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June 22, 1979

The Honorable Edward I. Koch  
Mayor of New York City  
City Hall  
New York, New York

Dear Mayor Koch

I am pleased to submit the attached Report of the Commission to Study Salary Levels of New York City Elected Officials on behalf of the Commission.

The Report is the result of over three months of study by the Commission. I believe it fulfills the Commission's charge to study the compensation levels of elected officials and to recommend changes in those levels, if warranted.

During our study, and particularly during our public hearing, many views were expressed on a wide variety of issues. As we stated in the Report, we have provided your office with a copy of the transcript of our public hearing to bring those views to your attention.

We believe that the recommendations made in the Report are fair and equitable, both to the elected officials and the taxpayers of New York City. If we may be of any further assistance in support of your review of our recommendations, please do not hesitate to call on us.

Sincerely



RRS: dm

REPORT OF THE COMMISSION  
TO STUDY SALARY LEVELS OF  
NEW YORK CITY ELECTED OFFICIALS

June, 1979

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# I

## SUMMARY

In March, 1979, the Commission to Study Salary Levels of New York City Elected Officials (the Commission), composed of five private citizens, was convened to examine the compensation levels of New York City elected officials and to recommend changes in those compensation levels, if warranted. In the intervening months, the Commission conducted a study and made the findings summarized below.

First, a long time has passed since elected officials' salaries were last increased: City Council members last received a salary increase in 1970, the Mayor, President of the City Council and Comptroller in 1974, and the Borough Presidents in 1975.

Second, during the interval since the last increases, inflation has run rampant. Between 1970 (when Council members' salaries were last raised) and March, 1979, the New York City area Consumer Price Index (CPI) rose 72.4 percent. Between 1974 (when the Mayor, Council President and Comptroller last received increases) and March, 1979, the CPI has increased about 40 percent. Thus, the purchasing power of the elected officials' salary dollar has been severely eroded.

Third, since 1970, wages of organized City employees have been increased by approximately 61 percent, and salaries of non-elected Managerial and Executive (M/E) employees have increased by approximately 38 percent. While these increases were occurring salaries of elected officials essentially remained static, creating an "internal compression" problem.

That compression has arisen because the Mayor's salary serves as a "cap" on salaries of all City employees; his \$60,000 salary limits the compensation of the senior non-elected officials. As a result, all Deputy Mayors are being paid only \$2,500 less than the Mayor. Equity and sound compensation theory dictate that there should be a much greater salary differential in view of the vastly different responsibilities of the Mayor and his Deputies.

Fourth, since the last salary increases, a new City Charter, effective January 1, 1977, as well as the fiscal crisis and its aftermath, have markedly increased the responsibilities of the elected officials in law and in fact.

Fifth, since the last salary increases, there have been substantial salary increases for positions in Federal, State and municipal government, as well as in private industry.

As a result of its findings, the Commission makes the following recommendations.

First, we recommend that the salaries of New York City elected officials be increased as follows:

<u>Position</u>		<u>Current</u>	<u>Proposed as of 7/1/79</u>	<u>Proposed as of 7/1/80</u>	<u>Proposed Total Increase</u>
Mayor	Salary	60,000	70,000	80,000	20,000
	Unvouch. Exp. *	----	----	----	----
	Total	<u>60,000</u>	<u>70,000</u>	<u>80,000</u>	<u>20,000</u>
President of City Council	Salary	50,000	55,000	60,000	10,000
	Unvouch. Exp.	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	----
	Total	<u>56,000</u>	<u>61,000</u>	<u>66,000</u>	<u>10,000</u>
Comptroller	Salary	50,000	55,000	60,000	10,000
	Unvouch. Exp.	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	----
	Total	<u>56,000</u>	<u>61,000</u>	<u>66,000</u>	<u>10,000</u>
Borough Presidents	Salary	45,000	50,000	55,000	10,000
	Unvouch. Exp.	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>	----
	Total	<u>51,000</u>	<u>56,000</u>	<u>61,000</u>	<u>10,000</u>
City Council Members	Salary	20,000	25,000	30,000	10,000
	Unvouch. Exp.	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	----
	Total	<u>25,000</u>	<u>30,000</u>	<u>35,000</u>	<u>10,000</u>

The recommended compensation adjustments for elected officials would increase direct expenses by two hundred and sixty thousand dollars in fiscal year 1979-80 and by an additional two hundred

\*Unvouchered expense payment

and sixty thousand dollars in fiscal year 1980-81. The recommended adjustments are within a range acceptable to the United States Council on Wage and Price Stability in accordance with the Federal Government's wage/price guidelines.

Second, we recommend that all unvouchered expense payments be eliminated, and that the amounts of these payments be added to and recognized as salary for each of the respective officials.

Third, we recommend that the City Council promptly enact legislation, such as the legislation currently before it, to reinstitute reasonable financial disclosure requirements for all elected officials.

Fourth, we recommend that the Mayor and the City Council study the advisability of making Council membership a "full-time" position.

Fifth, we recommend that the Mayor and the City Council consider establishing a procedure to have the compensation of elected officials reviewed on a regular and periodic basis.

II

ORIGIN AND MEMBERSHIP OF THE COMMISSION

The Commission was convened on March 9, 1979 by Mayor Edward I. Koch and City Council Vice-Chairman and Majority Leader Thomas J. Cuite. The members are:

Chairman Richard R. Shinn, President and Chief Executive Officer of the Metropolitan Life Insurance Company and former Chairman of the Mayor's Management Advisory Board.

George H.P. Dwight, attorney and former Chairman of the Committee on Municipal Affairs of The Association of the Bar of the City of New York.

Herbert Elish, Vice-President of the International Paper Company and former Executive Director of the Municipal Assistance Corporation.

The Honorable Owen McGivern, former Presiding Justice of the Appellate Division of the State Supreme Court and former Chairman of the Temporary Commission on City Finances.

G. Lynn Shostack, Vice-President, Citibank, N.A.



III

CHARGE TO THE COMMISSION

The Commission was asked to "examine the compensation levels" for the Mayor, Council President, Comptroller, Borough Presidents, members of the City Council and District Attorneys (of counties within the City of New York), and to recommend changes in those compensation levels, if warranted.

IV

PROCEDURES OF THE COMMISSION

The Commission collected and reviewed documentary material including:

1. The Report of the U.S. Commission on Executive, Legislative and Judicial Salaries (1976).
2. The Report of the New York State Ad Hoc Panel on Executive, Legislative and Judicial Compensation (1979).
3. The Report of the Task Force on New York City's Management Compensation to the Mayor's Management Advisory Board and the Economic Development Council (1977).
4. The 1978 Legislative Activities Report of the Council of the City of New York (1979).
5. Current information on the compensation of New York City elected officials from the offices of the respective officials.

6. Current and historical information on inflation from the New York Regional Office of the U.S. Bureau of Labor Statistics.
7. Current and historical information on the compensation of non-elected officials and employees of New York City.
8. Wage and price standards issued by the President's Council on Wage and Price Stability, December 13, 1978.
9. Applicable opinions of the New York City Corporation Counsel.
10. Rules of the New York City Council, as currently effective, and as effective prior to the amendments of February 10, 1978.
11. New York City Council's Guidelines for Other Than Personal Services (OTPS) Vouchered Expenses in 1978-79 Budget (1979).
12. New York City Charter.

13. Comparative salary information on elected officials in the ten largest U.S. cities by population (National League of Cities, May 7, 1979, and International City Management Association, May 18, 1979).

14. Written statements publicly solicited by the Commission and submitted by various citizens groups, elected officials and individual citizens.

After reviewing this material, the Commission met on five occasions, and members of the Commission conducted personal interviews to obtain further data. A public hearing was held on May 23, 1979, at which 27 individuals presented their views. Finally, this report was prepared, the range of its recommendations informally cleared with the U.S. Council on Wage and Price Stability, and the report was submitted to the Mayor.

## FINDINGS AND RECOMMENDATIONS

### Introduction

Conventional wisdom is that government salaries should be below those for comparable positions in the private sector. Perhaps this is because of the prestige associated with holding public office or the feeling that public service should involve some financial self-sacrifice.

While we do not take issue with these attitudes, we believe that salaries of elected officials should be sufficient to attract and retain qualified individuals. Elected officials should receive salaries sufficient to maintain a standard of living reasonably consistent with the status of the office and the city they represent. If salaries do not meet that standard, public service may effectively be limited to the wealthy, which would be clearly undesirable.

The Commission viewed as its primary role the determination of an appropriate compensation level for each of the positions under consideration, assuming that the job is properly performed. In our view, if any elected official is not performing well, the recourse of the public is simply not to re-elect that official.

The appropriateness of salary recommendations must be viewed in context. That context is complex and reflects the interplay of many factors: the duties and responsibilities of the position, the current salary and expense payments, the length of time since the last salary increase, inflation, the internal compression problem, and the related factor of the salaries of others, both inside and outside City government.

After reviewing these and other factors, the Commission recommends increased salaries. Each of our recommendations is tempered by the City's financial condition and the need for fiscal restraint. In connection with these increases, we also recommend that certain ancillary, but important, actions be taken.

#### Salary Increases

##### A. Mayor

As the chief executive officer of the City, the Mayor presides over a municipal corporation with more than 7 million citizens, some 168,000 employees of Mayoral agencies\* and an annual budget for 1979-80 of \$12.8 billion. In ordinary times the Mayor's job is extremely demanding and in times of financial stress it is even more difficult.

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\*The Mayor's Management Report, April 26, 1979, at p. I-8.

The current annual salary of \$60,000 has not been increased since 1974. Since that time, the New York City area Consumer Price Index (CPI), a recognized index of inflation, has increased about 40 percent. Accordingly, the Mayor's 1974 salary dollar is now worth 72 cents. Merely to maintain the Mayor's 1974 purchasing power, an immediate salary increase to \$84,300 would be required. See Table I.

The Mayor's salary serves as a "cap" on the salaries of his senior executive appointees. But while the Mayor's salary has remained static over the last five years, salaries of appointed Managerial and Executive employees have been increasing.\* All Deputy Mayors, for example, are now paid \$57,500 annually, only \$2,500 less than the Mayor.

This bunching of salaries just below the "cap" set by the Mayor's salary is known as "internal compression." Such a situation is unrealistic in view of the significant differences in responsibilities between the Mayor and his Deputies. Equity and sound compensation theory dictate that this compression problem should be alleviated by substantially increasing the Mayor's salary.

Although the foregoing factors fully justify a Mayoral salary increase, we considered certain other factors as well. For example,

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\*We note that since 1970, salaries of Managerial and Executive employees have increased by approximately 38 percent and wages of organized City employees have increased by approximately 61 percent.

we noted salaries in the private sector, and in Federal, State and local governments. Although these factors were not by any means dispositive in our analysis because of the lack of precise comparability among the jobs reviewed, the salaries offered for such positions provide a point of reference for analyzing the adequacy of compensation for New York City elected officials.

In private industry, average hourly earnings (manufacturing) in New York City have risen 37 percent since 1974. The estimate, drawn from a 1978 Conference Board Report, is that executive salaries in the United States have increased 35 percent during the same time period.

Federal employees received increased compensation following the 1976 Report of the Commission on Executive, Legislative and Judicial salaries. Congressmen, for example, are currently paid \$57,500 annually, and legislation has been proposed to increase their salaries later this year. (The New York Times, June 8, 1979, p. A18)

Earlier this year, compensation of New York State officials was increased pursuant to the recommendations of the Panel on Executive, Legislative and Judicial Compensation. For example, the salaries of State Commissioners will rise from \$47,800 to \$54,700 by October 1, 1979. Salaries of State Legislators will increase



from \$23,500 to \$32,960\* by January 1, 1983. We note, too, that the Governor's annual salary is \$85,000, and that he was recently granted an additional \$15,000 unvouchered expense account. (The New York Times, June 18, 1979, p. B1)

Furthermore, current data supplied by the International City Management Association indicates that the Mayor of New York receives a lower salary than the Mayor of Houston (fifth largest city), who receives \$71,700, and the Mayor of Detroit (sixth largest city), who receives \$65,048. The Mayor's salary is equal to the salary of the Mayor of Chicago, a city less than half the size of New York, and is approximately equal to the salary (\$60,500) of the Mayor of Los Angeles. With all due respect, we believe that the responsibilities of these other Mayors are far less than those of the Mayor of New York.

On the basis of these factors, we recommend that the Mayor's salary be increased. We urge, however, that the increase be accomplished in two stages: an increase to \$70,000 on July 1, 1979, and a second increase to \$80,000 on July 1, 1980.\*\* These increases

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\*Plus unvouchered expense payments of \$55 per day spent outside the county of residence on official State business.

\*\*We note that in 1977, the Task Force on New York City's Management Compensation (the Task Force) recommended that the Mayor's salary be increased to \$70,000 prior to January 1, 1978 and to \$80,000 as of January 1, 1980. See Table II.

constitute only a 4.52 percent effective annual increase for each of the years since 1974 when the Mayor's salary was last adjusted. See Table III.

B. President of the City Council  
and Comptroller

Historically, the President of the City Council and the Comptroller have received identical salaries (currently \$50,000 plus \$6,000 unvouchered expenses), and we find no apparent inequity in that pattern. Therefore, for convenience and brevity, we consider those positions together.

The enormous and complex task of managing the City's \$12.8 billion budget during times of fiscal stress falls particularly upon the City's chief financial officer, the Comptroller. Recent City Charter amendments in effect removed the Mayor's vote on the Board of Estimate when that body considers the Executive Budget. As a result, the budget oversight and approval powers of the other members of the Board, including the Council President and Comptroller, have been significantly expanded. In addition, the involvement of the Council President and the Comptroller in special investigations and projects, such as the study of the City's foster care system, has been recognized as extremely beneficial.

Inflation has had the same devastating effect on the salaries of the Council President and the Comptroller (last increased in 1974) as it has had on the Mayor's salary. To restore the 1974 purchasing power of the Council President and Comptroller, an immediate salary increase to \$70,250 would be required. See Table I.

Again, we note the increases in others' salaries in private industry, and at the Federal, State and municipal levels to which we have referred previously. We note particularly that the State Comptroller receives total compensation of \$75,000 per year (\$60,000 salary, plus \$15,000 unvouchered expenses).

Based on these considerations, we recommend compensation increases for the Council President and Comptroller to \$61,000\* effective July 1, 1979 and to \$66,000\* effective July 1, 1980.\*\* These increases constitute only a 2.51 percent effective annual increase for each of the years since 1974 when salaries for these positions were last adjusted. See Table III.

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\*These figures include a fold-in of the current \$6,000 annual unvouchered expense payment which is discussed in greater detail below.

\*\*We note that in 1977, the Task Force recommended that the salaries of the Council President and Comptroller be increased to \$60,000 (exclusive of unvouchered expenses) prior to January 1, 1978 and that their salaries be further adjusted as of January 1, 1980. See Table II.

C. Borough Presidents

The Borough Presidents have recently had significant increases in their responsibilities and activities because of changes in the City Charter and in State law. The effects of certain of these changes are summarized below:

First, we have previously alluded to the Charter amendments respecting Board of Estimate votes on the Executive Budget. As a result of those amendments, the budget oversight and approval responsibilities of certain members of the Board, including the Borough Presidents, have been expanded.\*

Second, as a result of State enabling legislation adopted in 1977, the Borough Presidents have become members of the New York City Commercial and Industrial Incentive Board, which has the power to grant real property tax exemptions for new commercial and industrial developments.

Third, the responsibilities of the Borough Presidents have also been expanded with regard to Community Boards, which represents a significant step toward citizen-participation in government.

The Borough Presidents now have the authority to appoint all Community Board voting members (§2800 of the Charter) and the

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\*In addition to their budget responsibilities as members of the Board of Estimate, the Borough Presidents, as Chairmen of their Borough Boards, are empowered by §85 of the Charter to participate in the submission to the Mayor of a separate list of capital budget priorities for their respective boroughs.

Borough Presidents are mandated to provide suitable administrative assistance to expedite and coordinate the work of the Boards (§84 of the Charter).

Fourth, another new responsibility of the Borough Presidents involves the Uniform Land Use Review Procedure (ULURP), a recently established mechanism for local community input with regard to the acquisition, sale, or other disposition of City property (§197-c of the Charter). The Office of the Borough President reviews all ULURP matters coming before both the Community Boards and the Borough Boards. As a result of this new procedure, communities have been more active in the land acquisition and disposition process, and there has been a corresponding increase in the responsibilities and activities of the Office of the Borough President.

Currently, the Borough Presidents receive annual salaries of \$45,000, plus \$6,000 in unvouchered expenses. Their salaries were last adjusted January 1, 1975, and a substantial salary increase would be required immediately to restore the purchasing power of their 1975 salaries. See Table I.

For the foregoing reasons, the Commission recommends increasing the compensation of Borough Presidents as follows: to \$56,000\*

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\*This figure includes a fold-in of the current \$6,000 annual unvouchered expense payment, which is discussed in greater detail below.

effective July 1, 1979 and to \$61,000\* effective July 1, 1980.\*\* These increases constitute only a 3.31 percent effective annual increase for each of the years since 1975 when their salaries were last adjusted. See Table III.

#### D. City Council

The Commission's study of City Council activities indicates that the Council is performing at least three different types of activities: legislative, oversight and interface between constituents and City agencies. Each of these activities has a separate, and quite distinct, purpose.

First, in the legislative area, the Council studies and enacts a wide range of measures. Perhaps the most significant of these measures are the capital and expense budgets in which priorities for the expenditure of City funds are set. In the Commission's view, it is not the number of bills enacted, but the substance of those considered which indicates the dimensions of the legislative task the Council performs.

Second, §44 of the new City Charter, effective January 1, 1977, requires the Council to oversee the more than one hundred bureaus, departments and offices within City agencies. According to the

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\*This figure includes a fold-in of the current \$6,000 annual unvouchered expense payment, which is discussed in greater detail below.

\*\*We note that in 1977, the Task Force recommended that the Borough Presidents' salary be increased to \$52,500 (exclusive of unvouchered expenses) prior to January 1, 1978 and that their salaries be further adjusted as of January 1, 1980. See Table II.

Council's 1978 Legislative Activities Report, this new oversight responsibility and concomitant changes in the Council's Rules (§7.30c) have resulted in a virtual doubling of the number of official Council functions in a one-year period. In 1977 there were 157 official functions and in 1978 there were 290.

The Legislative Activities Report also notes that there were more investigatory activities conducted by the Council in 1978 than ever before. These investigations of several complex and difficult matters form an integral part of the Council's new oversight function.

Third, Council members serve as an interface between their constituents and City government. This activity consists of Charter-mandated participation by City Council members on Community Boards and the concomitant assistance to constituents in dealing with the myriad City agencies.

In contrast to these increased responsibilities and activities, the salary of Council members has remained static at \$20,000 per annum since 1970.\* During the almost 10 years since Council

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\*All Council members also receive a \$5,000 annual unvouchered expense payment, except for the Majority and Minority Leaders, each of whom receives \$3,000. In addition, all Council members receive a vouchered expense account of \$11,628 annually, primarily for constituent newsletters and district offices, but not additional staff. Under §25-1.0 of the New York City Administrative Code, the Majority and Minority Leaders and the Chairpersons of the Finance and General Welfare Committees receive additional remuneration. Committee Chairpersons also receive expense payments for operation of their committees. Expense payments are discussed in greater detail below.

salaries were last adjusted, the New York City area CPI rose 72.4 percent, with the effect that the City Council members' 1970 salary dollar now buys only 58 cents' worth of goods and services. Accordingly, an immediate salary increase to \$35,860 would be required just to restore Council members' 1970 purchasing power. See Table I.

In addition, although the positions are not entirely comparable, New York City Council members appear to provide more service for less compensation than other cities' municipal legislators. We note the 1978 study entitled "Pay Raises for Legislators: An Analysis" published by the Citizens Union Research Foundation, Inc. That study contained the following findings:

"As to the City Council:

- (i) Comparison of base salaries and average total compensation of sampled legislative bodies indicates that the New York City Council is below the average for comparable municipal legislative bodies...
- (ii) Cost-of-living figures relative to City Council salaries appear to support the claim of disparity between New York City and the urban areas sampled; and
- (iii) Although figures concerning the issue of full-time/part-time are incomplete and although several points warrant further clarification, the New York City Council appears to be at the upper range of days spent in legislative service." (emphasis in the original)



These considerations lead us to recommend increasing the compensation of City Council members to \$30,000\* effective July 1, 1979, and to \$35,000\* effective July 1, 1980.\*\* These increases constitute only a 3.25 percent effective annual increase for each of the years since 1970 when Council members' salaries were last adjusted. See Table III.

E. District Attorneys

Salaries of the District Attorneys of counties within the City of New York, although paid by the City, are set by State law.\*\*\* At present, the annual salary for all City District Attorneys is \$48,998, except for the Richmond County District Attorney, who receives \$35,000 annually.

Pursuant to recent State legislation, salaries for all District Attorneys in New York City will be increased to either \$56,098 or \$58,000 at the end of the current terms. Since the matter is governed by State law and since increases were recently granted,

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\*These figures include a fold-in of the current \$5,000 (\$3,000 for the Majority and Minority Leaders) annual unvouchered expense payment, which is discussed in greater detail below. We suggest that the basic salaries for all Council members, including the Majority and Minority Leaders, should be \$30,000 in 1979 and \$35,000 in 1980. This can be accomplished simply by reducing the additional remuneration paid the Leaders under §25-1.0 of the Administrative Code by \$2,000 each and adding the same amount to their basic salary.

\*\*We note that in 1977, the Task Force recommended that the salaries of City Council members be increased to \$25,000 (plus unvouchered expenses of \$5,000) prior to January 1, 1978, and that their salaries be further adjusted as of January 1, 1980. See Table II.

\*\*\*County Law §928.

we make no recommendation with respect to salaries of the District Attorneys.

Unvouchered Expenses

Earlier, we alluded to the unvouchered expense payments that are made to most of the elected officials whose compensation we have reviewed. Below, we review briefly the status of unvouchered expense payments for each of the officials and our recommendations with respect to them.

A. Mayor

The Mayor receives no unvouchered expense payment, and we recommend no change in this practice.

B. City Council President, Comptroller and Borough Presidents

The Council President, Comptroller and Borough Presidents each receive a \$6,000 annual unvouchered expense payment. These payments are made directly to the officials and are paid regardless of the amount of expense actually incurred.

In the Commission's view, these unvouchered expense payments are the practical equivalent of salary and should be recognized as such. Accordingly, we recommend these payments be permanently eliminated as such, and that the amount of these payments be

added to, and recognized as, salary.\*

We recognize that currently these unvouchered expense payments are not pensionable. Our recommendation contemplates making them pensionable, and, accordingly, requiring minimal increased pension contributions by the officials who receive them.

C. City Council Members

Currently, each City Council member receives a \$5,000 annual unvouchered expense payment, except for the Majority and Minority Leaders, each of whom receives \$3,000 annually. For the reasons stated above, we recommend permanently eliminating these unvouchered expense payments and "folding" them in as part of salary.\*

D. District Attorneys

Our study reveals that District Attorneys of Counties within the City of New York do incur substantial expenses like those covered by the unvouchered expense payments. Despite this fact, the District Attorneys do not receive an unvouchered expense payment.

Since we are recommending that unvouchered expense payments be treated as salary and since District Attorneys' salaries are set

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\*In making this recommendation, we anticipate that the elected officials under consideration would, in the future, be eligible for reimbursement of vouchered expenses on the same basis as any other City employee. In addition, with respect to City Council members we contemplate that the current \$11,628 vouchered expense account discussed briefly below, will be kept intact, subject to stringent guidelines like those currently in force.

by the State, we believe it would be inappropriate for us to make an action recommendation. Nonetheless, we suggest that this question be examined at the State level, and that consideration be given to increasing District Attorneys' salaries in lieu of an expense payment. In the interim, we suggest continuing to permit District Attorneys of Counties within the City reimbursement of expenses on a vouchered basis, as we understand is currently the case.

#### Related Considerations

In the Commission's view, the foundation for any salary increase for public officials, whether elected or appointed, must be a standard of public conduct which provides adequate assurance that the City's business will be conducted impartially and in the public interest. This was the conclusion reached with respect to elected and appointed employees of the Federal Government in the Report of the 1976 Commission on Executive, Legislative and Judicial Salaries. The Governor of New York came to the same conclusion earlier this year when he urged adoption of financial disclosure requirements as part of his recommendation for pay increases for elected and appointed State employees. A comparable standard must be a prerequisite in considering salary increases at the City level.

We are satisfied, however, that an adequate standard of conduct does exist for the elected City officials for whom we are recommending salary increases. Specifically:

1. All elected officials, except members of the City Council, are now required to work full-time on the City's business. Although not required to work full-time, most City Council members do spend a great deal of time on public business with some working 60 or 70 hours per week at Council activities. According to the recent Legislative Activities Report, 1978 was "the busiest year in the 41-year history of the modern Council." And in the conduct of their private business, Council members are subject to broad prohibitions against conflicts of interest. City Charter, Chapter 68.
2. Other than the unvouchered expenses, which we recommend be eliminated, the expense accounts of elected City officials are subject to adequate procedures for vouchering and auditing. For example, the vouchered expense allowance of up to \$11,628 for each City Council member, instituted in August, 1978, is designed to allow City Council members to do more in their districts. The money is available specifically for such items as renting and equipping a district office and the publication of newsletters to constituents. All such

expenditures are subject to strict vouchering and accounting procedures, with audits to be made at least annually. None of the money is actually paid to any Council member or to any personnel; all payments are made directly to vendors.

3. All elected public officials are required to make annual disclosure of their financial affairs. This has been a statutory requirement for all City employees earning at least \$25,000 New York Administrative Code §1106-5.0 (Local Law 1975, No. 1, enacted by the City Council January 8, 1975). In 1978, the constitutionality of this statute was sustained by the New York Court of Appeals, except for the provision that the information furnished be made available to the public as a matter of course. The statute is not now being enforced, pending enactment of legislation by the City Council to afford the employee an opportunity to present a claim of privacy. We are advised that within a short time, the City Council expects to enact corrective amendments to §1106-5.0 in order to reinstitute its financial disclosure requirements, certainly for all elected officials. We urge the City Council to act promptly on these amendments, and we expect that the Council will have acted on these amendments before consideration of the Commission's proposals on pay increases.

We feel that it is appropriate to comment on the public hearing held by the Commission on May 23rd. We are deeply concerned over the statements of several participants in the hearing who depend on government funds to sustain themselves, their families, and those for whom they are concerned: a City neighborhood aide, hired under the CETA\* Program, with a wife and small child who earns \$10,275 a year, and is scheduled to be laid off before year's end; a Roman Catholic nun who works with the poor; former City employees who had retired after long service and now must live on a fixed income. They generally opposed using City funds to give any pay raises to elected officials so long as their own plight continues. We understand and sympathize, and we have called the attention of our elected officials to these situations.

On the other hand, we do not believe that the existence of other problems justifies denying salary increases which are long overdue. On the contrary, it is in the City's best interests that its elected officials, those whom the voters have chosen to deal with these serious problems, be adequately paid.

Even some of those who opposed salary increases at our public hearing stated that many well-qualified individuals will not seek elective public office. This is precisely the reason salary levels should be increased: to attract and retain qualified individuals in public office.

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\*Comprehensive Employment Training Act

We note, too, the statements of one group of Council members who said at the hearing that they are devoting "full-time" to Council work, that they are prepared to accept and support limits on a Council member's outside earned income, and that their present level of compensation is intolerable, given the nature and extent of the work now performed by them. We are also aware that another group of Council members have outside earned income, devote substantial time and effort to Council business, and are of the view that outside activities do not detract from the performance of their councilmanic duties.

We believe that there are extremely effective Council members in both of these differing groups. We also believe that the issues raised by their different methods of performing their jobs deserve further attention.

We, therefore, recommend that the Mayor and the Council study the advisability of making Council membership a "full-time" position and the related question of limitation on outside earned income of members. Careful study of this complex issue is required both because of the difficulty of defining "full-time" and the traditional view that legislative positions (at Federal, State and local levels) should not be "full-time."



We do not presume to judge whether, and to what extent, any requirement of a "full-time" City Council would be in the best interests of the City. In the Commission's view, however, the recommended salary increases for members of the City Council -- to \$35,000 by July 1, 1980 -- represent appropriate compensation for the position as presently constituted.

Finally, we point out that the compensation of our elected officials has not been reviewed on a regular basis. The changing factors which we reviewed in this report, particularly inflation, which is currently running at about 1 percent per month, strongly suggest the need for a periodic review. Accordingly, we recommend that the Mayor and the City Council consider establishing a procedure to accomplish this important function.

VI

IMPLEMENTATION OF RECOMMENDATIONS

The recommended compensation adjustments for elected officials would increase direct expenses by two hundred and sixty thousand dollars in fiscal year 1979-80 and by an additional two hundred and sixty thousand dollars in fiscal year 1980-81. Clearly, the expenditure involved is not great when viewed in the context of a \$12.8 billion budget for fiscal year 1979-80.

The Commission has consulted with the Council on Wage and Price Stability (COWPS) regarding a range of salary increases. We have been advised by the Council that our recommendations are within a range acceptable to COWPS in accordance with the Federal Government's wage/price guidelines, as stated in their letter, which is annexed as an appendix to this report.

CONCLUSION

The Commission is firmly of the view that compensation increases for New York City elected officials are not only justified, but long overdue.

Responsibilities and activities of our elected officials have increased. Compensation of others, both in government and in private industry, has increased. But for many years, the salaries of City elected officials have not increased. During those years, inflation has greatly eroded their purchasing power, and the salary of our top elected official, the Mayor, remains as a practical "cap" on salaries of his appointees, causing a severe compression problem.

Salaries of elected officials can be increased to bring them approximately in line with their appropriate levels. This can be done within the Federal wage guidelines, and at a minimal cost to the City.

It is within the power of the citizens of our City to compensate more adequately their elected officials. The Commission strongly urges that this be done through the implementation of the foregoing recommendations.

TABLES

TABLE I

SALARIES REQUIRED TO KEEP  
EVEN WITH INFLATION

<u>Title</u>	<u>Salary</u>	<u>Date of Last Increase</u>	<u>Salary Required to Provide Equivalent Purchasing Power in March, 1979**</u>
Mayor	\$60,000	1/1/74	\$84,300
President of City Council	50,000*	1/1/74	70,250
Comptroller	50,000*	1/1/74	70,250
Borough Presidents	45,000*	1/1/75	57,370
City Council	20,000*	1/1/70	35,860

\*Exclusive of unvouchered expenses.

\*\*Based on the New York City area Consumer Price Index.

TABLE II

1977 TASK FORCE RECOMMENDATIONS

<u>Position</u>	<u>Present Salary</u>	<u>Recommended Salary Prior to 1/1/78</u>
Mayor	\$60,000	\$70,000
President of City Council	50,000*	60,000*
Comptroller	50,000*	60,000*
Borough Presidents	45,000*	52,500*
City Council Members	20,000*	25,000*

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\*Exclusive of unvouchered expenses.

TABLE III

RECOMMENDED COMPENSATION AND COMPOUND  
EFFECTIVE PERCENTAGE INCREASES

<u>Title</u>	<u>Current Annual Compensation</u>	<u>Effective Date</u>	<u>Comp. July 1979</u>	<u>Comp. July 1980</u>	<u>Compound Effective Annual Percentage Increase</u>
Mayor	\$60,000	1/1/74	\$70,000	\$80,000	4.52%
President of the City Council	50,000 <sup>1</sup>	1/1/74	61,000 <sup>4</sup>	66,000 <sup>4</sup>	2.51%
Comptroller	50,000 <sup>1</sup>	1/1/74	61,000 <sup>4</sup>	66,000 <sup>4</sup>	2.51%
Borough President	45,000 <sup>1</sup>	1/1/75	56,000 <sup>4</sup>	61,000 <sup>4</sup>	3.31%
City Council Members	20,000 <sup>2,3</sup>	1/1/70	30,000 <sup>4</sup>	35,000 <sup>4</sup>	3.25%

<sup>1</sup> Plus annual unvouchered expenses of \$6,000.

<sup>2</sup> Plus annual unvouchered expenses of \$5,000 and annual vouchered expenses for other than personal services of \$11,628. The latter was first effective in the 1978-79 budget.

<sup>3</sup> The Commission is aware that extra compensation is paid for certain Council leadership positions, including Vice-Chairman and Majority Leader, Minority Leader, Chairman of the Finance Committee and Chairman of the Welfare Committee.

<sup>4</sup> Includes a fold-in of unvouchered expenses.

APPENDIX