

**REMARKS BY ATTORNEY GENERAL ERIC T. SCHNEIDERMAN
TO BE DELIVERED AT CITIZENS UNION**

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AS PREPARED FOR DELIVERY AND SUBJECT TO CHANGE

Thank you, Dean Crowell, for that generous introduction, and thank you for your service to the City and the work you do to prepare our next generation of great lawyers.

And let me acknowledge the many others here who embody our aspirations for reform, including the evening's panelists: my friend Richard Briffault of Columbia Law School; my colleague, former Assemblymember Richard Brodsky, now at Demos; and Jennifer Rodgers of the Center for the Advancement of Public Integrity.

No group is more closely associated with the major reforms achieved in government over the last century than Citizens Union. And there is no better place to speak about the opportunity and challenge of this moment for what I believe is truly an emerging reform movement in New York.

I am grateful to Dick Dadey for his leadership, and I applaud him—and all Citizens Union members—for your proud record of accomplishment. Let us build on that record tonight.

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So, ladies and gentlemen...

A young legislator from Manhattan arrives in Albany. He is earnest, but not naïve. He is ethical, but wants to get things done.

In his first session, he sponsors a piece of legislation that he believes should become law quickly, because there is no opposition on the merits. The bill also happens to be important to some very wealthy corporate interests.

He moves to bring the legislation to the floor, yet the bill faces delay after inexplicable delay. The young legislator is soon sidelined.

His colleagues in the legislature withhold their support for the bill, waiting for the money to flow. And flow it does—contributions to individual legislators and party organizations, made by the corporate interests that stand to benefit.

At the end of session, when bills pass by the dozen overnight—utterly devoid of sunlight, figuratively and literally—this legislation slips into the pile, passed by both houses with little public notice and no meaningful opposition.

The system has worked for the legislators and party organizations. But to the bewildered young legislator, for the public—and for the public interest in good government—the system has failed.

I entered the State Senate in 1999 and served there until 2010, when I was elected Attorney General. I was appalled by much of what I saw in Albany. I rebelled—and had my district redrawn, and my bills killed, as a result of that rebellion.

But the young legislator in the story isn't me.

It's Theodore Roosevelt, who was sworn into the New York State Assembly in 1882.

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Corruption has been a feature of government in the Empire State for a long time.

The reporter and historian Paul Grondahl tells us of a \$1,000 bill run up in 1779 by New York's governor, a judge, and two Indian affairs officials for luxurious meals and lodging at an Albany tavern. Grondahl describes it as “perhaps the original per diem abuse.”

And a New York State legislator, George Washington Plunkitt, literally wrote the book on political corruption: “Plunkitt of Tammany Hall,” a series of discussions recorded by journalist William Riordan at the turn of the 20th century.

It was Plunkitt who famously made the distinction between “honest” and “dishonest graft.” Unfortunately, both forms are alive and well in Albany today.

Albany may, in fact, have been the nation's most consistent epicenter of public corruption since the days of Alexander Hamilton and Aaron Burr, through Roosevelt, and right up until today. So why, then, does it feel like we're living in a golden age of graft—with new headlines about public corruption practically every day?

Paradoxically, this surge in headlines, I believe, reflects a change for the better. We have more—and more vigorous—cops on the beat than ever before.

The current wave of investigations was started by the United States Attorney for the Southern District of New York, Preet Bharara, who has done New Yorkers a great service. But this work is also being done by other federal prosecutors, and—I am pleased to say—the Office of the New York State Attorney General.

By way of background, the Attorney General's Office does not have “original jurisdiction” to pursue public corruption cases. To prosecute these cases, my office must obtain a “referral” from another executive agency. I have asked Governor Cuomo to grant a general referral: a standing order to investigate and prosecute any case of public corruption, which he supported when he was Attorney General, and which, as Governor, he can grant me with the stroke of a pen. My request was denied.

And so, working with our great State Comptroller Tom DiNapoli, I devised an unprecedented approach that helps overcome this jurisdictional problem for many of these cases. In 2011, Comptroller DiNapoli and I formed “Operation Integrity,” a first-of-its-kind joint task force, which uses the Comptroller’s power to refer cases involving abuses of public funds to me, as Attorney General, to investigate and prosecute public corruption.

This effort has led to more than sixty cases against state and local officials and their cronies. This includes the conviction of a sitting State Senator and indictments against members of the State Assembly and the New York City Council—all in just the last three years.

I am proud to have built the most active Public Integrity Bureau in the history of the Office of the New York State Attorney General.

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But, ladies and gentlemen, at the end of the day, more cops on the beat will never be enough. Prosecutors can only respond to the symptoms of a system that is very, very ill.

My fellow reformers, to cure the disease, we must break a pattern in which scandal is followed by outrage, which is followed by reforms that largely tinker at the margins, and a press conference declaring that the problem has been solved, which, in turn, is followed by a quelling of the outrage, which is, ultimately, followed by another scandal.

Just consider: New York State enacted ethics reforms in 2005, and 2007, and 2011, and again just last year.

It looks, to the people of New York State, like one charade after another.

Sadly, every time incremental reforms have been called “sweeping” or “groundbreaking”—billed as a solution to the problem—those words have been proven false. In fact, the primary impact of many highly touted, marginal reforms has been to allow business as usual to continue.

Everyone in this room cares deeply about good government. Yet most of us are guilty of being too easily pacified by incremental changes in the past. That includes me.

Ladies and gentlemen, I entered the State Senate as a reformer, and I am a reformer to this day. Before I was even in the Senate, I was on the Board of Citizen Action of New York, fighting for campaign finance reform, and did pro bono legal work for NYPIRG, fighting for transparency at the MTA. And I stood at those press conferences with you, extolling the transformational effect of incremental reforms.

Well, I am through with that, and you should be, too.

The people of this great state demand comprehensive, fundamental reform. They deserve nothing less.

The cases brought by my office and other prosecutors show the path forward if we fail to embrace real reform: More prosecutions and further erosion of public confidence. That is one option.

The only other option is to channel public outrage at the ongoing corruption scandals into a movement for comprehensive reform. We have done this before in New York, and we can do it again.

And there are many reasons for our colleagues in state government to enact transformational reform right now. So let me spell out what I believe that would actually look like.

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First, allowing legislators to have outside jobs invites corruption.

Revising and revising again our system for disclosing income has proved to be a diversion. Just look back to the joint press release trumpeting the 2011 ethics reform package, and you will read about its quote, “unprecedented transparency,” end quote, and quote, “strict disclosure requirements,” end quote.

Well, it wasn’t true then, and it isn’t true now. But the solution is just as clear: outside employment income must be banned.

Ladies and gentlemen, in the 21st Century, it is impossible to avoid conflicts—or the appearance of conflicts—if legislators have outside employment.

The time has come to end it.

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In the same vein, we should end “per diem” payments. Legislators should be reimbursed for their actual costs of travel. Total reimbursements should be capped. And that should be it.

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Second, to make these reforms work, we must focus on making public service a profession that more of our best, brightest and most honest citizens want to undertake.

John Adams beseeched his son to enter public service because, he said, “If honest men refuse it, others will not.”

To attract the best people to government, we must build on New York’s legacy of outstanding public servants. And to do that, a ban on outside employment income must come with a significant salary increase for legislators.

I would propose a salary for State Legislators that is between what New York City Council members and members of Congress are currently paid. And it should automatically be subject to cost of living increases going forward. This will remove future pay raises from the vicissitudes of Albany sausage-making, which treats legislative pay as nothing more than a bargaining chip at the end of every other legislative session.

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How else do we attract good people into government? Not by weakening reform, but by strengthening it. The same things that will make the legislature a more attractive career path are what will make it a more “small-d” democratic institution.

A decade ago, a report from the Brennan Center called New York’s legislature the most dysfunctional in the nation. This was due, in no small part, to the dictatorial control that legislative leaders exerted on the process.

Since then, very little has changed. It’s time to loosen that grip—to move power from the leaders to the members, as many other legislative bodies have done, make committees meaningful parts of an open legislative process, and make funding for legislative staff and offices more equitable among members.

Give individual legislators more power, and more good people will want to be legislators.

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And let me make an even more radical suggestion—a game changer that would require a constitutional amendment, but one that I would support as part of a real reform package: Each legislative term should be four years long, instead of two.

Ending the two-year cycle where legislators are engaged in non-stop re-election fundraising and campaigning will attract more high-quality candidates into government. And it will give the Legislature breathing room to focus less on each coming election, and more on the serious work of government.

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Third, we cannot discuss reform without addressing the stranglehold that political contributions have on our government.

The way we regulate campaign finances provides a wide open door for legalized corruption—a modern-day version of Plunkitt’s “honest graft.” Reform is long overdue.

The public matching funds and disclosure system has worked well in New York City and in other jurisdictions. It is time to bring public matching funds to New York State elections. The cost of the program is nothing compared to the costs of public corruption.

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Finally, there are four additional changes that must be a part of a comprehensive reform package:

- Contribution limits should be dramatically reduced, including those permitted for statewide officeholders, which are now the highest of all the states in the nation that have contribution limits.
- The LLC loophole, which allows wealthy interests to funnel limitless amounts to campaigns, must be closed.
- We should completely eliminate so-called “housekeeping committees,” which operate as barely regulated slush funds for political parties and legislative campaigns.
- Finally, and this is a big one, pay-to-play contributions must be restricted in state campaigns as they are for New York City campaigns. Entities that have business before the state, their executives, and those who are paid to lobby on their behalf should be limited to making extremely modest campaign contributions.

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My friends, we are two weeks away from the first budget following a scandal that shocked the conscience of the state.

The Governor has proposed to enact some reforms through this year’s State budget. We should support his leadership in using this perfectly constitutional mechanism.

In fact, I would urge the Governor to hold out for even bolder reforms, including the proposals I have outlined tonight. In doing so, he would have the support of both the Constitution and the people of the State of New York. A late budget would be a small price to pay.

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Ladies and gentlemen, this moment in New York’s history—this moment of conscience-shocking scandal—must be a moment that leads to truly transformational reform. Let us commit ourselves to a new, 21st Century reform movement—building an edifice of reform on the rubble of scandal.

As I noted earlier, we have done this before in New York. In the 1930s, in the wake of Judge Samuel Seabury's searing investigations of Tammany Hall, the City Fusion movement was born. This coalition of reformers elected Fiorello La Guardia as mayor and went on to transform New York City's charter in 1936.

Citizens Union was a key part of the successful reform movement of the 1930s—and it will be a critical part of the reform movement of the 21st Century that we must build if we are to enact the real, transformational change that New York needs.

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I know that emotions right now run high. For many legislators, there's a mix of anger at colleagues who dishonor the institution and anger at outsiders who rail against it. So to the legislators listening, I ask you, as colleagues in public service, to set aside the instinct to defend the system. You are not being attacked. The system is being attacked—a system that taints all in government with the misconduct of the few.

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Let us, together, summon the pride—and the aspirations—that young Theodore Roosevelt must have felt when he walked through the doors of the State Capitol for the first time.

Let us demand a fresh start—and let us deliver a state government that truly serves the public interest.

Thank you.