



# New York City Campaign Finance Board

40 Rector Street, 7th Floor, New York, NY 10006  
tel. 212.306.7100 fax 212.306.7143  
www.nyccfb.info info@nyccfb.info

## **Testimony of Amy Loprest, Executive Director New York City Campaign Finance Board on Intro. No. 651**

### **City Council Committee on Governmental Operations December 6, 2007**

Good morning, Chairman Felder and committee members. I am Amy Loprest, Executive Director of the New York City Campaign Finance Board. With me is our newly appointed Deputy Executive Director, Shauna Denkensohn. Ms. Denkensohn has taken over for Carole Campolo, who recently retired. Also with me is General Counsel Sue Ellen Dodell. I am here today to testify on Intro No. 651.

We would like to thank the Council and Council staff for soliciting our participation and feedback throughout the entire legislative process. We believe Intro. No. 651 will largely resolve the technical problems contained in Local Law 34.

#### **Exempt Expenditures**

We have, in the past, raised concerns about is Local Law 34's treatment of so-called "exempt expenditures," which Intro. No. 651 will not change.

When candidates join the Campaign Finance Program, they agree to limit their overall spending as a condition of seeking public funds. Limits on the amount each campaign may spend reduce the need for candidates to engage in a never-ending chase for the large contributions that fuel the perception of corruption. The spending limit is one of the chief benefits the public receives for the investment of taxpayer dollars in the political process.

Historically, certain types of spending have not been counted against the spending limits. Over successive elections, however, a growing number of campaigns have claimed growing amounts and proportions of exempt spending. When a campaign's exempt claims have exceeded the law's "safe harbor" of 7.5 percent of total spending, the CFB has always scrutinized its spending closely.

In the interest of providing clarity and simplicity to the law, in its latest post-election report the Board recommended eliminating most of these exemptions—specifically the blanket exemptions for petitioning and compliance. To compensate, and ensure campaigns could continue to make reasonable and necessary expenditures on compliance and other hard-to-predict expenses within the spending limits, we recommended increasing the limit by a modest amount.

The Council agreed with our recommendation in substance, and responded by including provisions in Local Law 34 that we believe narrow these exemptions substantially. At the same time, the law increased the spending limits by roughly 7.5 percent, which is a greater proportion than the typical campaign has claimed as exempt.

The Board believes the language of Local Law 34 regarding the new exemptions does not provide the level of clarity we sought—particularly with regard to expenses for the post-election audit. However, the committee report for Local Law 34 reflects our shared understanding on this point:

It is not intended that exempting “expenses related to the post-election audit,” however, would permit campaigns to continue to include all compliance related expenditures as exempt. Instead campaigns would be permitted to exempt solely those expenditures related directly to a campaign’s preparation for a post-election Board audit. (Committee on Governmental Operations Report on Intro. No. 586-2007, p. 14)

To clarify, post-election spending has never counted towards the limit. The post-election audit begins after the election, and expenditures made to prepare the response have therefore been and will continue to be exempt from the spending limits.

As in the past, the Board will construe the exemptions contained in Local Law 34 narrowly to ensure that no participating campaign is allowed to gain an unfair advantage by conducting activities beyond what is allowed under the spending limits. The Board will promulgate rules reflecting our common understanding of the law’s intent as well as the need to provide campaigns with clear guidance.

## **Doing Business**

We are pleased to report that much progress has been made towards implementation of those sections of Local Law 34 dealing with persons and entities doing business with the City.

CFB staff is working closely with the Mayor's Office of Contract Services and DoITT to meet the law’s deadline for completion of the first phase of the unified doing business database. A meeting of the Board has been scheduled for January 3, 2008, the certification date contemplated in the law, and the Board anticipates issuing its certification report in conjunction with that meeting. Groundwork is also being laid for the subsequent phases of the doing business database.

## **C-SMART**

We are also happy to announce that the CFB staff has completed a redesign of our Candidate Software for Managing and Reporting Transactions (C-SMART) for the 2009 election. Several enhancements to the software were added in response to comments made by candidates after the 2005 election.

The new version of the software allows candidates to synchronize their disclosure and write checks with widely-used bookkeeping applications QuickBooks and Microsoft Money, and gives them the ability to import records from other sources, such as contributions received through a campaign web site. The new software also contains a fundraising module that will help candidates better manage their tracking of contributor information, and can easily produce and print letters to campaign contributors. It has a new, modern look and feel that should be more user-friendly and easier on the eye.

We have initiated a pilot program with seven currently active 2009 campaigns to test the new software for the January 15, 2008 filing. The candidates involved in this testing phase are a true cross-section, including four current members of the Council, as well as large and small campaigns from every borough and every covered office. We look forward to hearing feedback from all those who have agreed to take part so that we may perform any necessary fixes to C-SMART and introduce it to all candidates over the next few months.

Despite the complexity of the new law, we are working very hard to make compliance as simple as possible for all candidates. As you know, the CFB is preparing to expand our staff to meet the new and significant mandates contained in Local Law 34. We are pleased to have the continued support of the Council as we structure our agency to implement these important reforms.

Thank you for the opportunity to testify today, and we look forward to answering any questions you may have.