

DOES LEGISLATIVE SIZE MATTER?

Testimony of Nathan A. Benefield

Director of Policy Research, Commonwealth Foundation for Public Policy Alternatives

PENNSYLVANIA SENATE STATE GOVERNMENT COMMITTEE

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Good morning. I am Nathan Benefield, Director of Policy Research for the Commonwealth Foundation. We are a nonprofit, independent public policy research and educational institute based in Harrisburg. I would like to thank Chairman McIlhinney and the members of this committee for inviting me to speak on the issue of reducing the number of state legislators.

At 253 members, Pennsylvania's state legislature is the 2nd largest in the country, trailing only New Hampshire's 424-member body. However, as you know, New Hampshire has the epitome of a citizen legislature, where members receive only \$100 per year for their part-time service.

In addition to being the largest full-time legislature in the nation, the General Assembly is among four highly "professionalized" legislatures, according to the National Conference of State Legislatures (NCSL). This takes into account legislative pay, number of days in session, and staff per legislator.

Pennsylvania has gone back and forth with California for the crown of having the most expensive state legislature—the latest numbers put the Keystone State at number two on that dubious ranking. The 2009-10 budget includes \$299 million for the legislature, up from \$88 million in 1984-85. Pennsylvania ranks third in legislative spending per capita, and first in legislative spending as a percentage of the General Fund, according to NCSL data.

In addition to cost, the Pennsylvania legislature has a well-deserved reputation for a culture that fosters corruption. While there is no objective way to measure the true level of corruption, the Department of Justice ranks Pennsylvania seventh in the number of federal corruption convictions per capita. Furthermore, the Center for Public Integrity gave Pennsylvania an "F" for its limited disclosure of information about legislators' assets, holdings, and other information that would reveal conflicts of interest.

From the 2005 pay raise, to the conviction of former state Senator Vince Fumo, to the "Bonusgate" scandal, to ongoing investigations into a number of sitting lawmakers, the list of abuses is long enough to convince any citizen that the current system is broken.

Given this landscape of high costs and low voter approval of our legislature, many proposals to reduce the number of state lawmakers have been proposed. There are three areas in which we should consider the impacts of reducing the size of the General Assembly—cost, representation and accountability, and policy outcomes.

Cost

Many proponents suggest that a smaller legislature will cost taxpayers less money. But barring other reforms, these savings will likely be minimal. The operating cost of the

General Assembly, though large, represents only a small portion of the Commonwealth's \$66 billion operating budget.

Indeed, if the legislative budget was reduced by 40% the savings would amount to approximately \$40 per family of four in Pennsylvania. This is not totally insignificant, but far greater savings can be achieved through other, more substantive cost-cutting policy changes and reforms.

Additionally, reducing the number of legislators would not automatically result in an equal reduction in either direct or indirect costs. It will not necessarily result in reductions (and may result in increase) in staff size, salary & benefits, or legislative accounts.

The General Assembly's staff, which has grown from 1,430 in 1970 to 2,919 today, is the largest in the country. For perspective, Illinois and Ohio, the states closest in population to Pennsylvania, have 1,023 and 465 legislative staff, respectively—about one-third and one-eighth as many. Fewer legislators could result in a reduction of the number of staff (and translate into cost savings). However, increasing legislators' constituents would increase their responsibilities and workload, and could lead to more staff per legislator. Many staff are assigned to caucuses, committees, or other support areas—and may not be affected by a change in the number of lawmakers.

At \$78,314, the annual salary for rank-and-file Pennsylvania lawmakers is the fourth-highest in the nation, trailing only the salaries of lawmakers in California, Michigan, and New York. However, the total cost of each legislator includes much more than salary. Benefits, including pensions, health care, and mileage, add up to tens of thousands in additional costs per lawmaker. The House and Senate collectively spent almost \$4 million in *per diems* last year, according to Democracy Rising PA. And legislative leadership accounts that can be used for everything from public service announcements and newsletters to—at least until recently—bonuses total tens (if not hundreds) of millions of dollars.

Addressing the cost of the General Assembly, through adjusting pay and benefits, reducing the size of the legislative staff, and cutting spending on unnecessary functions during the annual budget process would deal with the cost issue, absent any change to the number of legislators.

Reform

The second area of possible impact is in legislative accountability and transparency. There are sound arguments both for and against the reduction of the legislature on reform grounds.

A smaller legislature may increase the chances of making the legislative process more open, transparent, and independent of special interests by making legislators appeal to a wider group of constituents. It could also, however, empower statewide special interest groups and political action committees, as they would need to influence fewer lawmakers.

It could improve representation, making lawmakers' actions more visible to the local media and their constituents. However, it could reduce the ability of lawmakers to pay

attention to individual constituents, and reduce the ability of voters to communicate with their lawmakers.

A smaller legislature could make individual lawmakers more independent of leadership. But a counter-argument is that larger districts raise the barriers to running for the legislature, providing greater protection for incumbents, potentially concentrating power in the hands of fewer legislators.

For these reasons, we emphasize that reducing the size of the legislature can only lead to increased accountability and transparency if it is complemented with other critical reforms.

Policy Outcomes

Arguably the most important factor to consider is the impact of changing the number of legislators on public policy issues. That is, while reducing the number of legislators may reduce the operating cost of the General Assembly, it is more important to consider how it might effect the other 99.5% of state spending.

The potential impact of reducing the size of the General Assembly on policy outcomes is unclear. A number of academic studies comparing state legislative size to policy measures reach different conclusions—some find that states with smaller legislatures spend less per capita than states with large legislatures; other studies conclude that larger constituent size results in more spending (thus shrinking the legislature would lead to more state spending).

Several studies, however, have found that state spending, tax burden, and economic freedom correlate much more closely with legislative “professionalization” than size.

In our own analysis, shown in the chart below, we find no clear evidence linking legislative size with measures of state policy, such as economic freedom, spending per capita, or tax burden.

| Regressions - State Legislators and Policy Outcomes | | | |
|--|--|---------------------------------------|----------------------------------|
| | State and Local Spending Per Capita | State and Local Tax Burden | Economic Freedom Rank |
| Number of Legislators | \$2 | 0.00% | 0.0 |
| Professionalization Index | \$441 ** | 0.44% ** | 8.2** |
| Term Limits | -\$90 * | -0.52% * | -6.7 |
| * Significant to 0.1; **Significant to 0.01 | | | |
| Sources: *National Conference of State Legislatures, †Tax Foundation, #Pacific Research Institute | | | |

On the other hand, the Professionalization Index—the number of staff per lawmaker, the pay of lawmakers, and the time in session—has a strong correlation with the level of spending, taxes, and regulations enacted by state government. States with highly professionalized legislatures spend more per capita, have a higher state and local tax burden, and have a higher, more burdensome level of regulation than states with part-time, citizen-led legislatures. Likewise, legislative term limits seem to result in lower state and local spending and taxes.

Thus, reforms that move Pennsylvania away from a full-time, professional legislature will have a greater impact on policy outcomes than simply reducing the number of members.

Some of the measures we believe are critical to restoring the integrity and functionality of the Pennsylvania General Assembly include:

- **Limited Sessions:** Pennsylvania's General Assembly is one of four full-time state legislatures. Returning it to a part-time body (with a limited number of session days) would help return it to a citizen-led legislature.
- **Compensation and Benefits:** The virtue of "public service" should be restored through a reassessment of the compensation and benefits provided to public servants. At the very least, public servants' remuneration should not exceed the compensation and benefits commonly provided for comparable work in the private sector.
- **Term Limits:** Pennsylvania currently limits the number of terms a governor can serve. Term limits should also be placed on the General Assembly. Term-limiting committee chairmanships would be a meaningful first step.
- **Spending Transparency:** Creating an online, itemized database of state spending—as 30 other states have done—would allow lawmakers and citizens to identify wasteful spending.
- **Initiative and Referendum:** Twenty-four states have initiative and referendum, whereby citizens can enact laws and constitutional amendments, as well as reject laws and amendments passed by the legislature. This would ensure Pennsylvanians are sovereign and serve as an important check on the power of state government.

In summary, our analysis suggests that a reduction in the size of the Pennsylvania General Assembly could improve the lawmaking process, but only if it includes other, more comprehensive reforms such as those I just outlined. We, at the Commonwealth Foundation, would be pleased to work with you on any of these good government reform measures.

Thank you again for the opportunity to testify, and I am happy to try to answer any questions from the committee.