GOVERNMENT REFORM FROM AN EXECUTIVE PERSPECTIVE*

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As someone who has been working in the Executive branch since 1995 for Governor George E. Pataki,¹ I intend to discuss New York State government reform from the Executive perspective.

First, I will address how we in the Executive branch undertake the process of reform. Second, I will spend some time talking about our major reform accomplishments and some of the unfinished business that lies ahead of us. Third, I will offer some observations and perspectives on reform, including some of the lessons that I have learned from my experiences serving in the Executive branch, which may offer insight for the future.

In discussing the ways in which we in the Executive branch go about achieving reform, it is most appropriate to begin by addressing our own administrative actions. Administrative actions and Executive Orders that the Governor issues pursuant to his Executive authority serve as his primary tools for reforming New

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¹ Governor George E. Pataki is the Fifty-Third Governor of the State of New York. He was first elected in November of 1994, and is currently serving his third consecutive term as Governor (making Governor Pataki the longest continuously serving Governor in the United States). See THE NEW YORK STATE RED BOOK 20 (Mary Ann Ryan-Germani ed., 98th ed. 2005).
York State government. Over the past several years, many of the Executive’s most significant reform accomplishments were started with the Governor’s own actions. Procurement lobbying, for example, has been a topic receiving a great deal of discussion over the last couple of years. The goal of reform in this area is to ensure transparency regarding which actors and entities in Albany are trying to influence the procurement process, how much they are being paid for their efforts, and where they are participating in the process. In 2003, the Governor issued an unprecedented Executive Order requiring increased public disclosure of procurement lobbying. That Order ultimately became the basis for a statute that we signed into law in 2005, which expanded the Lobbying Law to include procurement lobbying.

Similarly, public authorities reform is another issue that has received much attention over the past couple of years. In 2004, the Governor’s Office retained Ira Milstein, a preeminent expert in corporate governance, to assist in responding to the challenges facing the state’s public authorities and to reform their corporate structures to be more responsive, more accountable, and more open. Through the Milstein model-governance principles that were developed, the Executive administratively required public authorities to begin adhering to those standards of corporate governance. Ultimately, in 2005, the Governor was successful in getting a statute enacted that actually put those model governance principles into law, building upon the work that the Federal Government had done—through the enactment of the Sarbanes-Oxley Act—in bringing more accountability, more transparency, and more disclosure to corporate governance.

Regarding the budget process, in 2005 New York State passed an

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on-time budget for the first time in twenty years.\textsuperscript{9} Most significantly, the on-time budget was also a good budget. One of the reasons that the state was able to achieve excellence and efficiency in the budget process was that the Governor called for open meetings with the legislative leaders—both majority leaders and the minority leaders—producing five-way leaders meetings throughout the budget process.\textsuperscript{10} The end result of this novel approach was a good budget that was on time and in balance.

By utilizing administrative tools, there are many things that the Governor can do to achieve reforms even without agreement on legislation and without changing our constitutional processes. I do think, however, that the core of reform is the Executive’s legislative agenda. The Governor has a legislative agenda, the elements of which are known as Governor’s Program Bills. Looking back over the last eleven years, Governor Pataki has advanced a very broad and aggressive reform agenda through his Program Bills. Some of the initiatives we have been able to accomplish include public authorities reform,\textsuperscript{11} lobbying reform,\textsuperscript{12} and closing the Flynn loophole in our Ethics laws,\textsuperscript{13} just to name a few. The Governor is still fighting to ban gifts from lobbyists, and to achieve real and realistic campaign reform. Of course, there are many other issues, such as initiative referendum, that we continue to fight for as well.

In addition to the Governor’s legislative agenda, Executive agencies also have legislative agendas. In the Capitol, we call those Departmental Bills. The State Ethics Commission, for example, has always had a broad agenda of important reforms to the State Ethics laws, often focusing on such issues as tougher penalty provisions and disgorgement of ill-gotten gains, among other things. Departmental Bills also represent an important way that we in the Executive go about reforming.

Lastly, even the budget itself, which is probably the most important piece of legislation submitted to the Legislature by the Governor in any given year, typically will include calls for reforms to the process. For instance, the Governor has often included debt


\textsuperscript{10} See id.

\textsuperscript{11} See supra notes 4–8 and accompanying text.

\textsuperscript{12} See supra notes 2–3 and accompanying text.

\textsuperscript{13} Press Release, Governor Pataki, Governor Signs Legislation to Strengthen Accountability of Public Officials (July 12, 2005), \textit{available at} http://www.ny.gov/governor/press/05/july12_2_05.htm.
reform proposals in his budget, in an effort to ensure that the state debt does not become too much of a burden on taxpayers in the future.

The legislative process is definitely the Governor’s main mechanism of reform, but it certainly is not the only one. There is also the constitutional reform process. While the Executive has no formal role in the constitutional reform process—which is left to the Legislature, and then ultimately, the people—the Governor has advanced constitutional amendments over the years, on such topics as budget reform, debt reform, and term limits.14 Furthermore, the Governor enjoys the privilege of the bully pulpit and certainly advocates for reforms that he believes are important.

Regarding constitutional reform, in 1997 voters were asked whether New York should have a constitutional convention.15 While the Governor supported that call for a convention, unfortunately, the voters did not. And so, the people of New York State may not have another opportunity to vote for a constitutional convention until the year 2017.16

Alternatively, sometimes the courts and the Judiciary become a catalyst for reform. Earlier, Evan Davis talked about the judicial selection lawsuits that have been brought in the Eastern District of New York.17 That discussion illustrates the point that there are many different ways that reform ends up coming about. Therefore, it is apparent that one must think more broadly about reform than merely in terms of getting a bill passed.

Further, I think it is important to note that the Executive, under Governor Pataki, has a record of very good, solid accomplishments in the field of reform. For instance, I believe that 2005 will be remembered as a very significant year in terms of New York State reform. As I mentioned before, lobbying reform is an issue that

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16 Id.
people have been talking about for many years. Advocates, like Blair Horner of the New York Public Interest Research Group (NYPIRG), had made it one of their highest priority items. In 2005, the Governor was able to advocate for and persuade the Legislature to pass a solid procurement lobbying bill, which made the Lobby Law stronger and imposed tough new penalties. That was a very positive accomplishment.

In the area of ethics reform, we must not forget the Flynn decision, which divested the State Ethics Commission of jurisdiction when state officers and employees leave state service. In 1996, after the Court of Appeals issued that decision, the Governor almost immediately proposed legislation to correct this problematic loophole in the law. Back in 1996, the Governor proposed the legislation, and the Ethics Commission, to its credit, advanced the issue every single year afterwards through Departmental Bills—and in 2005 we finally achieved the reform.

Public authorities reform is another issue that people have been talking about for many years. Two questions consistently posed are: (1) “How do we make our public authorities, more accountable and more transparent?” and (2) “How do we respond to some of the difficulties with authorities that are similar to some of the problems that private sector corporations have had?” The Governor’s Office, by coming up with appropriate governance principles, and by building on what the Federal Government had accomplished through Sarbanes-Oxley, helped enact a law requiring more open, accountable authorities. Thus, New York State made significant progress in this area.

Regarding budget reform, while we certainly did not succeed in getting real budget reform last year, the administrative process benefited by having the leaders engage for the first time in open, five-way meetings in the Red Room at the Capitol. Again, that is a progressive development that is something that the Governor and the State of New York can and should be proud of.

Another contemporary reform issue in New York State concerns computerizing campaign finance data. In 1997, the Executive

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supported and was able to get enacted a law that requires campaign finance data for state candidates to be computerized at the Board of Elections. Last year, the Governor approved legislation that computerized local campaign finance data. Again, there are a lot of good things that we have achieved in the past, but there is certainly a lot more that we can and should do in the future.

I believe that the most important unfinished business is in the area of budget reform. We saw some of the things that worked last year, and those should be the areas where we focus. We should have an open and public process for negotiating and conferencing the budget. We should accelerate the budget process wherever possible. If there are disagreements regarding revenue forecasts for the upcoming fiscal year, the Comptroller should have the authority to resolve them. When the Legislature has one idea and the Executive has another idea, we have an independent fiscal officer—the Comptroller—that is in the best position to break any such impasse.

The Governor has to propose a balanced budget. Why doesn’t the Legislature have to adopt a balanced budget? That is something we can and should fix. Additionally, one of the Governor’s most pressing fiscal priorities over the last eleven years has been to ensure that New York State has enough reserves to sustain it through the inevitable and imponderable economic downturns of the future. The importance of sufficient reserves cannot be understated. Our economy had been doing great before September 11, 2001, but the terrible events of that day combined with the national economic downturn placed great economic strain on the state. It was a time when we were very grateful that we had billions of dollars in much needed reserves set aside to prevent tragic economic consequences from being realized.

Therefore, these are the kind of topics that the Governor’s Office has been focused on in the area of budget reform, and hopefully we will get some traction on these important issues this session.

Another important issue for this session is banning gifts from lobbyists. The public needs to have confidence that the decisions made by public officials are based on the best interests of the public, and that they are not unfairly influenced by individuals or entities enjoying special favors. Current law has a seventy-five dollar limitation on gifts. In the Executive branch the limitation on gifts

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22 N.Y. CONST. art. VII § 2.
is seventy-five dollars per year.\textsuperscript{24} For the Legislative branch, the limitation on gifts is seventy-five dollars per event. While this imbalance appears outrageous, there is an easier answer here than simply equalizing the limitations: we should ban gifts from lobbyists. The Lobbying Commission, I think, is moving in that direction. The Governor proposed a bill to the Legislature addressing this issue last session, and it is definitely going to be one of our highest priority items this session.\textsuperscript{25}

Debt reform is another critical issue facing the State of New York. In 2000, the Governor succeeded in getting a good statute enacted—one that limited the amount of debt New York State could undertake. The legislation ensures that if the State is borrowing money, it is actually using the money for something legitimate, such as capital projects.\textsuperscript{26} Before the enactment of that legislation, there were cases where borrowed money was being used to pay salaries and operating expenses. While some progress was made by statutory means, the Governor has since turned his attention to getting debt reform provisions permanently incorporated into the State Constitution.

Additionally, initiative and referendum has always been important to the Governor, and the Governor’s Office will continue to advocate for it. Regarding campaign finance, since 1999 the Governor has offered a very comprehensive proposal that would dramatically reduce contribution limits, ban soft money, crack down on sham issue advocacy ads, provide better disclosure, provide better enforcement, and ban fundraisers during the legislative session in Albany.\textsuperscript{27} Unfortunately, there is a deep philosophical divide within the state regarding campaign finance. The Assembly Majority favors the public finance model of campaign finance reform, while the Governor supports fixing the state’s current model of campaign finance. Due to this divide, we really have not been able to make any substantial progress on this issue. One of the things that the Governor did last year, which may signal some light at the end of the tunnel, was to split the provisions that deal with

\textsuperscript{24} N.Y. PUB. OFF. LAW § 73(5) (McKinney 2006).


\textsuperscript{26} N.Y. STATE FIN. LAW § 67-a–67-b (McKinney Supp. 2006).

enforcement of the current law and those dealing with providing disclosure under the current law.\textsuperscript{28} Thus, while we may not be able to bridge the gap between public financing and private financing this year, with this approach both the Assembly and the Governor should agree that the laws on the books should be enforced effectively and that the public should have access to, and more frequent disclosure of, campaign finance data.

There are definitely many important issues of reform facing New York State. Given that 2005 was such a strong year for reform measures within the state, and given the public attention and focus on the need for reform, I am optimistic that we at the Executive Chamber will continue to build on our successes from last year and throughout the course of the Governor’s administration.

In conclusion, I want to make some observations regarding what I’ve taken away from some of the reform experiences I have had, which may prove instructive as we go forward here.

The first point is that process matters, even to the process of reform. You can have good laws come out of a bad process, but the best way to pass good laws is to begin with a good process. One brilliant illustration of this point is Proposition 1 that arose last year in the context of budget reform.\textsuperscript{29} The State of New York uses a budget system, the Executive Budgeting System, which was put in place as the result of the 1915 Constitutional Convention.\textsuperscript{30} New York has been fortunate in the respect that its leadership has often been composed of some of the public sector’s best and brightest. We had Al Smith;\textsuperscript{31} we had Franklin D. Roosevelt;\textsuperscript{32} we had Charles Evans Hughes, the former Supreme Court Justice;\textsuperscript{33} we had Henry Stimson;\textsuperscript{34} and we had Robert F. Wagner.\textsuperscript{35} These were leaders of New York State who came together in a real effort to try to make the process better. They studied the process. They had experts

\textsuperscript{28} Id.
\textsuperscript{29} Ballot Questions; Budget Procedure and Transit Bonds, N.Y. TIMES, Nov. 8, 2005, at B7 (explaining that Proposition 1 “[w]ould change the state budget process and shift budget-making powers from the governor to the Legislature . . . . It would also set off changes in state law that would delay the start of the fiscal year, establish an independent budget office and appropriate school aid two years at a time”).
\textsuperscript{31} Id. at 881.
\textsuperscript{32} Id. at 886.
\textsuperscript{33} Id. at n.75.
\textsuperscript{34} Id. at n.83.
\textsuperscript{35} Id.
come up with reports to analyze the system, and they had an open, public, inclusive process that reflected the views of many different stakeholders. I look back at the Proposition 1 experience from last year, and it was not the product of a comprehensively reasoned study. It did not come from experts. It was not something done with the views of many different stakeholders in mind. It was, essentially, the Legislature attempting to overrule the opinion of the New York State Court of Appeals in *Silver v. Pataki* and assert itself to a greater extent in the budget process. The result was a proposal that did not make sense, and that was ultimately overwhelmingly rejected by the voters. Certainly, budget reform is an issue that still must be addressed. It is my hope that when the Legislature takes up this issue again, they will have learned to deal with it in an open and collaborative way—consulting with people, like Dean Gerald Benjamin, that are knowledgeable about the issue, and involving voices from the Legislature, the Executive branch, and all the other important stakeholders in the process.

The topic of budget reform brings me to my next point, which is that everyone wants “reform.” But just because something is called “reform” does not mean that one should necessarily take that characterization at face value. For instance, Proposition 1 was promoted as developing a process that would secure on-time budgets, but it actually would have rewarded the Legislature for passing late budgets. The press, to their credit, played an important role in educating the public about Proposition 1 and what impact it would have had on the state. I commend them for that, and I am encouraged because Proposition 1 shows me that voters are willing to look past the label of reform and look critically at the details of a particular proposal. It gives me some pause, however, because if the ballot question before the voter had been labeled slightly differently, stating something like, “shall we reform our budget process to ensure on-time budgets,” there is no guarantee that it would have been defeated. Again, people need to look critically at reform. While I am encouraged by the history and circumstances of Proposition 1, I would encourage people to be vigilant and critical while going forward in any reform movement.

An important issue when discussing state reform is separation of powers. In the State of New York, the budget process is a joint Legislative-Executive project. In general, we in the Executive,
from our perspective, have tried to be very respectful of our co-equal branches of government as we move for various reforms. Certainly, we can look to the Legislature and recognize that it has made some positive accomplishments in terms of its internal rules. The Legislature could certainly do more, however. Ultimately, it cannot be the Executive that reforms the Legislature. Even if a reform is sound, the fact that it is coming from the Executive will create an institutional hostility on the part of the Legislature. Recognizing this, the Executive has tried to be a good partner in reform, both with the Legislature and with the Judiciary, but, at the same time, we recognize that being a good partner requires extending a great deal of respect to the independence of our co-equal branches of government.

On the topic of separation of powers, from an Executive perspective, I feel compelled to mention the frustration that sometimes comes from witnessing the Legislature pass good, worthwhile reforms from which the Legislature excludes itself. In essence, when this happens, the Legislature sends a clear message that it wants to reform the Executive, but is unwilling to have the same measures applied to itself. Last year, an example of such behavior was seen in the Legislature’s handling of the Freedom of Information Law (FOIL). There, the Legislature passed a very good law that entitled people to receive Freedom of Information responses sooner, or, if a response would take a long time, to be informed as to when requestors may expect a response. It was a fine bill. The Governor supported and signed it, but it exempted the Legislature. Why shouldn’t people ask the Legislature for information, and have the same right to timely information? Additionally, even worse is the fact that the Freedom of Information Law is completely different for the Legislature than it is for the Executive. Basically, every document we have in the Executive is presumed open to the public, unless it falls within one of several narrow exceptions. The Legislature drafted the Freedom of Information Law provisions governing itself to achieve completely the opposite result. Basically, the public is entitled to nothing from the Legislature unless FOIL specifically states such documents are public. Furthermore, the only documents FOIL entitles the public to are public documents anyway, like bills and records of votes and

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37 N.Y. PUB. OFF. LAW § 89(3) (McKinney Supp. 2006).
38 See id.; N.Y. PUB. OFF. LAW § 86 (McKinney Supp. 2006); N.Y. PUB. OFF. LAW § 87 (McKinney Supp. 2006); N.Y. PUB. OFF. LAW § 89 (McKinney Supp. 2006).
documents of that nature. So, while we in the Executive have tried to be very respectful, and while we all agree on the need for reform, I hope that the Legislature includes itself in these worthwhile endeavors.

Governmental accountability is another issue that the Governor’s Office has faced in various different contexts in terms of reform. Through much of the Nineteenth Century, the Executive branch was not truly under the control of the Governor. There was a Governor, and there were separately elected heads of almost every department in New York State. There were 150 departments all running around doing their own thing. I am a firm believer in ensuring that as we reform, we do not lose accountability. If people are unhappy with the way government is running, they need to be able to go to the ballot box and vote to take action to change the status quo. That notion of accountability often arises in the modern context of reapportionment debates, but, as we think about reforming the Executive, people must take care to maintain consolidated accountability in the Office of the Governor.

When reflecting upon the history of our budgeting system, we should pay special regard to the statements of the framers of our State Constitution. The framers believed that as the head of the state, the Governor is the one who can best explain and defend a given fiscal policy to the people of the state. The Governor is the one above all others interested in upholding before the people a policy of economy, and the Governor should be held responsible to the people for the success or failure of such a policy. To express it another way, we cannot expect a sound policy of economy in the future, unless some one person will be forced to lie awake at night to accomplish it. The only way to stop waste is for the people of the state to know exactly whose fault it is if waste occurs, or to know if the cost of government steadily rises without comparative increases in services rendered.

As we move forward with reform, one of the things that I have always endeavored to do, is to ensure that if something is an Executive function, the Governor remains accountable. That was an important issue in public authority reform. There is a natural temptation to delegate away the responsibility of dealing with an
issue in a time of crisis or scandal to the Attorney General, the Comptroller, or a legislative commission. If such action is taken, however, the result may be a situation where everyone is responsible, which unfortunately, is almost the same as saying nobody is responsible. It is the philosophy of the Governor that it is essential to preserve clear lines of accountability and give the voters a voice through their selection of the Governor.

In addition to governmental accountability, individual accountability is worthy of mention. It is necessary to enforce the laws. That, itself, can sometimes be a reform. We can pass new laws every day, but unless the laws on the books are enforced fully and fairly, they are not going to achieve their purpose—and at the same time, it is important to make sure that we have real penalties that provide a deterrent for wrongdoing. I think we did that when we closed the Flynn loophole.\textsuperscript{43} We achieved tougher penalties for the Lobbying Law violations.\textsuperscript{44} Further, in the field of campaign finance, the Governor has proposed an aggressive enforcement initiative.\textsuperscript{45} Accountability is important to implementing reform.

Finally, the virtues of openness and transparency are great. As noted earlier, in the budget process last year, we negotiated through an open process and we ended up with a very good result. We have also improved the Freedom of Information Law and campaign finance laws to allow additional disclosure. Openness and transparency are systemic values that must be nurtured and sought after in a thriving democratic state, as they lead to a more informed electorate and well-directed accountability among public officials.

I believe that we in the Executive Chamber have done very well over the past eleven years in terms of reform. We certainly have an awful lot of work ahead of us, but I think discussions like this are very helpful, and I want to thank Albany Law School, the Albany Law Review and the Government Law Center for having us all here, today. So, thank you very much.

\textsuperscript{44} John Caher, Governor Says Lobbying Law Reform is a Priority for 2005; Also Calls on Legislature to Amend Flawed Death Penalty Statute, N.Y.L.J., Jan. 6, 2006, at 1.