



TESTIMONY
Of the
NEW YORK PUBLIC INTEREST RESEARCH GROUP
Before the
NEW YORK STATE COMMISSION ON
LEGISLATIVE, JUDICIAL & EXECUTIVE COMPENSATION
Regarding
NEW YORK STATE EXECUTIVE AND LEGISLATIVE COMPENSATION
Albany, N.Y.
March 23, 2016

Good afternoon. I am Blair Horner, executive director of the New York Public Interest Research Group (NYPIRG). NYPIRG is a non-partisan, not-for-profit, research and advocacy organization. Consumer protection, environmental preservation, health care, higher education, and governmental reform are the principal areas of concern of NYPIRG. We appreciate the opportunity to testify on “issues relating to legislative and executive compensation” for New York State government.

As a multi-issue organization, we are well aware of the relationship of a functioning state government to attracting and retaining high caliber individuals. We know that providing reasonable compensation for public service is an important factor in making government work. We also are deeply sympathetic to anyone who has not had a raise in over a decade. We have been proud to work with both statewide elected officials and legislators to advance legislation that is important to the public interest. However, as an organization that includes governmental reform as one of its priorities, we are also deeply concerned by the public’s growing cynicism over its own democracy. A cynicism that is the direct result of some in government gaming the system for their personal enrichment.

That cynicism is reflected in voter apathy and an overall view that those in government are only in it for themselves. Sadly, in recent years that view has too often turned out to be accurate.

It is in an increasingly toxic political environment that you must consider the issue of setting reasonable compensation levels for members of the executive and legislative branches. Combating that public cynicism and growing voter anger is as important a goal as identifying appropriate, defensible compensation levels. Our testimony is organized around how best to proceed under these daunting circumstances.

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The Commission Must Operate Independently

Given the stunning series of seemingly unending scandals that have rocked the Capitol, the public must believe that this Commission is doing all it can to operate outside of the influence of the state's political establishment.

The legislative authority for the Commission itself feeds that public concern: The majority of the Commissioners are picked by the governor and the legislative leaders. New Yorkers have seen far too many commissions that serve at the beck and call of the political establishment.

We urge that you resist any pressure, and make public any inquiries or entreaties received, from the executive or legislative branches, or their surrogates. In addition, all discussions and analyses must be made available to the public. Only through complete openness can you have any hope of earning public confidence in your work.

The Commission Must Set Appropriate Compensation Levels

Currently, New York pays its state elected officials comparatively well: The governor gets the third highest salary in the country (behind Tennessee and Pennsylvania)¹ and the legislature gets the third highest salary (behind California and Pennsylvania).² In addition, lawmakers are allowed to receive stipends on top of their base pay. A recent analysis found that all state Senators and at least 100 of the 150 state Assemblymembers receive additional pay, ranging from \$9,000 to \$41,500.³ Moreover, New York State has one of the most, if not the most, generous per diem rates in the nation. And while outside the scope of the Commission's work, the reality is that it has been documented that campaign funds have been used by some lawmakers in questionable ways, ways that subsidize their lifestyles and have less than a tenuous connection to running for office.

Thus, the "salary" of most lawmakers is considerably higher than the base salary of \$79,500. Most, but not all. A substantial number of lawmakers (mostly Assembly Democrats) received only the base salary, plus per diems.

We do not pretend to know what the appropriate compensation levels should be. A simple CPI adjustment would raise legislative salaries to over \$113,000. But as the New York City Quadrennial Compensation Commission noted recently,

The CPI measures goods and services purchased for consumption: food and beverages, apparel, transportation, medical care, recreation, education and communication, and other goods and services. It does not, however, take into

¹ Council on State Governments, September 2015.

² National Conference of State Legislatures, 2015 State Legislator Compensation

³ Empire Center for State Policy, NYS Legislator Pay, Totals for calendar year 2013

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account other governmental or environmental factors affecting consumers' well-being.

While relevant to understanding how much more expensive New York City has become since the last time elected officials received a compensation adjustment, *CPI alone does not adequately capture how well the average New Yorker has fared over the same time period.* [Emphasis added]

The New York City Commission then noted that its “deeper analysis uncovered that New Yorkers’ median household income in the same time period rose only 14.02 percent,” less than the amount based on a sole CPI analysis.⁴

We think that the City’s Quadrennial Commission tried to take a comprehensive look at compensation levels. We urge you to review their work.

Lastly, elected officials are allowed to accept outside income. The most recent legislative scandals have highlighted the problems with allowing lawmakers to serve two masters. But the ability to raise outside income is not only limited to the legislative branch: Governor Cuomo recently received hundreds of thousands of dollars in book royalties and advance fees.

Ethical Failures At The Highest Levels of State Government Drive Public Anger – and Must Be Factored Into Your Analysis

Over the past fifteen years, at least 30 New York State elected officials have been sanctioned for some misconduct. Most have been lawmakers, but the unethical behaviors have caught up members of the executive branch as well. As a result of this staggering number of ethics controversies and scandals, the public wants change. A recent Siena Research Institute poll found that nearly 90 percent of New Yorkers believe that Albany has a significant ethics problem.⁵

The public will be angry if it feels that members of Albany’s exclusive club of elected officials are unfairly enriching themselves – even while state government is embroiled in seemingly non-stop scandals.

Recommendation: Let The Public “Vote” Too

So what’s the argument for pay increases?

The argument stems from the fact that state elected officials haven’t had a pay increase since 1999, which is a long time. And when that decision was made, then-Governor Pataki linked his approval of pay increases to non-related policy changes—that is, horse trading in exchange for lawmaker pay.

⁴ New York City Quadrennial Commission, Final Report, December 2015

⁵ Siena Research Institute, February 1, 2016

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This time around, the governor and the legislature agreed to create a commission to review compensation levels. They have given you the power to set appropriate compensation rates without additional legislative approval.

However, the governor and the legislature will still be able to roll back a pay raise if they choose.

The commission idea makes sense – lawmakers shouldn't have to face linkages between appropriate pay and policies advanced by the governor and vice versa. But given Albany's seemingly unending series of political scandals, how will a pay raise sit with the public who has to pay for it? How will the public feel about a pay raise for Albany when the governor and the legislature are not tackling the biggest scandals in New York's modern political history?

Our guess is that New Yorkers will not be happy.

Of course, that does not argue that public officials don't deserve a pay raise; that's up to the Commission to independently and publicly discuss. However, if the governor and the legislature can't agree on cleaning out Albany's political stables, then the public has every right to be angry.

We are well aware that the Compensation Commission does not have authority to make changes on key ethics reforms – like limiting the outside employment income of elected officials – but it can create some pressure to keep the governor and the legislature focused on doing their jobs and fixing Albany.

The commissioners can openly promise to release your recommendations after the legislative session ends in June, but well in advance of this November's elections. As you know, the New York City Quadrennial Commission's members were both appointed and issued recommendations in the Fall, 2015.

Therefore, we urge you to publicly announce that your Commission expects to issue its report on legislative and executive compensation after the end of the legislative session, but before the election season. Given New Yorkers' unhappiness with Albany, it is fair to let them judge if enough has been done to respond to New York's "Watergate" moment. It is their money. Let the public "vote" too.

Thank you for the opportunity to testify.