

Attn: Fran Reiter

NYS Commission on Legislative, Judicial and Executive Compensation
64 Beaver Street
Box 454
New York, NY 10004

October 25, 2016

Dear Commissioner Reiter:

Please read the attached article which was originally printed in the Wall Street Journal. This article is about the effect of pay increase on US Legislators. The study determined that pay increases actually had the reverse of the desired outcome and did not produce more qualified candidates or better performance and in fact the higher pay translated into legislators spending more time campaigning. There is a web address at the bottom of the article to the actual study and research paper. If you find it is worth consideration by the Commission please forward copies of the article to the other commissioners.

As a concerned citizen, taxpayer and life-long resident I thank you for this consideration/submission.

Sincerely,

A. Warner

Schenectady NY

The Wall Street Journal: The Risks of Giving Lawmakers a Raise

It is a basic principle of economics that people respond to incentives, but they don't always respond in the way that you would think.

A new study on the salaries of state legislators is a case in point. Previous research found that higher pay for public officials was associated with more qualified candidates, more closely contested elections and better performance in office.

But those studies were mostly done abroad. The new study found something very different in the U.S.: Higher legislator salaries are associated with more time spent trolling for campaign contributions, particularly on fundraising for themselves (as opposed to for their party). Higher pay was also associated with lawmakers spending less time on legislative business. The study was conducted by an American business professor at the University of Toronto and a Canadian business professor at the University of California, San Diego.

The data make it hard to quantify (except in complex statistical terms) just how much higher pay shifts the way legislators use their time, but while the difference wasn't huge, it was significant. By contrast, salary levels seemed to have no impact on time spent on constituent service.

The professors used two sets of anonymous surveys of American state legislators, from which they derived roughly 6,300 responses covering several years. Lawmakers were asked to rate how much time they spent on various activities on a five-point scale (where one meant Hardly Any and five meant A Great Deal). Although answers were subjective and might not be honest, if the lawmakers were going to cheat, it stands to reason that they would exaggerate the time they spent on legislative business, not on fundraising. In other words, says Elizabeth Lyons, the Canadian professor, the time shift may be more pronounced than the study found.

Why would a higher salary lead to more time spent raising money? The professors write, “When salaries are higher, politicians face a greater incentive to get re-elected (as the value of serving in office is greater). Thus, they will optimally respond by increasing the time spent on fundraising.”

The findings defy much received wisdom. Some good-government advocates have argued for higher legislative pay to attract better candidates. But in their previous research, the professors found little or no connection between legislative salary and several performance indicators, including attendance, fiscal discipline and state economic performance. Nor, in that earlier work, did the professors find any relationship between lawmaker corruption and legislative salary.

Legislative pay ranges widely. In a survey this year, the National Conference of State Legislatures found that lawmakers in California make \$100,113 a year, versus just \$7,200 for those in Texas. (Both groups also receive per diem payments when in session.) The professors say that caution on raises may be in order. It does seem legislators are changing their behavior as a result of higher pay, says Dr. Lyons. But not in the way that people setting salaries would have anticipated.

A Time to Make Laws and a Time to Fundraise? On the Relation Between Salaries and Time Use for State Politicians by Mitchell Hoffman and Elizabeth Lyons, National Bureau of Economic Research, August 2016

<http://www.nber.org/papers/w22571>