



## **New York City Campaign Finance Board**

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### **Testimony of Amy Loprest, Executive Director New York City Campaign Finance Board**

#### **New York State Senate Committee on Elections May 7, 2013**

Good morning, Senator O'Mara and members of the Elections Committee. I am Amy Loprest, Executive Director of the New York City Campaign Finance Board (CFB). Joining me today is Eric Friedman, our director of External Affairs. Thank you for giving us the opportunity today to discuss the New York City Campaign Finance Program.

Almost exactly 25 years ago, New York City faced a watershed moment in its history. A series of high-profile corruption scandals drove public confidence in government to historic lows. In an effort to repair and restore New Yorkers' relationship to their elected leaders, Mayor Edward I. Koch proposed a comprehensive campaign finance reform aimed at restricting the influence of money on the city's elections. Along with the City Council, he created a program for matching small contributions from New Yorkers with public funds—a program that would provide funds to their potential challengers. Mayor Koch signed the New York City Campaign Finance Act into law in February 1988.

We are pleased to have the opportunity to share our experiences administering New York City's program. Over 25 years, the hard work and commitment of the Board, its staff, and our partners in city government have shaped the City's program into one of the most robust campaign financing programs in the country, at any level of government.

We have not found that the matching funds program can fix all the ills of our political system. It does not keep corrupt individuals from entering public life. But it does increase the voice of all New Yorkers in City elections, it brings elected officials closer to the voters they represent, and it holds candidates accountable for their conduct.

### **The New York City Campaign Finance Act**

The Act established the Campaign Finance Board to administer the Program. As established in the Charter, the Board is strictly non-partisan. The Mayor and Speaker of the City Council each have two appointments, who may not be members of the same political party. The Mayor appoints the Board's chair in consultation with the Council Speaker. From its inception, our Board has maintained its independence, and has insisted on building a professional staff without consideration for political affiliation.

The Act covers candidates seeking election to 59 offices in New York City's municipal government, including three citywide offices (mayor, comptroller and public advocate), five borough-wide offices, and 51 seats on the City Council.

The Act sets common-sense contribution limits for candidates. For the 2013 election, mayoral candidates may not accept more than \$4,950, which is slightly less than the limit for candidates for Federal office. For City Council candidates, the limit is \$2,750.

These contribution limits, which apply to all contributors (individuals, labor organizations, and political committees) alike, are combined for the primary and general elections. A State Supreme Court last week affirmed the City's ability to set limits for all candidates, whether or not they seek public matching funds. This ensures that all candidates are subject to the same rules and that candidates are not "rewarded" for opting out of the program. The Act prohibits direct contributions to candidates from corporations, LLCs and partnerships.

In addition, the Act sets lower contribution limits for anyone who has, or is actively seeking, a business relationship with the City. The "Doing Business" limits range from \$400 for mayoral candidates to \$250 for City Council candidates. These limits have been highly successful at limiting the role of so-called "pay-to-play" contributions in City elections.

Our mandate includes significant responsibilities to inform, educate, and engage New York City voters. All candidates are subject to strong disclosure requirements; every campaign must report its financial activity to the Board on a regular schedule. The information reported by campaigns is made available to the public on our online searchable database. The CFB also administers a debate program for citywide candidates; publishes and distributes a non-partisan voter guide to every household with a registered voter; and works to register new voters throughout the city and keep them engaged in city elections.

## **The New York City Campaign Finance Program**

The centerpiece of our system is the City's voluntary public matching funds program. Simply stated, there are two main goals of the program: to increase the role of small-dollar contributions in City elections, and to decrease the perception and possibility of corruption associated with large contributions. The Program matches the first \$175 contributed by New York City residents with public funds at a rate \$6-to-\$1. This means an individual's \$10 contribution is worth \$70 to the candidate. Contributions from non-city residents, political committees and unions are allowed, but are not matched by public funds, nor are contributions from people doing business with City government.

Matching funds are available only to candidates who are listed on the ballot, and have an opponent on the ballot. Candidates must also demonstrate compliance with the campaign finance law; any candidate with outstanding penalties or repayment obligations assessed in previous campaigns will not receive public funds.

To receive matching funds, candidates must also demonstrate that they have earned a sufficient level of public support. Candidates must satisfy a two-part fundraising threshold to qualify. For example, City Council candidates must raise \$5,000 in matchable contributions and collect 75 contributions from the district they seek to represent.

Public funds payments to any campaign are capped at 55 percent of the spending limit established for that office. This limitation ensures that every campaign has a mix of private and public funds behind it. In the 2013 elections, the maximum public funds payment available to mayoral candidates will be \$3.5 million per election. For City Council candidates the maximum public funds payment will be \$92,400 per election.

Over the course of the CFB's history, covering six citywide elections, two Council-wide redistricting elections, and 18 elections to fill vacant seats, the net cost of the program has been \$112 million, or about \$4.5 million per year.

In joining the program, candidates agree to abide by strict spending limits. These limits vary by office, and ensure that the amount of money raised is not the deciding factor in a race between participating candidates. In 2013, participating mayoral candidates may spend up to \$6.4 million each in the primary and general election; the limit for City Council candidates is \$168,000 in each race. The Act calls for these limits to be automatically adjusted according to inflation after each four-year election cycle, which allows the Program to keep pace with the increasing costs of running a campaign in one of the most expensive cities and media markets in the world.

Following each citywide election, the Act requires that the CFB review the Program, its effects on candidates' ability to campaign, and recommend appropriate changes to the law. This regular review of our rules and practices has helped the Program evolve over time and meet new challenges. Now, more than ever, most candidates believe that the public matching funds program offers the best chance to compete. More than 90 percent of active candidates joined the

Program for the 2009 primary elections, as did 80 percent of active candidates for the general elections.

### **Independent, Non-partisan Enforcement**

The CFB's record of tough-but-fair enforcement creates a culture where following the rules matters and compliance with the law is the norm, not the exception. In the 2009 elections, two-thirds of the more than 200 candidates registered with the CFB were not assessed a penalty.

This is not an accident. The professional staff in our Candidate Services Unit provides training and guidance to candidates and campaign staff, helping them to comply with the Program's rules. They contact candidates with reminders before each filing deadline, and they are available to answer questions at any time.

Candidates for office in New York City also know that their campaign finances will be audited thoroughly by the CFB before, during and after each election. Pre-election, we carefully review every claim for public funds, to ensure candidates qualify for matching funds honestly.

Candidates who have committed serious violations before the election do not receive public funds. In the most egregious circumstances—Pedro Espada, Jr. in 2001 is one example—candidates can be denied funds altogether.

During the election, we verify that the candidates are abiding by the rules. After the election, our audits ensure that candidates have accounted for each and every dollar in public funds they receive. If the money was not spent for their election, we require that they pay it back. As a result

of our audit and enforcement authority, most candidates in New York City don't take liberties with their campaign funds. Those who flout these rules expose themselves to severe penalties, and may be personally liable to repay the misused funds.

The Board's non-partisan, independent structure has been very important to allowing our Board to function effectively. We are asked to safeguard the public's investment in the political process, and we take that responsibility very seriously. Our enforcement efforts have helped keep the Program strong over the years.

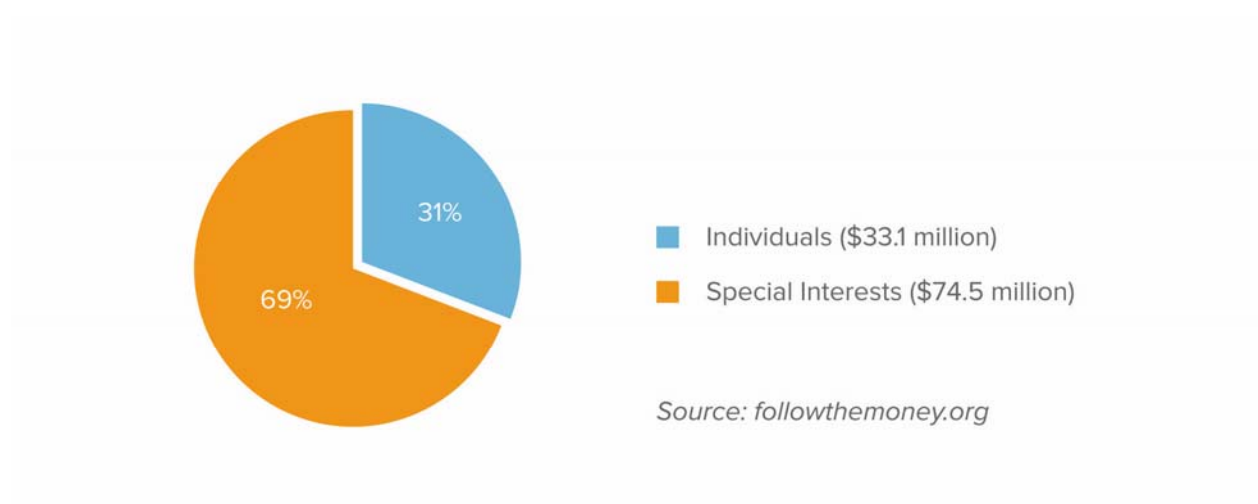
### **Results in New York City**

The New York City public campaign financing program is designed to increase New Yorkers' participation in elections. The evidence overwhelmingly suggests that the program has succeeded. Statistics from recent elections show that the matching program sharply limits the role of big donations from special interests in City Elections.

More than 90 percent of the funds raised by City candidates so far for the 2013 elections have come from individual contributors. Only seven percent come from special interest groups like PACs and unions.



Contrast this with Albany, where candidates for the state legislature in 2012 relied on big-money sources, including corporations, for more than two-thirds of their total funding.



The \$6-to-\$1 match encourages candidates to focus on collecting smaller contributions, which more New Yorkers are able to afford. The match also encourages more New Yorkers to show their support for candidates and to feel confident that their voice will be heard.

Here the evidence that the City's public matching funds program promotes broader participation in our elections is stunning. In the 2009 elections, 69 percent of contributors gave \$175 or less.



In each of the last three election cycles, more than half of all individual contributions from New York City residents were made by first-time donors.

A 2012 report from the Campaign Finance Institute shows that more New Yorkers, from every neighborhood, in every borough, made more contributions to City Council candidates than to candidates for the state legislature. Fully 90 percent of New York City census block groups had someone who gave \$175 or less to a City Council candidate in 2009. Meanwhile, just 30 percent of Census block groups had someone who gave \$175 or less to a candidate for the State Assembly in 2010.

## **Conclusion**

The evidence is clear: the City's matching funds program greatly increases participation in our elections by New Yorkers living in every neighborhood, in every public school district, along every subway line and every city street. Their participation is the key to a healthy democracy. Their participation ultimately determines whether candidates are accountable to the public interest. Government works best when the public takes an active role.

Unfortunately, New Yorkers have grown disconnected from their state government in Albany. The cycle is all too familiar: porous campaign finance laws breed cynicism, causing voters to tune out. With no one watching, corrupt actors escape accountability and it becomes much more difficult for good people to be effective.

New York City was in a similar cycle 25 years ago, but the Campaign Finance Act and the public matching funds program have helped reverse the trend. We hope you will consider the urgent need for meaningful action to change course in Albany.

We thank you for the opportunity to testify today, and we will be happy to answer any questions you may have.