



**New York City Campaign Finance Board**

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

**City Council Committee on Governmental Operations  
April 15, 2019**

Good afternoon, Chair Cabrera and members of the Committee on Governmental Operations. My name is Amy Loprest, and I am the Executive Director of the New York City Campaign Finance Board (CFB). With me is the Board Chair, Frederick Schaffer.

Thank you for the opportunity to provide testimony on Int. No. 732, sponsored by Council Member Ben Kallos, which would raise the cap on public funds available to candidates, incorporate the language of last year's ballot question into the Campaign Finance Act, and make changes to conform to the June primary date, including making public funds payments available to candidates as early as the December prior to an election year.

The CFB is supportive of the goals of this legislation, which are to encourage small dollar fundraising and reduce the risk of corruption associated with large contributions to candidates for city office.

After reviewing the administration and impact of the Program during the 2017, we reported that the Program has worked differently for citywide candidates than it has for City Council candidates. In prior elections, candidates for mayor have been considerably more reliant on large contributors than candidates for Council seats. To address this disparity, we made a series of recommendations aimed at reducing the amount of large private contributions in city elections by lowering the contribution limit, increasing the incentives for small-dollar fundraising by increasing the matching formula, and enabling candidates to rely more heavily on public matching funds by increasing the public funds cap.

As you know, the 2018 Charter Revision Commission looked at these issues closely. After their deliberations, the proposal that last year's Commission put before voters increased the matching formula to \$8-to-\$1 and boosted the amount of public funds available to candidates, from 55 percent of the spending limit to 75 percent. Additionally, the proposal made funds available starting in February of the election year to candidates who could demonstrate that they faced a serious opponent. Voters went on to overwhelmingly support the measure, with over 80 percent voting yes. New Yorkers made it clear they want publicly financed elections to continue playing a role in their democracy.

Under the new system, we're already seeing changes in fundraising at the citywide level. Local Law 1 of 2019, also sponsored by Council Member Kallos, put the parameters approved by the voters into effect for February's special election for public advocate. Early data from that special election shows that this new iteration of the Program is working as intended. The most frequent contribution size across all candidates was just \$10, compared to \$100 in previous citywide races.

A strong public matching funds program for city elections helps New Yorkers elect a government that is more inclusive, representative, and responsive.

The CFB looks forward to working with the Council to ensure that the public matching funds program continues to play a significant role in our elections. While the CFB shares the broad goals of Int. No. 732, we have some practical concerns with the bill as drafted, and we would like to highlight some potential risks that we hope to work with the Council to mitigate.

The CFB originally proposed making "early" payments to candidates before the final ballot determinations in our 2013 Post-Election Report. Making payments earlier and more frequently in the election cycle mitigates the stress of waiting until just five weeks before the election to receive a first payment of public funds. An earlier payment schedule also gives candidates more time to address any compliance issues that could prevent them from receiving public funds.

That said, the risk associated with paying candidates who do not face serious opposition or who do not end up running serious campaigns increases when payments are available so early in the election cycle. The Board takes this risk seriously, as an increase in the amount of such payments could undermine public support for the Program. Local Law 168 of 2016, also sponsored by Council Member Kallos, addressed this risk by setting a cap on payments made before the final determinations on the ballot.

The 2018 Charter Revision Commission sought to address this increased risk by prohibiting any early payments to candidates who could not submit a valid Certified Statement of Need to demonstrate that they were opposed by a candidate who met one of the criteria laid out in §3-705 of the Campaign Finance Act (submission of a valid Certified Statement of Need capped any payment to 25% of the maximum amount). However, Int. No. 732 removes this prohibition, which we believe the bill should find a way to address.

To protect taxpayer dollars from misuse, the Act sets clear standards for how campaigns may spend their public matching funds. Another serious risk is that candidates who rely heavily on public funds and may be unable to show that their funds were used for “qualified” expenditures will have to return their funds once the election is over.

We raised these concerns in April 2017, when this committee heard an earlier version of this legislation. As you know, to be able to use public funds for an expenditure, the campaign must show that the expenditure was in furtherance of the campaign, made in the year of the election, reported in a timely fashion to the CFB, and fully documented. Increasing the amount of available public funds will also limit candidates’ ability to spend campaign funds on non-qualified expenditures, including cash expenditures, payments to family members, spending related to holding office and post-election spending.

For 30 years, the Program has helped keep big money out of politics and provided public matching funds that engage and empower more New Yorkers to make their voice heard in city elections. The Program remains strong because of our work with the Council over the years to

ensure that it evolves to meet the challenges of an evolving political landscape. We look forward to working with the Council to address the issues we've raised today.

Thank you for the opportunity to provide testimony on this legislation. I'm happy to answer any questions you may have.

**TESTIMONY**  
presented by  
**Ayirini Fonseca-Sabune, Chief Democracy Officer**  
**Office of the Deputy Mayor for Strategic Policy Initiatives**  
**New York City**  
before the  
**New York City Council**  
**Committee on Governmental Operations**  
on the subject of  
**Int 732-A: Establishing a full public match campaign finance system**  
on  
**Monday, April 15, 2019 at 1PM**

Good afternoon Chair Cabrera and members of the Committee on Governmental Operations.

My name is Ayirini Fonseca-Sabune, and I am the Chief Democracy Officer for the City of New York, where I work on the DemocracyNYC initiative in the Office of the Deputy Mayor for Strategic Policy Initiatives. I'd like to thank you for holding this hearing and for the opportunity to testify before you today on public financing. First, I'd like to give you a brief overview of DemocracyNYC.

**Overview**

The DemocracyNYC initiative is aimed at increasing voter registration, participation and civic engagement in New York City. DemocracyNYC was first announced by Mayor Bill de Blasio in his 2018 State of the City address, detailing a robust 10-Point Plan to make New York City the fairest, most civically engaged big city in America. Indeed, the first point in the 10-Point Plan focused on public financing, underscoring the importance of this issue for the administration.

Another prong of our program is engaging young people, and last week – working with partners across government and nonprofit sectors, we coordinated Student Voter Registration Drives at hundreds of schools across the city.

**Int 732-A: Establishing a full public match campaign finance system**

Since I began in the role of Chief Democracy Officer I have heard from New Yorkers from every walk of life; in every borough; from high schools, community centers, faith communities, senior centers to town hall discussions. Through these conversations I've learned a great deal about how the public feels about our democratic process: people are cynical, many don't believe elections are fair, and some believe they are not valued by elected officials as much as those with financial means.

DemocracyNYC was founded by the Mayor with the guiding principal of increasing public engagement in the democratic process. In order to accomplish this goal, we must first build trust between the people of New York City and our electoral system. Establishing this trust begins

with rooting out corruption and even the perception of corruption by getting big money out of politics.

As I mentioned earlier, this issue is so critical to democracy that it was the first point of DemocracyNYC's 10-Point Plan. In his 2018 State of the City address, the Mayor appointed the Charter Revision Commission which proposed a plan to deepen public financing of local elections, with the goal of elections being primarily funded by public dollars.

This proposal grew out of the idea that the way to address persistent cynical perceptions of politics was to significantly lower contribution limits for all candidates and increase public matching funds. These changes were overwhelmingly adopted by voters in November 2018 - more than 80% voted in favor. As you know, included in the changes was an increase in the matching ratio - from 6:1 to 8:1 match of eligible contributions, and an increase in total amount of public matching funds available to candidates who voluntarily opt into the program from 55% to 75% of the expenditure limit for the office being sought.

New York City has been a leader in campaign finance reform and with our public financing system. Since adoption of the new system, early feedback on the new more robust public financing system is positive: in the special election for Public Advocate, nearly all of the candidates opted to participate in the new system. Notably, the most common contribution amount was just \$10.

I'd like to reiterate how impactful it is for a citywide election to have \$10 as the most common contribution. In the prior Public Advocate race, the most common contribution was \$100. In a world of Super PACs and dark money influencing elections, in this city we have worked to make our elections accessible to all New Yorkers. This administration believes strongly in matching funds so that smaller donations can have a greater impact for candidates.

DemocracyNYC aims to restore public faith in our democratic process. As a result of this commitment, we are supportive of initiatives to strengthen campaign finance reform and reduce the potentially corrupting influence of large donations in our elections. We share the values guiding Intro 732-A, and look forward to further discussions on this legislation, its potential impact on our city's elections, and ways we can work together with CFB and other stakeholders to continue to improve NYC's public financing system.



**FOR THE RECORD**

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**Increasing the Cap on Public Funds Available**  
**Testimony by Murad Awawdeh**  
**Vice President of Advocacy, New York Immigration Coalition**  
**New York City Council Committee on Governmental Operations**  
**April 15, 2019**

Thank you, Chair Cabrera and members of the Committee. I am Murad Awawdeh, Vice President of Advocacy at the New York Immigration Coalition (NYIC). NYIC is an umbrella policy and advocacy organization representing over 200 immigrant and refugee rights groups throughout New York. We are dedicated to building and expanding the political power of our immigrant communities.

Since 1988, New York City has provided an example to the state and the nation of a campaign finance system that works. But the system is not without flaws. The most glaring being an arbitrary 55% cap on matching funds.

This cap created a system where candidates who succeeded in earning small-dollar contributions were then cut off, and in order to run fully-funded, competitive campaigns, were forced to compete in a system without a match. It created not just an incentive for candidates to seek big-dollar contributions, but a need.

This flaw was recognized by the 2018 Charter Revision Commission, but unfortunately the Commission only raised the cap, rather than eliminate it. That did

not fix the problem. **Council Member Kallos' Introduction 732-A** does fix the **problem**. It effectively eliminates the matching funds cap and, for the first time, allows a candidate for city office to run a campaign funded only by small-dollars.

Closing this "big money gap" amplifies the voices of New Yorkers in the political process and provides an incentive for candidates to engage with communities that historically have been under-engaged or not engaged with at all. It gives those communities, through their campaign contributions, a more powerful voice in the process and a greater say in who is representing them in government. That increased engagement creates opportunities to talk with elected officials and candidates about the issues that matter and influence policy and budget decisions and outcomes.

In addition to a more diverse pool of campaign contributors, a stronger small-dollar matching system also allows for a more diverse group of candidates. Candidates who do not have deep personal financial resources, are not connected to existing political structures, and who do not come from wealthy communities would be able to run competitive campaigns funded by the very people they aspire to represent.

Even the modest changes by the 2018 Charter Commission had an enormous impact. Data from the CFB shows that compared with 2013, the 2019 special election for Public Advocate saw big-dollar contributions cut in half. Small-dollar contributions of \$250 or less went from 27% to a staggering 63%. It flipped the balance of power in who funds campaigns from big donors and corporate interests to average New Yorkers. We need to finish the job and eliminate the remaining public funds cap.



I urge the Council to pass Introduction 732-A quickly, in time to have an effect on the 2021 elections. Thank you, and I'm happy to answer any questions.

## **Testimony to the City Council Committee on Governmental Operations in Support of Int. 732-A**

**April 15, 2019**

Good morning, Chair Cabrera. My name is Tom Speaker, and I am a Policy Analyst at Reinvent Albany. Reinvent Albany is a watchdog organization that advocates for open and accountable government in New York.

Reinvent Albany strongly supports Int. 732-A, which is a step forward for empowering small donors in New York City. Though New York City's public financing program is a national model, the numbers show that large donors have still provided the majority of campaign funds in recent elections. Raising the cap to 88.8% from 75%, as this bill proposes, would bring the system close to a full public match and allow small donors to have a greater voice.

### **Small donors are on the rise**

Small donors are playing an increasingly significant role in elections: The Campaign Finance Board's 2017 Post-Election Report stated 11 percent more individual contributions came from small donors in 2017 than in 2013.<sup>1</sup> The recent special election for Public Advocate was the first in which candidates could receive an \$8 to \$1 match and have up to 75% of campaign expenditures covered by the city. Though that's a small sample, the results are promising: The most common contribution in the race was \$10, whereas it had been \$100 in previous Public Advocate elections.<sup>2</sup> We have also seen numerous candidates announce that going forward, they will not take donations above certain amounts (\$250, for example). These are the types of campaigns that will give small donors, who make up the majority of New Yorkers, a larger role in campaign fundraising. As we see it, that is goal of the public financing system, and raising the cap would help meet that goal.

### **Greatest impact will be on City Council races**

This legislation will most significantly impact City Council races, wherein candidates frequently reach the public match cap. Last year, Reinvent Albany and RepresentUs NY

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<sup>1</sup> <https://www.nycffb.info/media/reports/2017-post-election-report/>

<sup>2</sup>

<http://nycffb.info/media/press-releases/new-matching-funds-program-sparks-higher-public-funds-payments-and-increase-in-small-dollar-fundraising/>

conducted an analysis of City Council members' campaign donations in the 2017 elections. Even when donations could be matched \$6 to \$1 with a 55% cap, 54% of Councilmembers' funds were from donations were over \$1,000, and 88% percent from donations over \$175.<sup>3</sup>

Under the new system, the cap and the matching ratio have risen. But to reach 25% of their spending limit, City Council members will still have to raise \$47,500 from private funds. To meet these targets, even with lowered donation limits, candidates will likely turn to wealthy donors, who can fill the gap most quickly. Raising the cap can reduce that dependency and allow for more donations from small donors.

### **Citywide races likely to benefit**

Given the trend toward small donors, we believe that this legislation will positively impact citywide races as well. An October 2018 report by the Independent Budget Office suggested that the current system advantages established candidates, and the Campaign Finance Board raised concerns that a higher cap might boost incumbents' advantage.<sup>4 5</sup> We disagree that this bill would overly benefit candidates that already have well-established funding networks. It is true that to date only one candidate for mayoral office – Christine Quinn – has hit the public match cap. But as mentioned earlier, more and more candidates are resolving to run on small donations, and their campaigns will benefit from a higher share of public contributions.

It's clear that New York City voters are widely supportive of measures like this, as evidenced by the passage of Question 1 in November and the 33 co-sponsors of this bill. But there remains room for improvement in the system, and taxpayers continue to be concerned about pay-to-play in local government.<sup>6</sup> That's why we support Int. 732-A and urge its quick passage.

I thank you for allowing me to testify and welcome any questions you may have.

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<sup>3</sup> <https://www1.nyc.gov/assets/charter/downloads/pdf/written-comments-email.pdf>. Page 38.

<sup>4</sup>

<https://ibo.nyc.ny.us/cgi-park2/2018/10/did-incumbents-or-their-challengers-benefit-more-from-the-citys-campaign-finance-system-in-2017/>

<sup>5</sup>

[https://www.nycfb.info/media/testimony/testimony-of-amy-loprest-to-the-city-council-committee-on-govern-mental-operations/#\\_ftnref3](https://www.nycfb.info/media/testimony/testimony-of-amy-loprest-to-the-city-council-committee-on-govern-mental-operations/#_ftnref3)

<sup>6</sup> <https://poll.qu.edu/new-york-city/release-detail?ReleaseID=2434>

TESTIMONY OF DAWN L. SMALLS  
IN SUPPORT OF PROPOSED INT. NO, 732-A  
MONDAY APRIL 15 2019 AT 1:00 P.M.

My name is Dawn Smalls and I am a partner at the law firm of Boies Schiller Flexner. I was also earlier this year a candidate for Public Advocate in the special election for that office on February 26<sup>th</sup>. I ran as a first time candidate, but one with over two decades of experience in law, government, politics, and philanthropy.

Although I have worked on campaign finance reform throughout my career, as a first-time candidate I experienced directly and personally how critical the public match is to allowing new participants to our political system to effectively compete. I believe the public financing of elections plays two important roles: (1) it significantly reduces the importance of existing donor relationships and money in politics, and (2) it evens the playing field for outsider candidates and existing elected officials because the match is significant enough that current elected officials have the incentive to participate, creating one system for all candidates.

That has huge benefits as it forces candidates to participate in a system by which the Council, and indirectly the voters, dictate the terms by which candidates engage and finance their elections. That's an important and big step. The lower limit is crucial as it limits the ability of a small number of people to have an outsized role in the election. This is of particular value where there is deep and widespread concern about the role and influence of special interests, such as the real estate industry, on our elected officials and their decision making. The number of contributors requirement is also important as it makes the \$10 contribution as significant as the \$1000 contribution as the focus is on the number of New Yorker City residents that support and are willing to invest in your campaign, versus the amount of the contribution. The match requirements are also a persuasive reason to contribute to a campaign as a real and active means of determining which candidates gets funded and by how much.

However, there are ongoing barriers to outsider candidates running and effectively competing as participants in the public financing system that we must address to meet the Council' goals

of a more equal and fair system. The first is the CFB's complex and confusing compliance and documentation requirements for contributions. Understanding that taxpayer monies are a limited and precious resource, the current bases for non-payment are extensive – and many candidates would say – excessive. I and other candidates had to devote considerable time and resources to respond to the documentation requests from the CFB in a timeframe that we could still qualify or receive public funds.

I had a considerable infrastructure set up to respond to CFB requests. Specifically my treasurer Nancy Youman, a senior management professional experienced in city politics; Chris Dragotakes, former CFB staff that helped audit my contributions as a consultant; a compliance director; and a finance director. At one point, to deal with the requested documentation for my contributors, I had my entire field staff diverted from voter outreach, to calling and tracking down contributors to obtain additional documentation required by the CFB. This is an unnecessary burden on all candidates, but one that falls excessively on candidates that may be new to the process and have less infrastructure. However, I would be remiss if I did not mention that the CFB trainings and Suprita Datta, our candidate services liaison, was excellent and did everything she could to help us navigate the CFB's relatively byzantine and confusing requirements.

The requirements imposed by the CFB to determine who can participate in the official televised debates are also worth mention. The requirement for the first debate in the Public Advocate race was that each candidate have spent a certain amount in privately-raised, non-public funds. This requirement is without regard to whether the candidate has qualified for and is receiving public funds, which can have the perverse result of excluding candidates who have met the requirements for public financing and are receiving public money, from official debates. The CFB's requirement for a political endorsement imposed for the second debate is also significant barrier to candidates running for office for the first time, and who may run outside of the political clubs that often sponsor and promote candidates.

In sum, I believe the referendum passed in November and the implementation of the new campaign finance system is an important step to reducing the role of money in politics.

However, I believe more work needs to be done to ensure that outsider candidates can run in local elections and effectively compete. Democracy requires it.

New York City Council Hearing on April 15, 2019

Re: Public Testimony for Hearing on Introduction 732-A 2018, Increasing the Cap on Public Funds Available

Date: April 16, 2019

Introduction 732-A 2018, which increases the cap on public funds available for candidates in citywide elections creates a strong public matching program for city elections and can obviously help New York citizens elect a government that is representative and inclusive of the electorate. The matching of funds for candidates running in city elections for positions such as public advocate transforms the how candidates can raise money to finance their elections. Instead of big donors that come from corporate large special interests, a public financing system that can match donation amounts from small donors preserves the opportunity to run for candidates in New York City elections. This should be highly supported in New York City because of the need for candidates who will support issues that New York citizens are interested in supporting in city agencies.

Current statistics show that increasing the cap on public funds through the introduction of 732-A improves the chances for city candidates to run in New York City elections. For instance, small donations made up 63% of donations in the New York City 2013 race for Public Advocate. The incentive to use small donors for fundraising eliminates the bias in elections from “big money” or corporate donors who tend to be identified as a political interest in elections because of their large contributions to city campaigns and candidates.

The public matching grant system needs to be in place for candidates in citywide elections to account for a fair and representative process in city elections. The representation of “big donors” should be eliminated and replaced by an accurate representation of New York City’s electorate, where every citizen is capable of donating small scale to city elections.

Natalie Victoria

New York Democratic Lawyers Council (NYDLC) – Legislative Affairs Committee

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**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

732 A

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 4/15/16

(PLEASE PRINT)

Name: Rini Fonseca - Sabine  
Murad Awawdeh (A-wow-DA)

Address: 1312 W 93rd St NY NY

I represent: NYIC

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 4/15/19

(PLEASE PRINT)

Name: Amy Loprest and Fredrick Schiffer

Address: 100 Church Street New York New York

I represent: CFB

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. 732 A Res. No. \_\_\_\_\_

in favor  in opposition

Date: 4/15/19

(PLEASE PRINT)

Name: Rini Fonseca - Sabine

Address: \_\_\_\_\_

I represent: Democracy NYC, Mayors Office

Address: \_\_\_\_\_



**THE COUNCIL  
THE CITY OF NEW YORK**

*Appearance Card*

I intend to appear and speak on Int. No. 732-A Res. No. \_\_\_\_\_

in favor     in opposition

Date: 4/15/19

(PLEASE PRINT)

Name: Dawn Smalls

Address: 14 West 17th St NY NY 10011

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

*Please complete this card and return to the Sergeant-at-Arms*

**THE COUNCIL  
THE CITY OF NEW YORK**

*Appearance Card*

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor     in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: TOM Speaker

Address: \_\_\_\_\_

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

*Please complete this card and return to the Sergeant-at-Arms*