



New York City Campaign Finance Board

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

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Good morning, Chair Marcus and esteemed commission members. I am Amy Loprest, Executive Director of the New York City Campaign Finance Board (CFB). With me today is Matt Sollars, the CFB's press secretary.

Thank you for giving me the opportunity to discuss the New York City Campaign Finance Program ("the Program").

Following a series of corruption scandals in the mid-1980s, the New York City Council passed the Campaign Finance Act ("the Act") in 1988, with the aim of restricting the influence of money on electoral campaigns. The Act established the nonpartisan, independent Campaign Finance Board to administer the Program.

The Program has been improved and strengthened significantly over the past 24 years through the hard work and commitment of the Board, its staff, and our partners in city government. The

result today is one of the most robust campaign financing programs in the country, at any level of government, and one that has been held up as a model for reforms proposed in New York State and elsewhere.

Before turning to how public matching funds work in New York City, it is important to begin by talking about how the overall structure of our system allows the Program to thrive. Our booklet, “A Citizens Guide to the New York City Campaign Finance Board,” which is attached to this testimony provides more information about the Program.

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. These officials govern a city that is home to 8.2 million people, according to the 2010 Census, with an annual budget of more than \$67 billion.

A key component of our system is a set of reasonable contribution limits that apply to all candidates, whether they take public funding or not. These limits are important because they ensure that there is one set of rules, and that candidates don’t get “rewarded” for opting out of the system.

The contribution limit to mayoral candidates for the 2013 election is \$4,950, while the limit to City Council candidates is \$2,750. Contribution limits are for the primary and general elections combined. They apply to monetary and “in-kind” contributions of goods and services.

The Act sets lower contribution limits for individuals, including top executives at corporations, who have, or are actively seeking, business relationships with the City. These contribution limits range from \$400 for mayoral candidates to \$250 for City Council candidates. “Doing business” limits apply to entities with the following business relationships with the city: contracts, franchises, concessions, pension fund investment contracts, grants, economic development agreements, real estate transactions and, importantly, to lobbyists and those seeking land use actions. The Act prohibits direct contributions to candidates from corporations, LLCs and partnerships.

Strong enforcement is another key component of our Program. We take our responsibility for safeguarding the public’s investment in the political process very seriously. The Board thoroughly audits every campaign and carefully reviews every claim for public funds.

Each campaign must regularly disclose all financial activity to the Board. Much of this information, including the name, occupation, and employer of contributors and where and how the campaign spends its money, is available to the public on our searchable database. Our staff includes a Candidate Services Unit that is dedicated to assisting campaigns in complying with the Program rules. The CFB also administers a debate program for all citywide candidates; publishes and distributes a non-partisan voter guide to all households with a registered voter; and works to engage voters throughout the city.

Finally, the Act stipulates that appointments to the Board should be non-partisan. From the beginning, appointees to our Board have been strongly independent and insisted on building a professional staff without consideration for political affiliation. Among many benefits, having a non-partisan, independent structure and staff allows our Board to make rulings and carry out enforcement actions without the gridlock often seen in other jurisdictions, including the Federal Election Commission.

The New York City Public Matching Funds Program

The City's voluntary public matching funds program is designed to increase the role of low-dollar contributions and to address the public perception that special access to candidates can be purchased through large contributions. The Program provides a \$6-to-\$1 match for the first \$175 contributed by New York City residents. This means that 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.

In order to receive matching funds, candidates must meet contribution thresholds to demonstrate the viability of their campaign. For example, City Council candidates must raise \$5,000 in matchable contributions and collect 75 contributions from the district they hope to represent.

In accepting public funds, the candidates agree to abide by strict spending limits. These limits vary by office, like the contribution limits, 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 in each primary and general election, while 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.

Public funds payment to any campaign is 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.

Our Program, like other campaign financing systems across the country, faces a challenge in accounting for candidates who do not participate and have the resources to spend more than the voluntary expenditure limits. The Program's \$6-to-\$1 matching funds rate increases the role of smaller contributions in city elections. It provides participating candidates, who build broad public support, a better opportunity to compete against high-spending opponents.

However, following each citywide election, the Act requires us to review the conduct of the Program, its effects on a candidate's ability to campaign effectively, and to recommend appropriate changes. Along with inflation-based adjustments to the contribution and spending limits, this regular review of our rules and practices has helped keep the Program current. Candidates believe that the Program continues to allow them to communicate effectively with

voters. 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.

Results in New York City

The New York City public campaign financing program is designed to encourage candidates to be more accountable to the public interest. Statistics from recent elections suggest that the role of special interest money in campaigns for municipal offices has been sharply limited. More than 90 percent of the funds available to participating candidates in the 2009 election came from individual contributions and public funds, while less than seven percent came from PACs, unions and special interests. By comparison, two-thirds of money available to candidates in the New York State elections in 2010 came from those big-money sources.

The \$6-to-\$1 match also amplifies the impact of low-dollar contributions and provides a strong incentive for candidates to seek them out. In the 2009 elections, 69 percent of contributors gave \$175 or less.

Not only does the Program increase the number and impact of low-dollar contributions, it also encourages more New York City residents to get involved in elections. In each of the last three citywide elections, more than half of all individual contributions from New York City residents were made by first-time donors.

Outside studies reinforce our own findings that the Program encourages broader participation in elections. Recent reports from the Brennan Center for Justice at New York University School of Law and the Campaign Finance Institute showed that more New Yorkers, from every neighborhood, made more contributions to City Council candidates than to candidates for the state legislature. Fully 90 percent of 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.

Financing the Program

Since the beginning of the Program in 1988, the CFB has paid out nearly \$125 million in public funds to more than 900 candidates who have participated in six citywide elections and a handful of special elections. Public matching funds are dispersed to qualifying candidates before each primary, run-off and general election. In the last citywide election, in 2009, the Board paid more than \$27 million to 139 candidates. The highest public funds payment for any election cycle to date was in 2001, when the Board paid more than \$42 million to 205 candidates.

The public matching funds are paid out of the New York City General Fund. In order to ensure that the Board's operations and the matching funds program are entirely independent of political influence from city government, the Board has effectively set its own budget each year since 1998.

Conclusion

To sum up, the New York City Campaign Finance Program amplifies the voice of the average, low-dollar contributor and reduces the influence of big-dollar contributors. The result has been less potential for corruption and a remarkable broadening of participation in the electoral process.

At a time when voter turnout is low and voters everywhere are increasingly cynical about government, we're very proud that people from around the country are looking at our Program as a model for reform. I'll be happy to answer any questions you may have.