



**TESTIMONY of DICK DADEY**  
**Executive Director, Citizens Union of the City of New York**  
**Before the New York State Commission on**  
**Legislative, Judicial, and Executive Compensation**  
**March 10, 2016**

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Good day, Chair Birnbaum and Commissioners Cozier, Hedges, Hormozi, Johnson, Lack, and Reiter. My name is Dick Dadey, and I am the executive director of Citizens Union of the City of New York, a nonpartisan good government group dedicated to making democracy work for all New Yorkers. Citizens Union serves as a civic watchdog, combating corruption and fighting for political reform.

Citizens Union is pleased that the Commission on Legislative, Judicial, and Executive Compensation has been convened to ensure that potential salary increases for state elected officials are considered deliberatively and openly, based on objective criteria. We would like to acknowledge the Commission's work to operate transparently by webcasting hearings and meetings as well as publishing transcripts and submissions from the public. We would also like to thank you for the opportunity to testify today, and for your public service.

Let me talk about the disastrous negotiated deal of 1999 that has prevented future legislative salary increases from occurring and why this Commission's work is so important.

Citizens Union values public service, especially those who hold elected office. We believe that the salaries currently paid to our state legislators are insufficient and not in line with the level of responsibility and authority they hold in addressing the state's legislative, budgetary, and constituent service needs. We also believe that seventeen years is too long a period of time for elected officials not to receive a salary increase. If we are to ensure that the best, brightest and most capable are attracted to representing New Yorkers, we – as constituents and taxpayers – must be willing to put a premium on such valued service and pay an appropriate salary that is considerably higher than that which we are paying today.

Given that our state legislators have not received a salary increase since 1999, there is a strong reason for them to receive one. But the Commission's recommendation should look at the base salary of legislators as part of a complete review of legislative compensation, including outside income and leadership stipends, as well as the additional and often outrageous presence of money within New York's political system, such as elected officials' personal use of campaign funds, loopholes in campaign finance law, and the power and secrecy surrounding discretionary funding.

More than three months have passed since New York State had its "Watergate moment" with the historic and shameful twin convictions of its two former legislative leaders. When Sheldon Silver, former State Assembly Speaker and Dean Skelos, former State Senate Majority Leader, abused their public posts for private gain, they utilized combinations of outside income, discretionary funding, and campaign donations to centralize their own power and money.

These shocking examples unfortunately illustrate the deep need for compensation reform in New York as a crucial element in a larger effort to bring ethics to Albany. With a recent poll showing that nearly 90% of New Yorkers believe that unethical behavior is a serious problem in state government, we need concrete solutions to ensure that elected officials represent the public rather than their own self-interest.

We have created a perfect system of legislative compensation that is conducive to corruption. Let me explain what I mean by that.

Citizens Union does not support the concept of a full-time legislature but believes we should pay legislators a salary they can comfortably live on should this be their only source of employment.

Citizens Union believes that a package of reforms to elected official compensation is crucial to loosening the hold of corruption in Albany, and we propose the following:

1. **Grant members of the New York State legislature a significant increase in their base salary.**

New Yorkers need a legislature that is fairly compensated. It has been seventeen years since New York lawmakers received a pay increase, with base salaries locked at \$79,500 – during that time, the cost of living has risen over 40 percent. A cap on outside income, therefore, must be part of a package that includes both a significant salary increase and a mechanism – such as the recently formed compensation commission – for determining salaries in light of increases in the cost of living.

New York State leads the nation as a center of economic activity and remains an incubator for new social policies that requires a legislature that can handle complex and time-consuming matters. The demands of serving effectively and productively in New York, which includes oversight of a large state budget of over \$130 billion, preclude most legislators from earning significant income from outside activities which is why compensation needs to be improved for state legislators.

2. **Eliminate Stipends or Lulus**

If you increase legislative salaries significantly, you should also remove and end the practice of awarding leadership or committee stipends which have been used to pad legislative salaries.

CU has long supported ending committee chair stipends, otherwise known as “lulus,” and instead factoring them into your raise decision.

3. **Cap outside earned income up to 25% of their new base salary.**

Income earned by legislators from outside activities should be subject to a cap. A cap on outside income provides the clearest and most easily enforced way to combat the kind of conflict of interest that arises when lawmakers earn income from sources other than their public salaries.

Currently 73 legislators, or 40% of New York’s legislature, earn outside income ranging from \$1,000 to \$515,000. 38 of those legislators hold outside jobs as lawyers, and others work in universities, insurance, banking, real estate, and other fields.

The majority of New York State legislators do not earn outside income and only a small portion earn more than \$20,000 from outside income, yet the potential for conflicts of interest and corruption have proven staggering for some who do. The pursuit of additional income has unfortunately led some of New York’s

lawmakers and top leaders to prioritize self-interest over serving the public. All too often, clear conflicts of interest arise when lawmakers use their position of power for their own gain. This was the basis for the corruption case against former Assembly Speaker Sheldon Silver who gained hundreds of thousands of dollars in legal referral fees in exchange for personally directing \$500,000 in grants to a prominent doctor.

Citizens Union does not support an outright ban or endorse a specific cap on outside income. We note that members of Congress are subject to a 15% cap on outside income, but members of Congress also receive a much higher salary and receive regularly scheduled pay increases. New York City has just enacted a nearly complete ban on earned outside income for city councilmembers, which we did not support. Depending on both the new legislative salary and the range of prohibited outside income sources, an outside pay cap as high as up to 25% could be acceptable depending upon other considered factors.

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4. **Bar legislators from receiving compensation, directly or indirectly, for referring any client or customer who is lobbying or advocating on behalf of any pending state legislation or any other favorable state action to any entity with which the member has a business relationship.**

5. **Subject the governor and statewide elected officials to these proposed compensation reforms.**

Let me speak to the need for tightening the law on personal use of campaign funds, and though regulation of this aspect of compensation is outside your purview, I suggest the commission at least weigh in on the issue in making a recommendation. Let me explain.

We at Citizens Union believe that the work of this Commission is imperative to restoring the public trust in New York State government. We hope you will take up these reforms, and that the legislature and governor take up the mantle of ethics reform in connection with your work.