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N.Y. CITY MAYORS

**REPORT OF THE ADVISORY COMMISSION  
FOR THE REVIEW OF  
COMPENSATION LEVELS OF  
ELECTED OFFICIALS**

March, 1987

## Origin of the Commission

The provisions of a law passed by the City Council on December 9, 1986, and approved by the Mayor on December 22, 1986, call for an Advisory Commission to be established every four years, starting in January, 1987, to review the compensation levels of the City's elected officials. These officials are:

- The Mayor
- The President of the City Council
- The Comptroller
- The District Attorneys of the Five Counties
- The Borough Presidents
- The City Council Members

The law provides that the Commission submit a report to the Mayor containing its recommendations and that the Mayor, in turn, submit the Commission's report, along with his own recommendations, to the City Council.

The Commission for 1987 was appointed by Mayor Koch on January 15, 1987. Its members are:

- Richard R. Shinn, Chairman of the Commission
- Executive Vice-Chairman
- New York Stock Exchange

- Donald C. Platten
- Chairman of the Executive Committee
- Chemical Bank

- G. G. Michelson
- Senior Vice-President
- R. H. Macy's

The Commission Staff was headed by I. Gerald Walker, Vice-President, Human Resources, Metropolitan Insurance Companies, and assisted by John M. Reynolds, also of Metropolitan.

Background and Recommendations

When the salaries of the City's elected officials were last reviewed in 1983, the following key considerations emerged:

- Governing the City of New York is a task of enormous complexity and the salary levels of its elected officials should be maintained at a level commensurate with their responsibilities.
- The salary level set for the Mayor effectively serves as a cap on the rates paid to all employees covered under the City's pay structure.
- The machinery currently in place for setting elected officials' salaries, whereby they are reviewed only periodically, results inevitably in having to play "catch-up" with several years' worth of various economic and market developments.

The Commission finds these conclusions no less valid today.

Local Law No. 77 directs that the Commission shall consider "the duties and responsibilities of each position, the current salary of the position and the length of time since the last change, any change in the cost of living, compression of salary levels for other officers and employees of the city, and salaries and salary trends for positions with analogous duties and responsibilities both within the government and in the private sector." (See copy of Local Law 77 attached.)

Utilizing these directions, the following table has been compiled to show what the salary of each of the elected officials would have to be on July 1, 1987, to have kept pace with a variety of indices since July 1, 1983, when the current salaries became effective.

(Salaries in thousands)

	(1)	(2)	(3)	(4)	(5)	(6)
Mayor	\$110.0	128.6	130.6	131.0	127.6	128.7
President of City Council	90.0	105.2	106.8	107.2	104.4	105.3
Comptroller	90.0	105.2	106.8	107.2	104.4	105.3
District Attorneys of the five Counties	82.0	95.9	97.3	97.7	95.1	95.9
Borough Presidents	80.0	93.5	95.0	95.3	92.8	93.6
City Council Members	47.5	55.5	56.4	56.6	55.1	55.6

- (1) Salaries proposed in 1983 study and adopted July 1, 1983, based on data as of that date.
- (2) CPI for New York City has increased 13.8% between 1/1/84 and 12/1/86 but when projected through July 1, 1987, is assumed to be 16.9%.
- (3) Average percentage salary increases in large companies (\$3 billion or over in sales) January 1984 through July 1, 1987, excluding effects of promotion, result in 18.7% increase.
- \* (4) Compounded effect of New York City Union contractual increases from January 1, 1984 through July 1, 1986 for Uniformed Services totals 19.1%.
- \* (5) Effect of New York City Union contractual increases from January 1, 1984 through July 1, 1986 for Civilian employees totals 16.0%.
- \* (6) Effect of New York City Managerial and Executive increases from January 1, 1984 through July 1, 1986 totals 17.0%.

\*Data furnished by Office of the Mayor.

Based on this data and other available survey information, the Commission makes the following recommendations, to be effective July 1, 1987:

	<u>Current Salary</u>	<u>Recommended Increase</u>	<u>Recommended Salary Effective 7-1-87</u>
Mayor	\$110,000	\$20,000	\$130,000
President of City Council	90,000	15,000	105,000
Comptroller	90,000	15,000	105,000
District Attorneys	82,000	15,000	97,000
Borough Presidents	80,000	15,000	95,000
City Council Members	47,500	7,500	55,000

We believe these proposals are fully justified considering the responsibilities of the positions in question. The total annual cost of the proposed changes is \$462,500 (16.7%).

It is in government's own best interest that it pay salaries which will attract and retain high caliber individuals. It is to no one's advantage when the salaries of elected officials remain static out of a reluctance to face this issue. Although the pay rates of government leaders are not expected to be fully competitive with those of executives in private industry, they should remain in some reasonable proportion. The same is true of government leaders' salaries relative to those of other government employees. This parity is difficult to maintain when, as has been the case recently with New York City's elected officials, salaries rise only at irregular intervals.

A particularly unfortunate result is the salary compression which arises from this situation. The salary of the Mayor acts as a lid on the salaries of those immediately below him and this is repeated down through successive layers in the City organization. The result can be the inability to offer competitive salaries for key managerial and technical jobs and, thus, the failure to attract and retain quality employees.

Additionally, it becomes increasingly difficult to reflect legitimate distinctions in levels of responsibility. The current difference in salary between Salary Level 11, that of the First Deputy Mayor, and Salary Level 7, that of certain Agency Heads with distinctly more narrow responsibilities, is only \$14,500.

The Commission notes that while the effects of salary compression, and the resultant problems caused, are common throughout the city organization, they stand out as major difficulties in the offices of the District Attorneys. Attorneys graduate from law school with highly marketable skills, and the salary rates offered by law firms and major corporations are clearly in excess of what the City can pay. In addition, the recommendation on the District Attorneys is designed to bring their salaries more in line with that of the New York City Corporation Counsel (\$94,500) and thus relieve the compression and competitive disadvantage under which the staffs of the District Attorneys now work.

While the Mayor's salary was set at \$110,000 in July 1983 to reflect his accountability as the Chief Executive and Administrative Officer of New York City, it is revealing to compare that rate with the current salaries of some appointed positions in government-related agencies.

<u>Position</u>	<u>Salary</u>
Executive Director Port Authority of N.Y. & N.J.	\$170,000
Chairman Metropolitan Transportation Authority	150,000
President Metropolitan Transportation Authority	140,000
Chancellor Board of Education	125,000
President Health and Hospitals Corporation	105,000

These salaries are set by independent boards or commissions governing these institutions. Without even trying to measure precisely one set of responsibilities against another among these positions, it would seem fair to say that the salary of the Mayor of New York, a job of enormous complexity, appears low relative to these rates.

For the record, the current salaries of the key New York State elected officials are as follows:

Governor	\$130,000
Comptroller	110,000
Attorney General	110,000
Members of Senate and Assembly	43,000

The Commission has pursued its charge of reviewing the appropriateness of New York City's elected officials' salaries by considering a number of changes in various indices over the last four years, such as increases in the CPI, salary modifications, over the same period, in the compensation of various municipal groups, average changes in the pay of corporate executives, and the growing problems arising from salary compression. In the Commission's opinion, each of these

Factors clearly supports the salary changes being proposed and any cost to New York City in dollars involved can be justified when balanced against the cost of failing to provide the City with quality leadership in its key positions.



Related Matters

During the course of our deliberations on the adjustment of salaries for elected officials, important related matters concerning the structure of government, ethics and financial disclosure requirements have been raised through written submission and oral testimony to the Commission. Perhaps the most important of these questions dealt with the issue of whether or not membership on the City Council should be determined to be a full-time occupation and compensated accordingly. The related matter of whether or not outside earned income of those on the City Council should be restricted was also submitted for the Commission's consideration.

This Commission's mandate is prescribed by Local Law No. 77 of 1986. While these questions have been raised whenever studies are undertaken with respect to the proper salaries Council members should be paid, they are outside our stated jurisdiction (see Corporation Council letter attached). Whether the responsibilities of a City Council Member warrant the designation of "full-time employee" is a question that goes to the structure of government rather than to the study of salary levels. It's the Commission's view that this is a matter of important public concern and appropriate for review by the Charter Revision Commission. Whether or not outside earned income limitations should be imposed on Council Members can only fairly be answered in the context of whether or not the position is full or part-time.

The Commission has also been urged to require greater financial disclosure by elected officials and to establish an independent Board of Ethics. As a Commission we are both mindful and supportive of the major thrust of many of the recommendations made by the Commission on Integrity in Government, Chaired by Michael I. Sovern, which dealt with tightening financial disclosure requirements and creation of a state-wide Board of Ethics. But, determining these issues for the City is not the prerogative of this Commission, but rather is a matter appropriate for the Council and Mayor to resolve through local legislation.

Background on Recommendations of 1983 Commission  
And Actions Taken

In May, 1983, the Commission to Study Salary Levels of New York City Elected Officials was formed to review the compensation levels of its elected officials and to propose changes in those levels, if warranted. The Commission conducted an extensive study and made the following proposals:

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

<u>Position</u>	<u>Current Salary</u>	<u>Increase</u>	<u>Recommended Salary Effective 7-1-83</u>
Mayor	\$80,000	\$30,000	\$110,000
President of the City Council	66,000	24,000	90,000
Comptroller	66,000	24,000	90,000
Borough Presidents	61,000	19,000	80,000
City Council Members	35,000	12,500	47,500

Result: This proposal was adopted

Second, that additional compensation for leadership positions be increased effective July 1, 1983, as shown:

	<u>Current Additive</u>	<u>Recommended Increase</u>	<u>Recommended New Additive</u>
Majority Leader and Vice-Chairman	\$19,500	\$10,500	\$30,000
Minority Leader	13,000	7,000	20,000
Chairman of the Finance Committee	9,000	5,000	14,000
Chairman of General Welfare Committee	7,000	3,500	10,500

Result: This proposal was adopted.

Third, although the compensation of the District Attorneys was not specifically within its 1983 charge, the Commission urged the Mayor to make recommendations to the City Council for increases in District Attorney salaries at an early date.

Result: This proposal was adopted.

Fourth, that a mechanism be established to ensure the consistent and periodic review of elected officials' salaries.

Result: This proposal was adopted with the enactment of Local Law No. 77.

Public Hearing

A public hearing was held on March 9, 1987, in the Board of Estimate Chambers, City Hall. Notice of the hearing was posted in The City Record on Wednesday, March 4, and Thursday, March 5. The three Commission Members were present.

The Commission was addressed by five individuals, two of whom represented public interest groups and three of whom were City Council Members. None of the speakers had any objection to appropriate salary adjustments for the City's elected officials.

The public interest group speakers raised such issues as the need to link any salary increases with the establishment of an Independent City Ethics Commission and legislation increasing financial disclosure laws. Both urged formal consideration of making the City Council Member position a full-time job and the enactment of legislation restricting Council Members' outside earned income.

The Council Members who spoke supported the proposal of salary increases for elected officials.

## ATTACHMENTS

1. Local Law No. 77
2. Corporation Counsel Response to  
Commission Chairman

LOCAL LAWS  
OF  
THE CITY OF NEW YORK  
FOR THE YEAR 1986

No. 77

Introduced by the Vice Chairman (Council Member Vallone), Council Members Katzman and DeMarco; also Council Members Ferrer, Foster, Friedlander, Michels and Williams.

A LOCAL LAW

To amend the administrative code of the city of New York, in relation to establishing an advisory commission for the review of compensation levels of elected officials.

*Be it enacted by the Council as follows:*

Section one. Declaration of legislative findings and intent. The council finds that public service should not be limited to the wealthy or those with limited personal obligations; that 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; that salary levels of elected officials should be high enough to avoid limiting subordinate salaries to levels that prevent the city from attracting and retaining competent dedicated managerial and executive personnel; that to maintain salary levels consistent with these standards and to avoid the salary compression which precludes reasonable salaries for key subordinates throughout city government, it is necessary and in the public interest to provide for the periodic examination of the salaries of elected officials; that such examination should be conducted by an advisory commission composed of disinterested private citizens chosen for their expertise in these matters and that such commission should be empowered to recommend changes in compensation levels of elected officials where such changes are warranted.

§2. Title three of the administrative code of the city of New York is amended by adding a new chapter six to read as follows:

CHAPTER 6  
ADVISORY COMMISSION FOR THE REVIEW  
OF COMPENSATION LEVELS OF ELECTED OFFICIALS

§3-601. Quadrennial advisory commission for the review of compensation levels of elected officials. a. Between the first and fifteenth day of January, nineteen hundred eighty-seven, and during the same period every fourth year thereafter, the mayor shall appoint three persons for the review of compensation levels of elected officials. The members of the commission shall be private citizens generally recognized for their knowledge and experience in management and compensation matters. The mayor shall appoint one of the members to be chairperson of the commission.

b. The commission shall study the compensation levels for the mayor, the president of the council, the comptroller, the borough presidents, the council members and the district attorneys of the five counties within the city and shall recommend changes in those compensation levels, if warranted. In making its recommendations the commission shall take into consideration the duties and responsibilities of each position, the current salary of the position and the length of time

since the last change, any change in the cost of living, compression of salary levels for other officers and employees of the city, and salaries and salary trends for positions with analogous duties and responsibilities both within government and in the private sector.

c. The commission shall submit a report to the mayor on or before the March fifteenth following its appointment containing its recommendations for changes in compensation levels for any elected position set forth in subdivision b or its recommendation that no changes are warranted.

d. The mayor shall submit the report of the commission along with his other recommendation for approval, disapproval or modification to the council not later than thirty days after receipt of the report of the commission.

e. The council in its discretion shall consider the recommendations of the commission and of the mayor for changes in the compensation levels of any such elected position, if any, and approve a local law changing the compensation of the mayor, the president of the council, the comptroller, the borough presidents, the council members, and the district attorneys of the five counties within the city.

f. The members of the commission shall serve without compensation except that each member shall be allowed his or her actual and necessary expenses, to be audited in the same manner as other city charges.

g. The commission may hire or contract for necessary staff and technical assistance and may require city agencies to provide such assistance.

h. The commission shall have a budget as provided for by the mayor.

i. The commission may hold public hearings and may consult with compensation experts from the public and private sectors.

§3. This local law shall take effect immediately.

THE CITY OF NEW YORK, OFFICE OF THE CITY CLERK, s.s.:

I hereby certify that the foregoing is a true copy of a local law of The City of New York, passed by the Council on December 9, 1986, and approved by the Mayor on December 22, 1986.

CARLOS CUEVAS, City Clerk, Clerk of Council.

CERTIFICATION PURSUANT TO MUNICIPAL HOME RULE LAW § 27

Pursuant to the provisions of Municipal Home Rule Law § 27, I hereby certify that the enclosed local law (Local Law 77 of 1986, Council Int. No. 725) contains the correct text and:

Received the following vote at the meeting of the New York City Council on December 9, 1986: 34 for, 0 against.

Was approved by the Mayor on December 22, 1986.

Was returned to the City Clerk on December 22, 1986.

JEFFREY D. FRIEDLANDER, Acting Corporation Counsel.





LAW DEPARTMENT

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JEFFREY D. FRIEDLANDER  
*Chief Counsel*

March 11, 1987

Mr. Richard R. Shinn  
Chairman  
Commission on Salaries for New York City  
Elected Officials  
City Hall

Dear Mr. Shinn:

The Corporation Counsel has asked me to respond to a letter, dated March 3, 1987, from Mr. I. Gerald Walker in which he asks, on behalf of the Commission on Salaries for New York City Elected Officials (the "Commission"), our reaction and comments concerning a letter to you from Gene Russianoff, Esq., of the New York Public Interest Research Group, Inc. ("NYPIRG"). In his letter, dated February 3, 1987 (copy attached), Mr. Russianoff states that NY IRG recommends that the Commission link any possible salary increase for elected officials to the enactment of legislation regarding the creation of an Ethics Commission and other changes. Mr. Walker noted in his letter that it is the Commission's preliminary view that the issues raised by Mr. Russianoff are not within the responsibilities assigned to the Commission.

Section 3-601, subd. a of the Administrative Code, enacted by Local Law No. 77 of 1986, provides that the Mayor shall, in every fourth year beginning in 1987, appoint a three member commission which shall "review the compensation levels of elected officials". Section 3-601, subd. b provides that the commission "shall study the compensation levels of elected officials, and "recommend changes in those...levels; if warranted". The statute then sets forth factors the Commission is to consider in making its recommendations:

"In making its recommendations the commission shall take into consideration the duties and responsibilities of each position, the current salary of the position and the length of time since the last change, any change in the cost of living, compression of salary levels

for other officers and employees of the city, and salaries and salary trends for positions with analogous duties and responsibilities both within government and in the private sector."

These factors are quite specific and do not include consideration of the issues Mr. Russianoff raises. Those issues involve important questions of policy. However, the Council in providing for the establishment of the Commission to advise on compensation levels did not assign to it the responsibility to consider or make recommendations concerning them.

Sincerely,

  
JEFFREY D. FRIEDLANDER