



TESTIMONY of DICK DADEY
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Before the City Council Committees on Rules, Privileges and Elections and
Governmental Operations
on Compensation of Elected Officials
February 3, 2016

Good morning, Chairs Lander and Kallos, and other members of the committees on Rules, Privileges and Elections, and Governmental Operations. 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.

I wish to start by thanking the excellent work of the Quadrennial Advisory Commission on Elected Official Compensation chaired by the esteemed Frederick A. O. ("Fritz") Schwarz, Jr. and served by fellow commissioners Jill Bright and Paul Quintero. The report produced is an exceptional piece of work full of thoughtful research, sound analysis and helpful historical information. The process the commission used in soliciting public input was admirable as they held two public hearings and ran their operations and conducted their deliberations in an accessible, transparent, and inclusive style. Citizens Union supports the commission's recommendations because its case for higher salaries is compelling and made persuasively and because the process the commission used was fair and laudable.

Citizens Union values public service, especially those who hold elected office. We believe that the salaries currently paid to our city elected officials are insufficient and not in line with the level of responsibility and authority they hold in managing the largest city in the United States with all its diversity and complexity. We also believe that nine years is too long a period of time for elected officials not to receive a salary increase. If we are to attract the best, the brightest and the most capable of representing our wonderfully diverse city to elected office and achieve much-needed compensation reform, 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.

It is easy to be for reform when it applies to someone else, but it is harder when it affects oneself personally. Elected officials are tested on their commitment to reform in how they handle matters from which they personally benefit or are accountable for such as public ethics, legislative districting, campaign finance, election rules, their own operational rules, and their own compensation.

This Council, under the leadership of Speaker Melissa Mark-Viverito and Rules Committee Chair Brad Lander along with Governmental Operation Chair Ben Kallos, pursued and enacted far-reaching rules reform that built and improved upon earlier reform efforts. The process then used by the Council and its Rules and Governmental Operations Committees was open, transparent, consultative, deliberative and inclusive. You brought to that process a commitment to reform that resulted in the Council committing itself to a new and better set of rules – a set that was designed to make it a more inclusive and deliberative

legislative body. With those new rules, you set out to make the Council a more effective branch of city government that empowered members and enabled them to better represent the districts they serve. You held two sets of public hearings – the first was simply to solicit ideas and reactions – with no set of rules yet proposed. The second set of hearings was designed to elicit reactions to a proposed set of rules. It was a great process that set the standard for how this Council would be run.

So today is a defining day for this Council.

The cause of good government seeks to achieve a common good that serves the public interest and is realized through a process that is open, inclusive, transparent, accountable, and fair. For Citizens Union, our democracy functions best when the journey taken is just as important as the destination it arrives at. We are for the most part happy with the destination at which we appear to be arriving regarding elected official compensation reform with four major reforms being proposed. However, we believe the reform outcome that includes an additional \$10,000 increase for city council members that is above and beyond the commission's recommendation is severely tarnished by a lack of public input and council deliberation and the short circuited process that the Council is using on a matter that it will personally benefit from.

Citizens Union has a number of specific recommendations that it urges the Council to embrace that we believe strengthens the intent of the Council's actions and solidifies the reforms that the Council and Citizens Union together support.

But before I get to those, let me urge the Council to bring to this compensation discussion the same set of values you brought to the Council Rules reform process. You cannot put the genie back in the bottle by pulling back your proposals and withdrawing these bills, but you can partially cure the problem you alone have caused.

Though over a year late in its formation, Citizens Union strongly supported the appointment of the Quadrennial Advisory Commission on compensation, particularly given the long hiatus since the last commission was formed in 2006. We believe that the process the Commission represents – elected officials not making the initial recommendations about their own salaries without the benefit of public input and deliberative analysis – and the precedent past commissions and Councils have set has been essential to building support for any salary increase then and now.

In now introducing legislation before the benefit of a public hearing on the contents of the Commission's report, however, the Council is breaking from past precedent on matters of compensation – by putting forward bills before receiving public input on the Commission's report, and not formally giving the public the rationale it deserves for the salaries it is proposing for itself, which are higher than proposed by the Commission. Indeed, this is the first time in 25 years that the Council is proposing a salary higher than that put forward by the Commission.

It is for these reasons that we call upon the Council to delay a vote on these four bills until the next stated meeting following the one scheduled this Friday. To use a permissible but short-circuited process that allows these bills to be preconsidered for just 8 days but not yet formally introduced at the Council until the day they are to be voted upon and passed is not simply unacceptable but inconsistent with the spirit of how you intended for this Council to be run when you adopted the reform-minded rules you did less than two years ago.

It also makes it less likely that any recommendations of the public – whether substantive or technical – will be considered and the bills amended. Delaying will not deny councilmembers their increased salaries because these intros call for the raises to be retroactive to January 1st no matter when you pass these bills.

But not denying the public sufficient input on a matter that they will pay for and from which you personally benefit.

At a time too when trust in our public officials is low – made worse by the scandals involving our former state leaders Dean Skelos and Sheldon Silver and their corruption convictions involving their abuse of the public trust – the Council needs to consider the environment in which it is acting, particularly when it is considering legislation with an all too quick process that financially benefits its own members.

On the recommended salary for city councilmembers, Citizens Union had said that an increase to \$143,000 was probably appropriate, provided that committee stipends or “lulus” were abolished, and outside income limited, not banned but for de minimus amounts. It has been told to us that the increase would account for: a) a cost of living adjustment to cover the past ten years (when in fact it is nine, not ten since the current salary was effective November 2006 and will even cover the 22 newly elected councilmembers who have not gone without a raise in 9 years since they only assumed their office just two years ago); b) an additional increase of \$10,000 for ending the unnecessary practice of committee chair stipends; and c) an additional increase of \$10,000 to account for limits on outside income and enactment of other compensation reforms.

The recommendation of \$148,500 in [Preconsidered Intro T2016-4070](#) (Mark-Viverito) goes beyond what Citizens Union and the Commission proposed – even though it is following the recommendations of the Commission for all other city elected officials. We believe that the Council owes the public a full and formal explanation of why it believes this increase is warranted. That the Council has not yet produced a written public response to the Commission’s recommendation other than the bills makes this point. We neither oppose nor support the proposed new salaries for all elected positions because we believe the public is being denied sufficient time to consider and react to the specific recommendations for the Council, which is at variance with the commission proposed.

The salary increase proposed has been unfortunately tainted by the process used in determining the proposal and has also overshadowed the important reforms being presented. We have long supported reforms in the categories the Council is considering today: (1) making future pay raises prospective and changing the timing of appointing commissions; (2) restricting outside income and redefining the position of Councilmember to that of full-time; (3) ending committee stipends or “lulus”; and (4) online financial disclosure forms. While we support the intent of the bills, we believe that in some areas, there may be too much discretion left to future Councils and Commissions, and believe that the language should be tightened.

1. Making Future Pay Raises Prospective and Changing the Timing of Commissions

Under the current provision of the New York City Administrative Code governing elected official compensation – though it was not followed in 2003, 2007, 2011 – members of the Council have been and continue to be placed in the undesirable position of having to vote on a recommendation to raise their own salaries while serving their current term in office. It was not followed in 2007, because an off-year use of it occurred in 2006. Though we know that when the process was first established nearly twenty-eight years ago, the intent of the present structure was to schedule the work of the Commission as far away as possible from any election, so that it is less likely that a vote on the proposal will become a major campaign issue.

We believe philosophically that currently serving Councilmembers should not vote themselves a raise, and that the structure of the system that puts them in that position needs to be changed. In fact, 37 current councilmembers in response to Citizens Union candidate questionnaires supported our proposal that any future increase in councilmember salary only apply prospectively to the following term, a change which is

also supported by Mayor de Blasio. See the attached listing of members' support at the end of my testimony.

We recommended to the Quadrennial Commission that future increases be made prospectively, and note that your [Preconsidered Intro T2016-4073](#) (Van Bramer) *might* accomplish this goal. However, the drafting of the legislation does not require it, as it merely changes the timing of the appointment of the commission and the receipt of its report. The next occurrence would be in 2020, between January 1st and 15th, with a report produced within 120 days after its appointment, in approximately 4 months, so by mid-April 2020. The preamble notes that "Amending the timing of when a commission is appointed will afford future commissions greater flexibility to consider - and make it more likely that they will recommend - that increases in compensation go into effect in the session after which they are voted on and approved." That language leaves too much room to enact an immediate raise.

The City Charter currently prohibits pay increases following the General Election in a Council election year, but there are no other prohibitions upon when salary changes would take effect. Given the next election in 2021, under the preconsidered introduction, it would be possible for salary changes to take effect in 2020, or in 2021 prior to the General Election.

On the issue of prospectivity, we recommend the following:

- **The best fix is to require that salary changes take effect January 1st following any election year after the appointment of a Quadrennial Commission, while retaining the current ban on "lame duck" Councils enacting salary changes after the General Election.** We understand that this would require a referendum, and urge the Council to consider making this change in separate legislation.
- **For this legislation, a simple short-term fix would be to have commissions appointed in July of the 3rd year of the Council term rather than January,** as this would make it more likely for the commission to make recommendations prospectively. The Commission should make recommendations by January of the 4th year, giving it more time for deliberation and hiring of staff.
- **Beyond the timing of appointing commissions, the Council should also seek to enact the recommendations from the 2015 Commission's report regarding the operations of the commission.** Specifically, they recommended codifying the transparency standards they used, such as posting all of their memos and all public testimony received online, as well as publicly releasing documentation of their intended plans and process.

2. Banning Outside Income, and Making the Council Full Time

Citizens Union had recommended to the Commission a cap on outside earned income of no more than 25 percent with full disclosure. The [Preconsidered Intro T2016-4072](#) (Kallos) would prohibit the earning of outside income altogether by amending the City Charter's references to the Rules of the City Council in Section 46, which establish its governance, requiring that the prohibit outside income, as defined by the Rules. It also amends Section 1100, which specifies that elected officers are to give full time attention to their duties, to no longer exempt members of the Council.

The legislation, however, grandfathers in members of the council who have "engaged in any other occupation, profession or employment," previously in the 2014-2017 session prior to January 1, 2016, allowing them to continue this outside employment if they submit a letter to the speaker by March 1, 2016.

Citizens Union believes that these members should choose: either they receive the salary increase, or they refrain from getting outside income.

[T2016-4076](#) (Mark-Viverito, Lander) repeals bans outside earned income, though specifies that the following is allowed:

- Investment income, including interest, dividends, rents, annuities, and capital gains;
- Compensation for services before becoming a member;
- Income from pensions or retirement accounts;
- Copyright royalties;
- Compensation for speaking engagements or artistic performances, with approval from the Conflicts of Interest Board;
- Income from teaching at established academic institutions;
- Minimal earned income from activity involving only a limited time commitments and which does not interfere with the performance of official duties, and approved by the General Counsel.

We understand that the intent of the General Counsel approving the minimal outside income is to put in place a safeguard, however, it should be stronger, as an internal staff member would be the referee for the members, to whom they owe their employment. It might be appropriate for an outside entity to play a role in approval or at least have them be notified of the request, such as the Conflicts of Interest Board.

3. Ending Committee Stipends or “Lulus”

CU has long supported ending committee chair stipends, otherwise known as “lulus,” and instead factoring this into a raise for the Council. Given the large number of committees – 38 – in addition to 6 subcommittees and 2 task forces, the addition of a stipend applies to nearly all members (47 of the 51 members are eligible for a stipend), and likely has driven the large number of committees. Many members have also forgone their lulus due to public pressure to reform this system, with 31 current members on the record supporting reforming them according to Citizens Union’s candidate questionnaire (see the listing at the end of this testimony). The declinations of these lulus and their frequency together speaks to the need to eliminate them for committee chairs, and instead factor them into an across the board salary increase.

Accompanying resolution [T2016-4075](#) would eliminate the provisions of the Council’s internal rules that allow for stipends, effectively eliminating them for the current Council. It would be possible, however, for a future Council to reverse what is being proposed and provide for stipends. To remedy this issue, we recommend the following:

- The ban on stipends could be specified in the City Charter in Section 46, which references the Rules of the Council, similar to how earned outside income is banned in Preconsidered Intro T2016-4072, but we recognize that this would require a referendum. We encourage the Council to consider separate legislation on this matter.

4. Online disclosure of all annual financial disclosure for elected officials.

Currently financial disclosure forms detailing outside income of officials must be requested from the Conflicts of Interest Board and viewed in person or photocopied, and are not available electronically. Further, officials are notified of requests for this information. This is antiquated given the city’s work to open data to the public through online portals and otherwise promote accessibility, and runs counter to the practice at the state level; the financial disclosure forms of all New York State elected officials are available online, without the need for requests to be made or notifications. The information from the disclosures

should be submitted electronically and be made available in spreadsheet form to allow for independent analysis.

We are pleased that [Preconsidered Intro T2016-4071](#) would make information available from the financial disclosure forms, without written request, on the Conflicts of Interest Board website for the mayor, comptroller, public advocate, city council and district attorneys. The legislation, however, does not specify the manner in which the information would be made available. In this regard, we recommend the following:

- The legislation should be amended to specify that disclosures be made available electronically in machine-readable, spreadsheet form, consistent with the city's Open Data Law, given that the information is submitted electronically. The Council should also consider whether the forms for *candidates* for these offices should also be made available online.

I thank you for the opportunity to present Citizens Union's thoughts and recommendations on this important topic, and am available to answer any questions you have.

COUNCILMEMBER POSITIONS ON COMPENSATION REFORM				
District	Member of the City Council	Year First Elected	Position on Ending Lulus for Committee Chairs	Position on Making Salary Increases Prospective¹
1	Margaret Chin	2009	"Chairing a Committee comes with extra responsibilities, and I have always used the extra funds directly for the staff. Without the extra funds, I would have more difficulty funding the legislative staff I need for committee work. I would support a reform that standardizes the amount received based on committee chair leadership."	Support
2	Rosie Mendez	2005	Support	Support
3	Corey Johnson	2013	Support	Support
4	Dan Garodnick	2005	Support	Support
5	Ben Kallos	2013	Support	Support - "Council pay should be tied to local economic indicators, rising or dropping with local average individual incomes"
6	Helen Rosenthal	2013	Support	Support
7	Mark Levine	2013	Support	Support
8	Melissa Mark-Viverito	2005	Oppose	Support
9	Inez Dickens	2005	Oppose	Oppose
10	Ydanis Rodriguez	2009	Support	Support
11	Andy Cohen	2013	Support	Support
12	Andy King	2012	Support	Support
13	Jimmy Vacca	2005	N/A	N/A
14	Fernando Cabrera	2009	Support	Oppose
15	Ritchie Torres	2013	Support	Support
16	Vanessa Gibson	2013	N/A	"Would Strongly Consider"
17	<i>Maria del Carmen Arroyo (now vacant)</i>	2005	N/A	N/A
18	Annabel Palma	2003	N/A	N/A
19	Paul Vallone	2013	Support	Support
20	Peter Koo	2009	Support	Support
21	Julissa Ferreras	2009	N/A	N/A
22	Costa Constantinides	2013	Support	Support

¹ Responses to Citizens Union candidate questionnaires unless otherwise noted. Questionnaires available at: http://www.citizensunion.org/site_res_view_folder.aspx?id=c9c1b946-f4b4-4f30-aef4-9deec77a2765

COUNCILMEMBER POSITIONS ON COMPENSATION REFORM				
District	Member of the City Council	Year First Elected	Position on Ending Lulus for Committee Chairs	Position on Making Salary Increases Prospective¹
23	Barry Grodenchik	2015	N/A	Support (commitment made to NY Daily News)
24	Rory Lancman	2013	N/A	N/A
25	Danny Dromm	2009	Support	Support
26	Jimmy Van Bramer	2009	Support	Support
27	Daneek Miller	2013	N/A	Support
28	Ruben Wills	2010	N/A	N/A
29	Karen Koslowitz	1991/2009	Support	Support
30	Elizabeth Crowley	2008	Support	Support
31	Donavan Richards	2013	Support	Support
32	Eric Ulrich	2009	Support	Support
33	Stephen Levin	2009	Support	Support
34	Antonio Reynoso	2013	Support	Support
35	Laurie Cumbo	2013	Oppose	Support
36	Robert Cornegy	2013	Support	Support
37	Rafael Espinal	2013	Oppose	Support
38	Carlos Menchaca	2013	Support	Support
39	Brad Lander	2009	Support	Support - "With the exception of using the commission to equalize Council Member salaries in order to eliminate most lulus in the upcoming term."
40	Mathieu Eugene	2007	N/A	N/A
41	Darlene Mealy	2005	N/A	N/A
42	Inez Barron	2013	N/A	N/A
43	Vinny Gentile	2003	Support	Support
44	David Greenfield	2010	Support	Support
45	Jumaane Williams	2009	Oppose	Support - "I would like to discuss this further."
46	Alan Maisel	2013	N/A	Support
47	Mark Treyger	2013	Support	Support
48	Chaim Deutsch	2013	Oppose	Oppose
49	Debi Rose	2009	Support	Support
50	Steve Matteo	2013	Support	Support
51	Joe Borelli	2015	N/A	N/A
		Total Support	31	37
		Total Oppose	6	3
		Other	1	1