



**Testimony to the New York City Conflicts of Interest Board (COIB)
on Proposed Rules Regarding Gifts of Travel**

March 6, 2020

Good afternoon Chair Briffault and members of the Conflicts of Interest Board (COIB). My name is Tom Speaker, and I am a Policy Analyst for Reinvent Albany. We advocate for open and accountable New York government.

Today we are testifying on changes being made to Board Rule §1-01(h) regarding gifts of travel.

Reinvent Albany supports many of the proposed changes to §1-01(h), which provide much-needed clarity on how public servants should handle vouchers and trips paid for by third parties. The additions to §1-01(h)(1) in particular will be useful for ensuring public servants seek permission for third-party-funded travel, and help them better determine what constitutes an acceptable use of third-party funds for public business.

Our testimony today makes three major recommendations to further strengthen the rules:

- 1. Prohibit elected officials from receiving corporate or nonprofit funding for City travel**
- 2. Require public servants to receive approval from COIB for all travel funded by third parties**
- 3. Require public servants to transfer all frequent flyer miles acquired through official business to the City**

1. Prohibit elected officials from receiving corporate or nonprofit funding for City travel

Reinvent Albany opposes the provisions under §1-01(h)(2) allowing elected officials to receive corporate or nonprofit funding for City travel. We believe this is a considerable risk for abuse and that elected officials should be required to pay for such travel with personal or campaign funds.

Third-party-funded travel already creates a corruption risk as funders could easily exploit the good will they've accumulated with elected officials to later influence City policy or have their past behavior rewarded. Even if the travel is treated as a "gift to the City," elected officials still get to enjoy hotels, catering, and sightseeing that might impact their future decisions. New York City has already seen conflicts arise when officials have had travel paid for by companies, such as when voting machine company Election Systems & Software paid for NYC Board of Elections executive director Michael Ryan's travel while he served on the company's advisory board.¹

Travel funded by other city or state governments should be permitted as it allows for collaboration and learning opportunities, but COIB should prohibit corporate and nonprofit funding for all City travel by elected officials.

2. Require public servants to receive approval from COIB for all travel funded by third parties

We urge COIB to require Board approval for *all* public travel that involves third-party funding for public servants (including agency heads), rather than allowing officials to approve their staff's and their own travel as proposed under §1-01(h)(1)(iv) and §1-01(h)(7). We recognize that this may create an additional workload for COIB staff but believe such a process would better protect the City from pay-to-play.

§1-01(h)(7) effectively allows agency heads to oversee their own conflicts of interest, a practice with a concerning history. JCOPE once allowed Joe Lhota to oversee his own conflicts when he served both as Chair of the MTA Board and a director on the board of the Madison Square Garden Company, despite the extensive dealings between the two

¹ Courtney, Gross. "NYC Board of Elections Boss Resigns from Voting Machine Advisory Board After NY1 Investigation." December 11, 2018. *Spectrum News NY1*.
<https://www.ny1.com/nyc/all-boroughs/politics/2018/12/12/mike-ryan-board-of-elections-executive-director-resigns-from-election-systems-and-software-es-s-advisory-board>

entities. Within a year, JCOPE determined that Lhota could not continue his position at the MTA, as there was no way to resolve the conflict.²

Given the risks involved, public servants should have to provide detailed itineraries and receive COIB approval for *all* third-party funded travel, with such approval made public in advance of trips.

3. Require public servants to transfer all frequent flyer miles acquired through official business to the City

§1-01(h)(6) provides that public servants are allowed to collect frequent flyer miles for trips taken on public business, on the basis that banning the accrual of miles would be too difficult to administer. Reinvent Albany believes that public servants should be required to transfer frequent flyer miles to the City when possible.

We understand that there are hurdles in enforcing such a rule, but the Board's other proposed rule prohibiting compensation for surrendered seats will be similarly difficult to enforce. We are also concerned about public servants exploiting the revised rule for their personal benefit: Former Assembly Speaker Sheldon Silver was known to use public funds to fly from New York City to Albany through the District of Columbia and accumulate more frequent flyer miles. During his tenure, Silver used at least \$20,000 in taxpayer funds to collect 200,000 miles.³

Administrative hurdles have not stopped other states from banning the personal use of frequent flyer miles accrued through public business. As COIB notes in Advisory Opinion 2006-05, Ohio bans personal use of frequent flyer miles gained through public business.⁴ At the very least, New York City could follow Hawaii and require public servants to transfer frequent flyer miles acquired on official business to the City unless technically impossible. If states around the country have stronger restrictions, we do not see why New York City cannot as well.

Thank you for the opportunity to testify today. I welcome any questions you may have.

² Rubinstein, Dana, "Potential conflicts of interest the real reason Lhota left the MTA." *Politico New York*. July 30, 2019. <https://www.politico.com/states/new-york/albany/story/2019/07/30/potential-conflicts-of-interest-the-real-reason-lhota-left-the-mta-1122198>

³ Giove, Candice M. "Sheldon Silver goes out of his way to bank frequent flyer miles – and you pay for it." *New York Post*. August 11, 2013. <https://nypost.com/2013/08/11/sheldon-silver-goes-out-of-his-way-to-bank-frequent-flier-miles-and-you-pay-for-it/>

⁴ Conflicts of Interest Board. "Advisory Opinion No. 2006-05." August 24, 2006. https://www1.nyc.gov/assets/coib/downloads/pdf5/aos/2004-2013/AO2006_05.pdf