year or three, four years, is going to be somewhere between \$2 billion plus inflation to a top of \$4 to \$5 to \$6 billion. In terms of New York City, it's probably somewhere in between. Geri's absolutely right. There has to be a statewide solution here. And part of the statewide solution has to be a property tax solution. That is a very complicated grand deal. But it can get done if you have the players at the table that want to get it done. And those players include not simply CFE, obviously, not simply the governor, obviously, but the senate, the assembly, the mayor, and then some of us other bit players.

But my suggestions would be to all of us—taking a page out of what happened last year—that instead of having a laundry list of things to spend the money on, we figure out the three major things and then have another pot of money for the others. What are the three major things that we could build a consensus around, which everyone in the state or anybody who's interested in this would say yes to, if you spent that money and had a transparent accountability process. If you spent that money this way, the right way, it would actually increase student outcomes.

JOHN BERMAN: John Berman from New York City Controller Thompson's office. What I wanted to ask—and this is really for you, Geri—is, does CFE see itself as having a goal beyond just the settling of this lawsuit and really creating a more equitable overall way that education funding is done in Albany? I guess that's really a huge issue to me. And I guess the other piece of this is do you support the idea of some kind of funding equation? It wasn't really an equity lawsuit; it was a constitutional rights lawsuit. But what about the idea of changing how districts proportionately get education funding? And who gets what and how much?

GERI PALAST: I think we all discussed this at the very beginning. We attempted in the course of the CFE lawsuit to get the court to directly take on and order the state to redo the school finance system. And although it was alluded to at various times, it wasn't taken on directly. We do believe that in order to

effectively implement CFE, and, in fact, to create this constitutional right in a long-term sense, we do need school financing reform. As we said, we are working very closely with the governor's staff to actually do foundation formula reform. And as Meryl suggested and as we discussed before, right now we're working off models that the regions proposed and the CFE proposed. Our interest is seeing that a needs-based formula be the result of all of this. That's our goal.

DAVID HERSZENHORN: And Spitzer has promised to do this. It's not just the good governance question of three men in a room. I mean the funding formulas are crazy. And districts with similar needs will get wildly different amounts of state aid. And one thing the governor-elect has promised—separate and apart from what the dollar amounts are in CFE—is to work to clean those up.



Randi Weingarten discusses how to improve educational outcomes in New York State.

PARTICIPANT BIOGRAPHIES

Norman Adler is one of the most widely known and respected public affairs experts in New York. As president of Bolton-St. Johns, he is a consultant to public officials, corporations, professional associations, and labor unions. He has been an advisor and campaign consultant to a broad cross-section of public officials, and his other experience includes 11 years as director of political action and legislation for DC 37 and as assistant to the speaker of the New York State Assembly. In 1982, Mr. Adler was deputy campaign manager and field director for Mario Cuomo's first successful gubernatorial campaign. He was also a speech writer to former New York City Mayor Robert F. Wagner.

Gerald Benjamin has served as dean of the College of Liberal Arts and Sciences at SUNY New Paltz since 1996. Formerly director of the Center for New York State and Local Government Studies at SUNY's Rockefeller Institute of Government in Albany, he has been involved in major city and state government reform efforts, including the Temporary State Commission on Constitutional Revision and the New York City Charter Revision Commission. Dr. Benjamin also served for 12 years as an elected official in Ulster County. He has authored, coauthored, and edited numerous books, articles, and reports.

Howard S. Berliner is professor of health services management and policy at Milano The New School for Management and Urban Policy and director of the Doctor of Public and Urban Policy program. Prior to this, he served for two years as assistant commissioner of the New Jersey State Health Department. Dr. Berliner is the author or coauthor of seven books, most recently *The Health Marketplace: New York City 1990–2010* (Transaction Publishers, 2001). His current research focuses on the needs of vulnerable populations and access to health services for the uninsured.

Eric Bluestone is a partner in the Bluestone Organization and a third-generation housing builder and developer. Prior to joining the family business, he was involved in commercial real estate, mortgage brokerage, and real estate syndication and management. Mr. Bluestone has been president of the Queens & Bronx Building Association and executive board member of the New York State Association for Affordable Housing and is president of the New York State Builders Association.

Dr. Olveen Carrasquillo is a physician born in Puerto Rico and raised in the Bronx. His areas of research include minority health, health insurance, access to care, and managed care. His work has been published in a variety of journals including the *New England Journal of Medicine*, *Journal of the American Medical Association*, and *American Journal of Public Health*.

Dr. Carrasquillo is currently principal investigator of the Columbia Center for the Health of Urban Minorities, director of the Community Liaison core of the Columbia Center for the Active Life of Minority Elders, and codirector of the university's General Medicine Fellowship Program.

Michael Cooper is the Albany bureau chief for the *New York Times*. Before braving the cold winters and the intricacies of member items and capital pork, he covered City Hall in New York, the 2001 mayoral election, the 2000 presidential election and its overtime rounds in Florida, and the New York City Police Department. He has also written about the aftermath of the September 11 attacks and Hurricane Katrina.

Jennifer Cunningham has served as executive director of the SEIU New York State Council and executive vice president for politics and legislation of 1199 SEIU United Health Care Workers East for the last eight years. The union represents 300,000 health-care workers throughout New York, Massachusetts, Maryland, and the District of Columbia. Ms. Cunningham directs the union's extensive political and communications program. Prior to her work at SEIU, she served as deputy counsel to New York State Assembly Speaker Sheldon Silver and practiced law with the firm of Paul, Weiss, Rifkind, Wharton & Garrison. In 2006, she also served as a top advisor to Andrew Cuomo's successful campaign for New York State attorney general.

Shaun Donovan has been commissioner of the New York City Department of Housing Preservation and Development since March 2004. He is responsible for implementing Mayor Bloomberg's \$3 billion housing initiative, which aims to fund the creation or preservation of 65,000 units of housing over five years. Previously, Mr. Donovan was managing director of the Prudential Mortgage Capital Company and a visiting scholar at New York University. He has held a number of positions at the U.S. Department of Housing and Urban Development, including acting federal housing commissioner.

Paul Francis was recently appointed budget director and senior advisor by Governor-elect Eliot Spitzer. He was policy director for Spitzer's gubernatorial campaign starting in February 2005 and has served as policy director to the governor-elect's transition office. Mr. Francis was formerly managing partner of the Cedar Street Group, a small venture capital firm he founded in 2001. He was CFO of Priceline.com from the company's formation in June 1997 to March 2000. He also served in various roles for the Priceline WebHouse Club before starting the Cedar Street Group.

David M. Herszenhorn is a reporter for the education desk of the *New York Times*, assigned to cover the New York City public schools and kindergarten through 12th-grade education since February 2003. He began working for the *Times* as a copyboy in June 1991. He worked as a stringer in the *Times* Boston bureau

and later on the late-night rewrite desk in New York. Other assignments have included NYPD headquarters; Newark, New Jersey; New York City Hall; Fairfield County, Connecticut; and numerous political races.

Fred P. Hochberg is dean of Milano The New School for Management and Urban Policy. From 1998 through 2000, he served as deputy and then acting administrator of the Small Business Administration. From 1994 to 1998, he worked as founder and president of Heyday Company, a private investment firm. Prior to that, he was president and chief operating officer of the Lillian Vernon Corporation. He currently sits on several boards, including the Citizens Budget Commission and the World Jewish Congress Foundation.

Blair Horner is legislative director for the New York Public Interest Research Group (NYPIRG), a non-partisan research and advocacy organization, where he oversees community organizing activities and directs NYPIRG's statewide issue campaigns. Mr. Horner's opinion pieces have been published in the *Buffalo News*, the *New York Daily News*, *Newsday*, and other dailies. He has been profiled in the *New York Times* and quoted widely in the broadcast media, including *The Today Show* and *World News Tonight*. He is also a commentator on WAMC public radio and writes a monthly opinion column for the *Syracuse Post-Standard*.

Eduardo LaGuerre is chief executive officer and co-founder of the Neighborhood Association for Inter-Cultural Affairs (NAICA), a nonprofit organization providing social services and housing programs to Bronx County residents. Prior to this, he was a business executive and housing developer and completed several affordable housing projects in the Bronx. Mr. LaGuerre is also vice president of the Neighborhood Preservation Coalition of New York State.

Geri D. Palast is the executive director of the Campaign for Fiscal Equity, where she succeeded the group's founder Michael A. Rebell in January 2006. Formerly, Palast was the founder and executive director of the Justice at Stake Campaign, a national organization working to ensure fair and impartial courts. From 1993 to 2000, she served as assistant secretary of labor for congressional and intergovernmental affairs under President Bill Clinton. Prior to this, Ms. Palast served as political and legislative director of the Service Employees International Union (SEIU) from 1981 to 1993.

Richard Pérez-Peña has been a reporter for 21 years. He has been with the *New York Times* Albany bureau—where his focus is on government and politics—for the past six. During that time he served three-and-a-half years as bureau chief. Other assignments have included local and statewide political campaigns, a presidential campaign, Los Angeles city and county government, transportation, education, and the courts, with detours into the Los Angeles riots, the Branch Davidian siege in Waco, and assorted

earthquakes and plane crashes. For the last four years, he has also covered health care.

Janny Scott is a reporter for the *New York Times*, currently covering housing. She has also covered demographics, the regional economy, and ideas and intellectual life. She was a member of the team that won the 2000 Pulitzer Prize for national reporting for the series "How Race is Lived in America" and part of the team that reported and wrote the 2005 series "Class Matters." Ms. Scott and *Times* editor Christine Kay conceived the "Portraits of Grief" series of profiles of 9/11 victims that appeared for months after the attacks.

Meryl H. Tisch was appointed to the New York State Board of Regents in April 1996, and most recently became cochair of the board's Committee on Elementary, Middle, Secondary, and Continuing Education/Vocational and Educational Services for Individuals with Disabilities Committee. She has many years of experience in education, community service, and philanthropy. Ms. Tisch is currently chairperson of the Metropolitan Council on Jewish Poverty. From 1977 to 1984 she taught first-graders at New York City's Ramaz School and the B'nai Jeshurun School.

Patricia Wang is senior vice president of finance and managed care at the Greater New York Hospital Association (GNYHA). Her responsibilities include analysis, policy, advocacy, and member services related to hospital reimbursement and revenue. Her work covers the areas of government and private-payer health plans and health plan relations, financial operations, uncompensated care, and graduate medical education. Prior to joining GNYHA she practiced health law in New York City.

Randi Weingarten has been president of the United Federation of Teachers, representing more than 140,000 active and retired educators in the New York City public school system, since 1998. She is also a vice president of the 1.2-million-member American Federation of Teachers and a board member of New York State United Teachers. In addition, Ms. Weingarten serves as a vice president of the New York City Central Labor Council of the AFL-CIO and heads the city Municipal Labor Committee, an umbrella organization for some 100 city employee unions.

Emily Youssouf was appointed by Mayor Michael R. Bloomberg as president of the New York City Housing Development Corporation (HDC) in November 2003 and manages its assets of \$7.5 billion. Prior to joining HDC, Ms. Youssouf served as the president of Natlis Settlements, LLC, a specialty finance company. In addition, she serves as president of three boards: Housing Assistance Corporation, NYC Residential Mortgage Insurance Corporation, and Housing New York Corporation. She is also a member of the Board of Governors of Milano The New School for Management and Urban Policy.

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