



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

City Council Committee on Governmental Operations March 16, 2011

Good morning Chairperson Brewer and committee members. I am Amy Loprest, Executive Director of the New York City Campaign Finance Board (CFB). With me are Deputy Executive Director Shauna Tarshis Denkensohn and General Counsel Sue Ellen Dodell.

FY2012 Budget

Pursuant to the New York City Charter, Section 1052(c), the Board will submit its estimated budget for fiscal year 2012 to the Mayor on Friday. This estimate will be included in the Mayor's Executive Budget. Other than personnel costs, our budget for the coming year is reduced from fiscal year 2011, mainly because we will not have a citywide Voter Guide to prepare for this fall. The total budget reduction exceeds the March 9, 2011 request from the Office of Management and Budget (OMB). As always, we have tried to budget responsibly.

However, we will need additional resources to fulfill two new mandates imposed by the Charter: the expansion of our mission to encompass Voter Assistance, and disclosure requirements for independent expenditures in city elections.

Voter Assistance

The Voter Assistance Commission (VAC) was the first nonpartisan government agency in the nation created explicitly to promote voter participation, awareness, and education. For many years, the CFB has also carried a mandate to provide New York City voters with nonpartisan information about local elections through the Voter Guide, and the Debate Program for citywide candidates. Last November, a Charter Revision proposal approved by the voters moved VAC's operations into the CFB. Combining the city's voter education and assistance activities under the same roof should bring new efficiencies, expertise, and resources to this important mission.

There is plenty of work to be done. New York had record-low turnout in the 2009 City elections and the 2010 elections for state and federal office. At the end of April, we will publish a report reviewing VAC's 2010 activities, outlining the current state of voter engagement, and detailing our strategies to encourage voter registration and participation. Later this spring, the CFB and members of the newly-constituted Voter Assistance Advisory Committee (VAAC) will convene a public forum on voter registration and turnout in New York City.

With this new mission, we are working to evaluate the level of resources we will need to fulfill our expanded education mandate. We welcomed three employees from VAC, and we've already started working with city agencies and other interested partners to develop plans to increase voter awareness. For this new mandate, we anticipate some additional costs, including the production and translation of materials to inform voters across the city in a variety of languages and through a variety of media. We look forward to meeting this new and important challenge, and will keep you posted on our progress.

Disclosure of Independent Expenditures

The Charter amendment approved by the voters also requires individuals and entities making independent expenditures in future New York City elections to publicly disclose

their activities to the CFB. Our system has always had strong disclosure of spending by candidates, but much information about spending by outside groups has been hidden from the public. This new mandate will complement the city's already robust campaign finance disclosure by providing the public with more complete information about all spending to influence elections, by candidates *and* independent actors.

We held a public hearing last week to solicit input on the rules to implement this new mandate. A variety of stakeholders offered a broad range of viewpoints and discussed how best to encourage compliance by the regulated community while providing meaningful information to the public. For the first time, video of our hearing was streamed live over the internet. This video, and the videos of future Board meetings or hearings, will be posted to our website.

Administering this new disclosure requirement will require additional staff to train those who are affected by this mandate, answer questions, and develop and administer a system of timely disclosure.

Legislative recommendations from the 2009 Post-Election Report

Our staff has been reaching out to members of the Council to solicit feedback and suggestions on how to further strengthen the work of the CFB. There are some recommendations proposed in our 2009 post-election report which may have budgetary impact.

One recommendation is an increased financial trigger for the full payment of public funds to participating candidates who face “nominal” opposition. The Act limits payments to participating candidates whose opponents have failed to raise or spend 20 percent—one-fifth—of the spending limit. Still, public funds are regularly paid to candidates who win with large margins.

The Board recommended that the Act be amended to define a competitive opponent as a candidate whose total receipts (contributions *plus* public funds) or total spending is 40 percent or more of the spending limit (instead of the current 20 percent threshold, which does not include public funds). This recommendation would allow for a more appropriate standard for the full payment of public funds.

Another recommendation with potential budgetary impact is to reduce the amount of public funds available to candidates in special elections. Special election campaigns are short, conducted on a compressed schedule. By law, the contribution limit and matchable amount are each cut in half; matching funds are only paid on the first \$87 of contributions, instead of \$175. Yet the spending limit and maximum public funds payments are equal to those for a regular election. The Act could be amended to reduce the spending limit and maximum public funds payments for special elections by half.

Previous Elections

The staff is continuing the post-election audits of the 2009 campaigns. As you know, an appellate court decision has limited the ability of the Board to recover misspent public funds beyond what is left in a campaign's bank account. We will appeal the decision.

We have cooperated with the Office of Management and Budget and repaid \$426,000 for fiscal year 2011. In August 2010, we voluntarily returned more than \$780,000 to the general fund, in addition to the \$20 million that was repaid after the 2009 elections.

Future Elections

There will be an election in Council District #28 this fall to fill the remainder of the term. There will be money allocated in our budget to allow for additional post-election public funds payments to candidates from previous elections and payments to candidates in any potential special election races.

Many candidates have already started their 2013 campaigns. January 15, 2011 was the second disclosure statement for the 2013 election cycle. As of today's hearing, there are 43 candidates registered with the CFB for the 2013 elections. This cycle will be the first full four-year election cycle for candidates to fundraise under the \$6-to-\$1 matching rate. As always, we are working to improve our communication with candidates and potential filers. We've revised and updated many of our communications based on feedback from the 2009 post-election hearings. We are improving the online portal through which candidates receive their compliance notices and other communications from the CFB. In addition, our 2013 version of C-SMART will be a web-based product. We hope both of these systems create efficiencies and ease compliance.

As always, the CFB looks forward to continuing to work with the Council to make the work of our agency more effective and efficient. Thank you for your time, and we look forward to answering any questions you may have.