

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON GOVERNMENTAL
OPERATIONS

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Tuesday, December 13, 2022
Start: 10:08 a.m.
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HELD AT: Council Chambers, City Hall

B E F O R E: Sandra Ung, Chair

COUNCIL MEMBERS:

Gale A. Brewer
Shahana K. Hanif
Lincoln Restler
Lynn C. Schulman
Kalman Yeger

A P P E A R A N C E S (CONTINUED)

Beth Rotman
Executive Director
NYC Campaign Finance Board

Allie Swatek
Director of Policy and Research
NYC Campaign Finance Board

Ben Weinberg
Director of Public Policy
Citizens Union

Marina Pino
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Elections and Government Program
Brennan Center for Justice

2 SERGEANT AT ARMS: Good morning and welcome to
3 today's New York City Council hearing for the
4 Committee on Governmental Operations. If you wish to
5 submit testimony you may at
6 testimony@council.nyc.gov. At this time please
7 silence all electronic devices. Thank you for your
8 cooperation. chair, we are ready to begin.

9 CHAIRPERSON UNG: Good morning, I'm City
10 Councilmembers Sandra Ung, Chair of the Committee on
11 Governmental Operations. I want to welcome Bev
12 Rotman to her first hearing as the new Executive
13 Director of the New York City Campaign Finance Board.

14 At today's hearing, the Committee will be
15 conducting oversight of the New York City Campaign
16 Finance Program in the 2021 city wide elections.
17 Ever since the council passed Local Law 8 of 1988,
18 which established a first city wide publicly financed
19 campaigns, New York City has been a leader in
20 campaign finance reform. When originally enacted,
21 the program provided dollar-for-dollar match for
22 their first 1000 each contribution. This has been
23 amended several times over the years, first to a
24 four-to-one match, then to a six-to-one match. And
25 finally in 2018, voters approved the most recent

2 change for eight-to-one match for the first 250 of
3 each contribution.

4 The new matching program was used for the first
5 time in the 2021 city elections, and was extremely
6 popular with 94% of the primary candidates
7 participating in the program. The campaign finance
8 law works to reduce the influence of large, well-
9 heeled donors and amplify the power of individual
10 donors who generally give smaller amounts. In 2021,
11 individual donors were their primary source campaign
12 funding. Matching funds participants received over
13 96% of their funding from individual donations. Even
14 non-participants got 86% of their funds from
15 individual contributions.

16 Our public campaign financing program has proved
17 to be so successful that the New York State Public
18 Financing Program set to take effect in 2024 is
19 largely based on the city's model of small donor
20 matching.

21 While the current campaign finance program is by
22 most measures extremely successful, we could always
23 do better. Today we will hear from the Campaign
24 Finance Board about what impacts the most recent
25 changes in the campaign finance program had on the

2 2021 elections. In addition the Committee will
3 explore ways in which the city campaign finance laws
4 and rules can be improved. I look forward to
5 discussing these other changes of all panelists.

6 In addition to Committee hearing a pre-considered
7 introduction sponsored by Councilmember Brooks-
8 Powers, Farias, and Cabán, which require greater
9 transparency around expenditures made in support or
10 opposition to municipal ballot reforms or referenda.

11 With that, I want to thank CJ Murray and Erica
12 Cohen from the central staff with their work in
13 putting on this hearing, as well as my own Chief of
14 Staff, Alexander Hart for assistance. Now we turn it
15 over to our moderator, Committee Counsel CJ Murray to
16 swear in our first panel.

17 COUNSEL: Thank you Chair. We will now hear
18 testimony from the Campaign Finance Board. Before we
19 begin, I will administer the affirmation. Panelists
20 please raise your right hand. I'll read the
21 affirmation once and then call on each of you
22 individually to respond.

23 Do you affirm to tell the truth, the whole truth
24 and nothing but the truth before this Committee and
25

2 to respond honestly to Councilmember questions,
3 Executive Director Beth Rotman?

4 EXECUTIVE DIRECTOR ROTMAN: I do.

5 COUNSEL: Director of Policy and Research, Allie
6 Swatek?

7 DIRECTOR SWATEK: I do.

8 COUNSEL: Thank you, you may begin.

9 EXECUTIVE DIRECTOR ROTMAN: Thank you. Well,
10 thank you first of all very much for holding this
11 hearing, Chairwoman Ung, and inviting us to testify
12 today, so we can discuss some of the key findings of
13 the 2021 program, and how it worked in the New York
14 City elections.

15 As you know, my name is Beth Rotman, and I'm the
16 new Executive Director of the New York City Campaign
17 Finance Board, and I have tremendous respect for the
18 work of this Committee.

19 While I'm new to the role of Executive Director
20 at the Campaign Finance Board, I am not new to the
21 work of empowering and amplifying the voices of
22 everyday working class Americans who believe that
23 working class voices should matter most in our
24 democracy. This is what happens when democracy works
25 for all of us, we the people.

2 Before my appointment, I was the National
3 Director of Money and Politics and Ethics at Common
4 Cause. I also created and led the Small Donor
5 Democracy Program for the state of Connecticut, and
6 because of the Small Donor Program in Connecticut,
7 the state became the first in the country to pass
8 healthcare for frontline service workers across the
9 state, which undoubtedly save lives during the
10 pandemic. Small donor democracy programs have real
11 impact on people's lives. So thank you, first of all
12 for participating, and thank you for this work on the
13 Committee, which partners with us to ensure the
14 program stays strong.

15 As you know, our Board's independent nonpartisan
16 body oversees the Small Donor Program and also
17 engages voters via NYC Votes. And as you also
18 mentioned, the Campaign Finance Board has enjoyed a
19 very long arc of progress over our 30-year history,
20 with the recent updates to our flagship Small Donor
21 Democracy Program is a real centerpiece of this arc
22 of progress. And our partnership with this Committee
23 has been really central to our progress for New
24 Yorkers. Indeed, when I was last with the New York
25 City Campaign Finance Board as the Deputy General

2 Counsel many years ago, we saw a nonparticipating
3 Mayor Bloomberg spend over \$100 million to seek
4 office. And at that time, the city's enhanced
5 disclosure requirements did not apply to non-
6 participants.

7 It seemed unconscionable that the public would
8 not have meaningful transparency into spending at
9 that level. So the board worked together with
10 council leadership and this Committee to expand the
11 program to include disclosure for non-participants
12 together with other key reforms, and I was the deputy
13 general counsel the board who drafted those changes,
14 together with this esteemed Committee. So I know the
15 power of this partnership, and I'm really eager to
16 continue that, because changes like this have kept
17 the program vibrant, relevant, and influential, and
18 we saw this very markedly in 2021.

19 The 2021 elections were unlike anything we've
20 seen in New York City. Term limits created
21 opportunities for a diverse array of hopefuls, two
22 thirds of the city's 51 council districts had no
23 incumbents on the ballot, and then the cycle
24 unfortunately kicked into gear with a pandemic still
25 raging in New York City and beyond. And concerns

2 about traditional rhythms of campaigning and in-
3 person fundraising really changed almost everything.
4 The pandemic made in-person fundraising incredibly
5 rare, and accelerated reliance on online tools. And
6 even with all of this in 2021, we paid approximately
7 \$130 million in public funds to over 300 candidates.

8 So 2021 was groundbreaking for New York City and
9 for the program, with many of the cycle's history-
10 making candidates publicly crediting the program's
11 generosity for empowering their grassroots campaigns.
12 The New York City program fundamentally changes how
13 New Yorkers run for office. The new eight-to-one
14 matching formula was implemented and amplify the
15 voices and small donor donations of nearly 18.3
16 million small donor contributions from New Yorkers.

17 So what were some of the key findings? Beyond
18 what I've mentioned already, we had a record breaking
19 number of first timers. So one key mission of the
20 New York City Campaign Finance Board and the program
21 is to reduce barriers to running for office, with
22 special attention paid to women and candidates of
23 color from diverse backgrounds, particularly because
24 the systemic challenges faced by women and non-
25 wealthier privileged candidates from running for

2 office. So good news: 2021 saw a record breaking
3 number of first time grant recipients, over 77%.
4 That was the largest number of first-time grant
5 recipients in our program's history. Over 77% of the
6 308 participants were first time public funds
7 recipients. What that means is that 96% of our
8 sitting City Councilmembers participated in the
9 program, and even more extraordinarily -- if you can
10 get better than 96% -- all 51 members have been
11 program participants at one time. That is
12 extraordinary. Also with the new legal limits, and
13 so many program participants, the overall rates of
14 small contributions to 2021 primary and general
15 elections were greater than all prior elections.
16 84.6% of all contributions raised by dollar amount
17 were small contributions. That figure was 79% for
18 the general election, and most of these contributions
19 came from New York City residents.

20 While these are extraordinary participation
21 numbers, we are always working to improve the
22 candidate experience small-donor programs are
23 voluntary programs. Candidates have to elect to join
24 and then join again, even once they might have some
25 of the protections of incumbency and the better

2 ability to raise big bucks. So this is one of the
3 reasons candidate experience matters to us and why we
4 always want to work together to make it better.

5 One of the things we're doing is bringing more
6 innovative tech solutions to the candidate experience
7 to help your engagement with us and with
8 contributors. So one part of that is exploring ways
9 to improve the NYC Votes contribute platform, our
10 credit card processing platform.

11 Another thing we do is examine the trends
12 including the independent expenditure trends. For
13 the past decade, we've worked to ensure that New York
14 City elections include robust disclosure of
15 independent spenders, fundraising, and spending.
16 This enables us to track patterns and ensure the
17 public can follow the money. We note a few big
18 trends in independent spending, including a huge
19 increase in digital advertising. And we also found
20 that very few ads included negative messaging.

21 Now most of the independent expenditures were
22 related to the mayoral race, with 77% really focusing
23 on those that particular big city ticket.

24 So lastly, we always conclude our post-election
25 analysis with some recommendations.

2 Now, you may notice that we didn't recommend a
3 bevy of changes to the city program. That is largely
4 because virtually every piece of the program changed.

5 So on our end introspectively, we thought it
6 would be good to have more time to look at the
7 sweeping changes. But we are always open to that
8 conversation on what people think is critical and
9 urgent, and certainly this Committee's concerns.

10 And I'll just say that our two main
11 recommendations for changes deal with changes that
12 would need to be made at the state level. And one
13 deals with cryptocurrency, which is something that
14 everybody is talking about, and at least some people
15 understand. But I will say that cryptocurrency is
16 designed for anonymity, and campaign finance
17 disclosure laws are quite the opposite. So we really
18 find no place for cryptocurrency in New York City
19 elections and recommend a state level ban on
20 cryptocurrency contributions.

21 And we also recommend that the New York state
22 elections eliminate potential foreign influence on
23 ballot proposals. So this stems from a finding at
24 the federal level, that there were some limitations
25 and actually reaching spending on ballot proposals in

2 the way that foreign influence is more generally
3 banned across the board on influencing elections.

4 So when the Federal Election Commission ruled
5 that the law doesn't apply to ballot measures,
6 essentially, a lot of people took notice, and
7 appropriately, many states have passed laws to close
8 that loophole. This is also something pending in
9 Congress. It enjoys broad bipartisan support, as
10 well as very strong support from people around the
11 country and some recent polling. So Americans
12 broadly across all political affiliations agree that
13 foreign individuals, governments, and other entities
14 should not interfere with U.S. ballot measures. So
15 this is something we are also very much supportive
16 of.

17 And at that, I'll just thank you for this
18 opportunity. And I'm here with Allie Swatek, our
19 Director of Policy and Research. And we're happy to
20 answer any questions.

21 CHAIRPERSON UNG: Thank you for your testimony.
22 I'd like to welcome my colleague, Lynn Schulman, to
23 this Committee hearing.

24 Just a couple of questions about the 2021 cycle.
25 CFP paid \$127 million in public funds in 2021. Do

2 you have a breakdown to how much was paid to the
3 mayor, to the City Council, and to the other citywide
4 elections?

5 EXECUTIVE DIRECTOR ROTMAN: We do, and I'm going
6 to let Allie Swatek go ahead and give that to you.

7 DIRECTOR SWATEK: Thank you. So we have a
8 breakdown by percentage of... across the board for
9 the total of \$130 million dollars that was paid out
10 over primary and general election. So of all of
11 those payments, 38% were given to mayoral candidates,
12 1% to public advocate candidates. And I'll just note
13 that that was kind of an exception to this cycle,
14 because an incumbent was running in that race. The
15 comptroller candidates received 15% of payments, the
16 five borough presidents another 15, and then lastly,
17 for City Council, we saw 31% of payments received by
18 the City Councilmembers. As Beth mentioned, most of
19 those positions were open races, which means that
20 they're more competitive, more candidates are
21 running, and this is actually what we've seen
22 historically. Most of the time the... the amount of
23 payments made to mayoral candidates and City Council
24 candidates are pretty close to each other from a
25 percentage basis in years where there's open raises.

2 So that was an unusual... that was an unusual
3 occurrence, we would say.

4 CHAIRPERSON UNG: Thank you. So based on what
5 you just said, do you see the next round of City
6 Council elections taking place in 2023 the same
7 amount of payment? Or more or less, just based on
8 what you said, if this is not, you know, going to be
9 open seat?

10 DIRECTOR SWATEK: Yeah. So we would expect it to
11 be lower because of the number of incumbents running.
12 There's going to be 51 incumbency candidates. And so
13 in kind of drawing our projections for how much
14 public funds would be paid, we would expect much
15 less. Citywide candidates, of course, are not on the
16 ballot, and neither are borough presidents, unless
17 there's a surprise special election we don't know
18 about yet. So we would just be looking at those 51
19 races for City Council.

20 CHAIRPERSON UNG: Thank you. And on the 2021.
21 Campaign, do you have a breakdown of how the funds
22 were spent? For example, how much went to print
23 media? How much it went to lobbyists and
24 consultants?

2 DIRECTOR SWATEK: So one thing I'll say about
3 expenditures is we can do... So I don't currently
4 have that data with me. Fortunately, everything like
5 that is available on our website, and we can give you
6 a breakdown as soon as we get back to the office.
7 But I will just note for expenditures, this is what
8 candidates have reported, not necessarily what has
9 been audited. And as you will all experience, as we
10 request greater documentation from campaigns, those
11 categorizations and Seesmart (which is our
12 transparency and disclosure software) do change. So
13 we don't generally do a deep analysis of expenditures
14 in the reports, simply because it's required to be
15 published the next year, even before most candidates
16 have unit responded to their audit requests for
17 documentation.

18 So we can certainly give you that breakdown. I
19 don't have it available right now, and just with the
20 caveat, of course, that it's what candidates have
21 originally disclosed to us, not... not after it's
22 been audited, and candidates have updated some of
23 their records.

24 CHAIRPERSON UNG: Now, thank you. Yes, I know
25 the audit process well right now.

2 Under the current law, to qualify for public
3 matching funds, a candidate must raise a minimum
4 amount of \$10 and meet, I believe, 75 in-district
5 donors. I'm talking about, obviously, the City
6 Council, which I'm most familiar with. Does the
7 board have any positions about that requirement? Any
8 thoughts about changing that requirement?

9 EXECUTIVE DIRECTOR ROTMAN: Well, I'll say that,
10 from the board's perspective, the ability to qualify
11 and threshold was certainly one of the things that a
12 lot of thought went into over time. But the ability
13 for candidates to qualify after they show that
14 they're a serious candidate and go around and get
15 that many people to give them small dollar
16 contributions, as I mentioned, even in a pandemic
17 where they couldn't go next door to their neighbor in
18 the same way, is actually, we believe a very positive
19 thing. And as long as somebody has indicated and
20 shown that they have the public support to run for
21 office... Because I think you can... can attest that
22 that takes work to go to that many people and get
23 small dollar contributions. That's a lot of small
24 conversations... big conversations, but with those
25 small contributions, really meaning something.

2 So as long as somebody has shown that threshold
3 level of support, which is part of the law, then I
4 actually think it's great that so many people
5 qualified. So from the board's perspective, we don't
6 recommend a change in the threshold.

7 CHAIRPERSON UNG: So was there anyone who had
8 matching funds who received matching funds, who were
9 unable to secure a place of the ballot because
10 that... securing a place on the ballot has a
11 different threshold?

12 DIRECTOR SWATEK: So actually contingent upon
13 receiving public funds, you have to be on the ballot
14 or at least petition and make your... have your name
15 appear. It's actually something that we raised as...
16 The way that our program used to work as payments
17 were made much closer to the primary election. Now
18 that we have early payments, and you actually have to
19 certify to be in our program prior to... and can even
20 receive a payment prior to petitioning to get onto
21 the ballot, we were actually concerned that that was
22 going to be an issue for more candidates than it was.
23 And I don't have the exact information. But it was a
24 very few number of candidates who encountered that
25 problem. I don't believe that we actually ended up

2 making payments to anyone who didn't make it onto the
3 ballot, and if so, it was one or two, and they didn't
4 keep those funds. That's the important thing is that
5 that's actually a mechanism that we have for taking
6 back the money if we do end up paying it in an early
7 payment. But I can definitely follow up with your
8 office about that information.

9 CHAIRPERSON UNG: Thank you. So... So in the
10 mayoral primary, there were candidates who received
11 over a million dollars in public campaign funds. And
12 were the first choice of only 2% to 3% of the voters.
13 Does CFB track the cost per vote for candidates who
14 receive public funds?

15 EXECUTIVE DIRECTOR ROTMAN: It's definitely
16 something that we can track. But historically,
17 that's not how we've evaluated the success of the
18 program. Because, quite frankly, we're well aware
19 that somebody can have a meaningful campaign, have
20 appropriately qualified to get their message out, and
21 then have learned from the voters that the voters did
22 not believe that they would best represent them. But
23 from our perspective, it's still very meaningful to
24 have candidates who can get the threshold in the
25 program. Because really, the alternative is to say,

2 either that we have to evaluate and sort of predict
3 how somebody's going to do, which would be
4 inappropriate and getting us to sort of a level of
5 evaluation that nobody wants a government agency in,
6 or to say, "Some people should just spend privately,"
7 which I think takes away from many of the benefits
8 that we talk about with having leadership in the
9 city, where almost everybody uses this program.

10 And so it gives a level of confidence to everyday
11 New Yorkers, that the lawmakers representing them are
12 really free from having to deal with wealthy special
13 interests and lobbyists and people who want something
14 from them for all the hard decisions that you have to
15 make.

16 So while I do know -- and it's the case with
17 every program that some folks will say, maybe
18 somebody isn't real, because they didn't do well, and
19 maybe you shouldn't give public money -- the truth
20 is, public financing is the best mechanism for
21 dealing with the huge problem of big money in our
22 elections. And it is working so well in New York
23 City. But we really can't know how somebody's going
24 to do, except for retroactively. And I think those

2 people should still be in the program. Because the
3 alternative is hard to support.

4 DIRECTOR SWATEK: I would just add as well that
5 there are several instances of candidates who've run
6 several election cycles before being... eventually
7 becoming elected. So I would just highlight one
8 Councilmember who was elected in 2021, Councilmember
9 Narcisse has run in the program several times. And
10 it was, you know, she's been paid public funds
11 before, but this was the first election that she won.
12 And so we have several examples of that. And I
13 think, just to echo a little bit of what Beth said
14 about not wanting to prejudge candidates, and
15 allowing the voters to decide ultimately, the
16 threshold piece for gauging how much support you have
17 in your community, of course, is necessary in order
18 to ascertain whether someone should receive public
19 funds. But it doesn't necessarily mean that they're
20 going to receive someone's vote and we wouldn't...
21 There would be no way to hold that... to that
22 standard, basically. So we don't make decisions.
23 Ultimately, the voters are who elects our elected
24 officials.

2 CHAIRPERSON UNG: Thank you. I do have more
3 questions. But Councilmember Schulman has a couple
4 of questions. So I'm going to let her go.

5 COUNCILMEMBER SCHULMAN: Thank you. Hi. I got
6 elected to my third try. So I have a couple of
7 questions. One is: Are there specific triggers or
8 red flags that make certain audits a priority for the
9 CFB?

10 EXECUTIVE DIRECTOR ROTMAN: Yes. Yes. I mean, I
11 think that the reality is that we do have internal
12 risk protocols. And I was actually just part of an
13 international anti-corruption conference, where I got
14 to talk about those just a little bit, because they
15 asked me to talk about shadow campaigns and straw
16 donors. And obviously, that is the extreme, extreme,
17 extreme of the risk. We don't see that too often.
18 But it is what the risk protocols are ultimately set
19 up to catch at the worst end.

20 And I'll say that big picture, we have one team
21 that is looking at things at the individual level.
22 So they're looking at whether people are meeting the
23 contribution limits and looking at things more
24 individually, to make sure that reporting matches up
25 with expenditures, et cetera.

2 And there's another part of the process that
3 looks at patterns. And some of the biggest risks
4 comes with patterns. And now, individually, any of
5 the things that I you might think of won't matter at
6 an individual level, but if you see too much of it,
7 then it can lead to a visit from somebody on our
8 special compliance team.

9 But that's really the big picture. We have folks
10 that are looking and as you know, we ask for
11 documentation, and we compare the... the reporting
12 and the documentation. And we're also looking for
13 patterns.

14 COUNCILMEMBER SCHULMAN: And you do an audit of
15 every campaign. Is that correct?

16 EXECUTIVE DIRECTOR ROTMAN: Yes.

17 COUNCILMEMBER SCHULMAN: So I have a question
18 is... was... is there ever any thought given to doing
19 spot audits of campaigns that throughout the cycle
20 did very well and didn't have any issues versus ones
21 that didn't? In other words, I know it costs money
22 to do an audit of every campaign. But some
23 campaigns... like, if a campaign along the way, has a
24 lot of issues that came up during the campaign, I
25 could see you doing a full audit of them. Whereas

2 maybe look at sort of where there's, you know, do
3 spot audits of the other just to in terms of saving
4 money, and also the stress of people that actually
5 went out of their way to comply?

6 EXECUTIVE DIRECTOR ROTMAN: Well, we are always
7 looking for ways to make the process less stressful.
8 And I'm very happy to work with this Committee and
9 with you on that. Absolutely.

10 I will say that, we do generally feel that we
11 don't have a full picture until we get some level of
12 post-election documentation from everybody. But we
13 are always looking for ways to make the process
14 quicker, more candidate friendly.

15 COUNCILMEMBER SCHULMAN: Right.

16 EXECUTIVE DIRECTOR ROTMAN: And, and focusing on
17 what we really care about, which is the risk to the
18 public fisc. So... So yes, we've thought about
19 everything. And we continue to do that. And we're
20 happy to work with you on that. I mean, one of the
21 things that we're doing -- and we're doing this
22 through innovation, and we're at the start of this
23 process, and not the complete star, but we have a lot
24 to go -- is trying to see how much we can do more
25 quickly via technology. Also, so that if we ask you

2 any questions, you're going to get that question much
3 closer to the campaign. And then maybe we can, you
4 know, write that off, as "all set", instead of asking
5 people much later, which is what we've had to do by
6 making it so manual. And so people focus... although
7 we always need our people, we love our people. We're
8 not trying to replace people with machines. But we
9 are trying to use machines to help us accelerate and
10 innovate so that the process is more candidate
11 friendly and involves less stress, and certainly less
12 stress sort of after the process.

13 COUNCILMEMBER SCHULMAN: No, that's great. So I
14 have a totally separate question, which is: I
15 understand that people that do business with the
16 city, and lobbyists and all that are limited to two
17 hundred... to whatever... for Councilmembers, it's
18 \$250. My concern is that those people also, even
19 though they live in my district, can't be counted for
20 the in-district contribution, and they're living
21 there and participating in the community like
22 everybody else. So I was going to ask you, if any
23 thought can be given to just letting that occur?

24 EXECUTIVE DIRECTOR ROTMAN: We can definitely
25 talk about it. I'll tell you that on those same

2 folks, you'll hear people who want to go the
3 opposite. So we are sort of put in the in the middle
4 on that at times. There are often people who say,
5 you know, "Why can they take that money at all?" So
6 we are sometimes in the center of that. But we can
7 definitely give thought to that.

8 COUNCILMEMBER SCHULMAN: Because as an example,
9 there's some people in my district. They're
10 lobbyists, but they're on the community board, and
11 they participate in the community. They're on the
12 precinct councils, and then they, and their spouse,
13 and their immediate family can't be counted as
14 somebody who can be counted for the in-district. I'm
15 not asking for matching. I'm not asking for any of
16 that, or the raise of limitation, or anything else.
17 But just in terms of because some people have come to
18 me and say, you know, I don't feel like I'm a full
19 participant in the election process. So that's all.
20 But thank you very much.

21 EXECUTIVE DIRECTOR ROTMAN: Thank you.

22 CHAIRPERSON UNG: Thank you, Councilmember
23 Schulman. Also I'd like to welcome Councilmember
24 Yeger to this Committee hearing. And do you have any
25 questions?

2 COUNCILMEMBER YEGER: Yes, Madam Chair. Thank
3 you very much morning. And welcome to Campaign
4 Finance Board. Congratulations. The 2021 elections
5 were held 13 months ago. The primary for those
6 elections were held 5 months prior thereto. To date,
7 not a single audit has posted on the Campaign Finance
8 Board's website. What's happened?

9 EXECUTIVE DIRECTOR ROTMAN: Well, you're saying
10 we haven't posted the audits from this past election?

11 COUNCILMEMBER YEGER: The 2021 final audits, to
12 my knowledge, not a single one has been completed.

13 EXECUTIVE DIRECTOR ROTMAN: Right. Yeah, I mean,
14 I think that it is a process that we are working very
15 hard to accelerate. We are going to be using
16 innovation to try to make things more contemporaneous
17 with the elections. It's part of a big strategic
18 plan that we've just worked through to try to make it
19 more possible to start sooner. So that any part of
20 the election... sorry, that any part of the audit is
21 starting sooner and can finish sooner. But there's
22 no question that we do have some backlog, and that we
23 are still finishing up the audits from the last
24 cycle. We are also... We've also asked for
25 additional positions, we'll be getting additional

2 auditors to be able to move faster. But I think that
3 also innovation is going to be our friend here to be
4 able to accelerate this. We are working on it.

5 COUNCILMEMBER YEGER: Okay. Over the last
6 several cycles, the CFB has changed the processes for
7 how documentation is submitted post-election.
8 Instead of having it submitted post-election it is
9 being done contemporaneously with filings. So for
10 example, bank statements, instead of having them all
11 submitted in one lump sum at the end of the campaign,
12 where the CFB has to start from a zero balance and
13 work its way through 24 months, 36 months of bank
14 statements, they're getting them over either a six-
15 month period or two-month period, depending on the
16 filing. And it gives the CFP an opportunity to audit
17 -- as broadly as that term may be used -- or at least
18 do a bank reconciliation, frequently wrong. Not
19 withstanding still over the time that the statement
20 is submitted, instead of waiting post-election. So
21 by the time the post-election happens, the bank
22 reconciliation has been done, and really there's
23 nothing left to do. And so for example, in a
24 campaign that didn't take public funds, I happen to
25 know of some campaigns like that, that spent maybe,

2 you know, 8% or 10% of what it raised, a very small
3 amount, and we're about to start circulating
4 petitions in three months for a new cycle, with many
5 of the same candidates not having closure on their
6 previous cycle.

7 I'd also... I'll acknowledge the nod, so you know
8 what I'm talking about. That wasn't a question, I
9 guess. But you got what I'm saying.

10 Not all the candidates in the 2019 special
11 elections and the general election cycle have had
12 their audits completed as well. I'm not asking you
13 to give any information that's proprietary or...
14 but... but I would just note that there are people
15 who ran in 2019, who are currently in office, who
16 also don't have their audits done.

17 So again, you know, the CFB did accelerate the
18 reviews and make things a little easier to be able to
19 be... to get to the point where it's post-election,
20 and there's less to do, but I'm just, you know... If
21 you came in and you said, "Well, you know, we're
22 we've done 20% of the audits... 15%... 8%... 1%."
23 But it seems at least as far as the public can see 0%
24 of the audits have been concluded.

2 EXECUTIVE DIRECTOR ROTMAN: Well, you're right.

3 And we are working on innovating so that we can do
4 better. I will tell you that my... our... our new
5 Director of Tech and Innovation told me at one point
6 a few weeks ago that we should be careful what we
7 wish for because he's worried that if we really do
8 all of the ambitious goals that we've set... if we
9 achieve the ambitious goals we've set for ourselves,
10 vis-a-vis accelerating the use of innovation and
11 technology. Should we worry about whether we'll have
12 enough to do or something like that? Or whether
13 we'll you know, have enough work for everybody
14 involved? And I said...

15 COUNCILMEMBER YEGER: I'm really concerned about
16 that (crosstalk)

17 EXECUTIVE DIRECTOR ROTMAN: And I said...

18 COUNCILMEMBER YEGER: The CFB has always found
19 another thing to do, notwithstanding its mission?

20 EXECUTIVE DIRECTOR ROTMAN: Well, I was going to
21 say that along the lines of what you're saying,
22 asking for more contemporaneous audits, which is the
23 goal, so that people can actually have these
24 reviews... I mean, not everybody wants to have this
25 happen while they're in a contested election. So we

2 have to be mindful of that. We can't really be
3 asking people to do things in an audit while they're
4 running for office, but we can certainly do it
5 sooner. And that is part of why we're digging deep
6 with the innovation to do better.

7 COUNCILMEMBER YEGER: I see a clock and have been
8 paying attention to it, but I appreciate the Chair
9 letting me... letting me in her room today.

10 You know, I would just say the following: An
11 audit of a campaign takes a day. If somebody tells
12 you that it takes more than a day, they're lying to
13 you. Auditing the finances of a campaign takes one
14 day. Could it take two? Sure. Three max. But it
15 doesn't take 18 months. It just doesn't. And you
16 know, the... Just to follow up on Councilmember
17 Schulman's question about whether or not there could
18 be better ways and better spot checks. For example,
19 I'm not... I don't want to drill deep down into the
20 technical parts of it, although I think we may have
21 already crossed that bridge. But I don't think the
22 CFB needs to bother asking every single candidate for
23 every single deposit slip for every single deposit
24 made, if everything else looks okay. Auditors know:
25 If it smells right, it smells right. Move on. And,

2 you know, forcing the... the situation where you have
3 audits that are lasting two years, perpetuates the...
4 the necessity for the CFB to have as many staff as it
5 says it has. In other words, to... I guess, to go
6 back to what you said, if you got them all done
7 quicker, people would start asking what is it that
8 you folks do all day? So, you know, as we would say,
9 in Brooklyn, it seems that maybe they're schlepping
10 it out a little bit, just to schlep it out a little
11 bit.

12 And I'm not just speaking with the experience of
13 one year behind me. I know a little bit about this.
14 And I really do think that the auditors are not
15 moving as fast as they can. And I'm sure that some
16 of these questions will mean that I'm going to get
17 the kind of audit that will... that will drown me in
18 paperwork. But notwithstanding, I think that these
19 are important things to talk about. Because I think
20 that there are candidates, not just incumbents, who
21 are here, who want to begin getting ready for the
22 next campaign. But all across city, I mean, the
23 whole idea is, right?, we want to open it up, we like
24 paying people early, you know, without regard to
25 ballot access -- something that I opposed in this

2 council think it was a mistake to do that. I'm glad
3 to hear your testimony, that that it hasn't resulted
4 in people getting paid without obtaining ballot
5 access to a great level. I'm not sure what the
6 number is. But that's an important distinction,
7 because assuring ballot access before releasing
8 public funds, was a very important prophylactic to
9 make sure that the public funds don't get wasted.

10 But I do think that... that the closure of the
11 last cycle... the closure of the 2019 cycle, I think
12 I did hear that the final audits of the 2017 cycle
13 are all done. I don't know if I'm overstating that.
14 I saw a nod. Is that a yes? Okay. Yeah. All
15 right. So that's good.

16 But I think that there has to be some closure.
17 And it has to be a little faster. And I think that
18 there are ways to do it, that don't involve every
19 single paper for innocuous campaigns that that really
20 didn't spend a lot, and certainly those that didn't
21 spend public funds to sit and wait for a year for two
22 for three to get it done.

23 EXECUTIVE DIRECTOR ROTMAN: We will not be giving
24 you any harder of an audit. Do not worry. And I
25 take your comments in the well meeting spirit for our

2 improvement. And I assure you that we are dedicated
3 to moving this process to a place that is more
4 candidate friendly and faster.

5 COUNCILMEMBER YEGER: And keeping an eye on the
6 public funds is always the most important.

7 EXECUTIVE DIRECTOR ROTMAN: Well with that being
8 the key. I mean, I've already... in the innovation
9 process, the thing that we're starting with is... I
10 start with the key questions because I had the
11 privilege of building a program from scratch in
12 Connecticut. So when you don't have anything you get
13 into kind of startup mentality and you say, "What do
14 we have to build first?" And what you build first...
15 but now we're really rebuilding and going to a whole
16 new place and replacing systems that were old.

17 So we talk in terms of How do we ensure
18 protection of the public fisc? How do we make sure
19 that...? and that's where you start. How do you
20 make sure that only the right people are paid? The
21 payment processes? And how do you ensure that...
22 that you sitting there, or any of us, can say that
23 the public money used by candidates using the
24 campaign finance program in New York City goes to pay
25 for lawful campaign purposes? And if it doesn't,

2 it's going to be caught by the oversight agency doing
3 their job, and evaluating risk and finding these
4 problems and not doing something horrible, which
5 would be breeding cynicism in our elections.

6 COUNCILMEMBER YEGER: I'm going to turn it back
7 to the Chair. It's long past my time and her
8 patience. But I will just say that the final piece
9 that you said is: The evaluating the risk part, I
10 think, is an important piece to instill within the
11 auditors that when they look at campaigns, it ought
12 to be about evaluating risk, the protection of the
13 public fisc being the... the most important thing,
14 obviously, ensuring that nobody is cheating and
15 taking funds that they're not allowed to being...
16 being up there on the list. But at the end, it's
17 about evaluating the risk... the benefit to the
18 taxpayers. And, you know, I think that campaigns
19 that... that that haven't provided, or haven't shown
20 or demonstrated a risk to the taxpayers, either in
21 taking taxpayer money or in violating the law in
22 order to be moved on to the point quicker. I'm not
23 going to belabor this point anymore, because I think
24 we both get it. But I do really, very much thank you
25 for your commitment. Thank you for being here. And

2 I thank the Chair very much for your indulgence.

3 Thank you.

4 CHAIRPERSON UNG: Thank you, Councilman Jeger.

5 We have also been joined by Councilmember Restler and

6 Hanif. I believe Councilmember Restler has some

7 questions?

8 COUNCILMEMBER RESTLER: Thank you. Firstly, let

9 me congratulate you Ms. Rotman, on your appointment.

10 It's what two months now?

11 EXECUTIVE DIRECTOR ROTMAN: Yes.

12 COUNCILMEMBER RESTLER: Okay. Well, welcome back

13 to the CFB.

14 EXECUTIVE DIRECTOR ROTMAN: Thank you.

15 COUNCILMEMBER RESTLER: Good to have a former

16 CFB'er leading the agency, and I'm a big fan of the

17 lady to your left. So it's good to see again, Allie.

18 Thank you guys for being here today. And thank

19 you, Chair Ung, for holding this hearing. I know

20 that my colleague from Borough Park is a strong cup

21 of coffee. But he has more compliance experience

22 than just about anyone I know, and he's very bright,

23 and has a lot of great insights on these issues, and

24 others so I appreciate... agree with many of the

25 sentiments that he raised.

2 I wanted to particularly ask, you know, I'll just
3 say briefly: Our campaign finance system is a model
4 for the country. And it is a tremendous success. I
5 am incredibly proud of... that we have this system
6 here in New York City. And in my humble opinion,
7 every municipality and state should emulate the great
8 work that has happened in no small part to the
9 CFPs... CFPs team and leadership.

10 We are continuing to ever-refine the system. And
11 I think that it's important for us to look back on
12 the changes that were made in the 21 cycle, which I
13 think were made with the best of intentions, and ask
14 ourselves what's worked well, where could we continue
15 to refine and improve? It's important for us in
16 government to always be willing to say, "We did
17 something right," or "We didn't get it exactly right,
18 and we need to modify course."

19 I'm particularly focused on the in-district
20 contributions. And it's a very... in my opinion,
21 it's a modest threshold for in-district
22 contributions. I think... And I wonder, you know,
23 how much you've looked at the data as it relates to
24 in-district contributions. I just want to firstly
25 ask: Has the CFPB taken any position on the

2 threshold of in-district contributions and whether it
3 should be revisited?

4 EXECUTIVE DIRECTOR ROTMAN: Oh, I can tell you
5 that we look at that, because that's always a key
6 part of the program. But while I think that there
7 were some concerns raised by people around whether
8 too many people qualified for funding, or whether the
9 fact that so many people qualifying for funding meant
10 that we should look at the thresholds, from the
11 board's perspective we did not find that. We thought
12 that and still think that this is what democracy
13 should look like with so many open seats. So while
14 we did give a lot... I'm not sure that's... if
15 that's what you're asking...

16 COUNCILMEMBER RESTLER: No. Just to be clear, I
17 want to... I just want to share my perspective on
18 that point. The... I... I believe that the matching
19 system that we have in place is a primary reason that
20 we have as diverse a council as we do. The first you
21 know, South Asian representatives, the first Korean
22 representatives. We've reached major milestones in
23 reflecting the diversity of New York City in this
24 first-majority female Council in no small part due to
25 the generosity of our matching fund system that

2 empowers everyday New Yorkers, instead of wealthy
3 corporate and special interests. That being said, 75
4 in-district contributions, my district has over
5 220,000 people living in it. 75 in-district
6 contributions to demonstrate local support, or 100 in
7 District contributions for somebody running for
8 borough president, our very modest thresholds. And
9 you know, I am fully supportive of the campaign
10 finance system. I hope you hear that in my questions
11 and my comments, but I wondered if you've considered
12 revisiting that threshold. And if it's something
13 that we should be reconsidering as a council.

14 DIRECTOR SWATEK: So something that I would just
15 mention is, in addition to the number of folks who
16 are paid in this election cycle, there were a
17 remarkable number of whom -- I think it was almost
18 90% -- who were paid for the first time ever, meaning
19 that they had not previously run in a cycle before or
20 if they had, they had not reached the threshold to be
21 paid. So that's something that we take a look at
22 pretty closely.

23 The changes that were made in 2021, were vast, it
24 no aspect of the program was untouched by the 2018

2 Charter Revision Commission, which if I recall
3 Councilmember you worked on.

4 COUNCILMEMBER RESTLER: I did. I did. So you
5 can blame me for some of the things you don't like.
6 [laughing]

7 DIRECTOR SWATEK: Not change the threshold, but
8 the matching rate was changed, the percentage of
9 public funds, as... as it relates to the spending
10 limit was increased drastically, from 55% to 89%,
11 further changed by City Council legislation later
12 down the road.

13 So with that in mind, we are definitely planning
14 to look at how threshold has been, we think, impacted
15 by the fact that the program expanded so greatly. In
16 the past, we've also heard recommendations from folks
17 including good government groups who you may hear
18 from today, that we should lower the threshold for
19 folks to qualify for public funds. So this is
20 perhaps maybe the first election cycle where we've --
21 and you're not the only one, absolutely, it's
22 something that we've also asked ourselves -- whether
23 the threshold amount should be higher. So that's
24 something that we're continuing to look at. It's
25 worth mentioning that 2021 was the first election

2 cycle with this massive expansion of the program. We
3 didn't want to... and it was just already a very
4 unique election cycle. We had rank-choice voting for
5 the first time. We had the pandemic. We had civil
6 rights protest that got many more people involved in
7 the electoral process as candidates that maybe
8 wouldn't have normally been involved.

9 So all of those societal conditions and just the
10 program changes that took place: We didn't want to
11 make a decision based on a single election cycle. So
12 for something like threshold, we want to be able to
13 have several election cycles of data to see how those
14 changes to the program impacted candidates.

15 COUNCILMEMBER RESTLER: Could you elaborate on
16 what data points you're looking at to inform that
17 analysis?

18 DIRECTOR SWATEK: Yes.

19 COUNCILMEMBER RESTLER: What candidates? Like
20 what are you looking at... The percent of our of
21 contributions that are in-district donations? You
22 know, and if you could elaborate further?

23 DIRECTOR SWATEK: Yeah, absolutely. So you know,
24 we've mentioned the threshold of 75 contributors that
25 are in-district for City Council. Something that we

2 would look at is how... how many of those candidates
3 were running didn't meet the threshold versus how
4 many who did. And if that's consistent to previous
5 election cycles, or if there's a trend that we're
6 seeing from the changes that took place in 2021, as
7 well as the fact that there are candidates who've
8 received more than the threshold of contributions.

9 So if we took a look at the number of candidates
10 who'd received over the amount of threshold, probably
11 the folks in this room who ended up winning their
12 elections as well would qualify under those
13 definitions. But the question of, "How far above
14 threshold did folks fundraise?" I think is something
15 that we will continue tracking. Again, 2021 was
16 pretty unique. We also had just folks who were
17 fundraising predominantly online, they weren't
18 fundraising in person. Those are all changes that
19 impact the way that candidates receive funds. And
20 again, we'll continue tracking them into 2025, which
21 is probably the election cycle that will give us the
22 insight that we need.

23 COUNCILMEMBER RESTLER: I have to say, I think
24 it's a good thing for as much of the contributions to
25 come from public matching funds as possible, for us

2 to limit the influences of special interests and
3 wealthy folks. Reducing maximum contributions are
4 something that I am supportive of.

5 But demonstrating breadth of support in one's
6 district is an important thing. And I don't think
7 it's an unreasonable thing to have more than... a
8 greater number of people provide \$10 contributions to
9 demonstrate you have support in your community when
10 receiving public dollars. And, you know, there are
11 trade-offs that could match... that could go with
12 such a policy change, but I hope that it's
13 considered. And I apologize for taking so much time,
14 Chair Ung. I will shut up. Thank you.

15 COUNCILMEMBER UNG: Thank you. Thank you. So
16 actually, I'm going to concur with my colleague,
17 Councilmember Restler regarding his concerns, which I
18 asked you originally at the beginning of this
19 hearing.

20 I like to go back to audits a little bit.

21 So I think we all agree, it'd be good to do the
22 audits quicker. And I appreciate your efforts to
23 find ways to do it quicker. But since it's been
24 taking a while, are there specific triggers or flags
25 that will make CFB you know, have a... that would

2 create a priority for CFB regarding certain
3 campaigns?

4 EXECUTIVE DIRECTOR ROTMAN: Well, as I mentioned,
5 we look at patterns, in addition to just looking at
6 each individual contribution. So without sort of...
7 and we do have a pretty elaborate set of risk
8 protocols. But we're also, of course, working very
9 hard to treat everybody fairly and equally. So it
10 really starts after the election when we're asking
11 for a really comprehensive review.

12 But yes, we are looking for patterns. And one of
13 the things that we can't do now that we used to be
14 able to do were compliance visits. And that actually
15 helped accelerate quite a bit. We haven't been able
16 to do those. And that's because of the risk of the
17 pandemic. And that is something that helped with the
18 risk evaluation. But, you know, again, I really do
19 appreciate the focus on speed. And it is absolutely
20 something that I'm prioritizing. But I think that
21 the reality is nobody would... would support having
22 an agency that had enough people to sort of get this
23 many candidates -- we've never seen this many
24 candidates -- and have the number of resources it
25 would take to sort of make it that contemporaneous

2 with so many people is something that you know, that
3 nobody would tolerate. So I'm sorry, I don't want
4 that to be a non-answer, but it really is something
5 that we are going to work on. But it's always going
6 to take some time to ensure protection of the public
7 fisc.

8 CHAIRPERSON UNG: I appreciate that. Is there...
9 Can you share what are those risk factors that would
10 be a trigger in prioritizing certain audits over
11 others? If that's what you were saying originally.
12 I'm sorry, I might be misinterpreting what was
13 your... your response?

14 EXECUTIVE DIRECTOR ROTMAN: Well, I mean, we're
15 auditing everybody. So it's not that there are
16 certain things about certain campaigns that make you
17 look at somebody and not somebody else. I'm saying
18 once we're looking at documentations, if somebody if
19 somebody sees problematic patterns, then it's why a
20 campaign might get additional questions. Because we
21 have people that know... a special... special
22 compliance team that knows how to look at patterns.

23 CHAIRPERSON UNG: So I guess I'm asking a
24 different question: Are there... is there priorities
25 regarding auditing certain campaigns over others? Or

2 are you telling me there is no priority? It's just a
3 random... It's random how you prioritize auditing
4 certain campaigns?

5 EXECUTIVE DIRECTOR ROTMAN: Oh, I'm sorry.
6 Right. No, we're not prioritizing some campaigns
7 over others. We are just... We don't look at
8 everything. Right. I mean, that would be crazy. We
9 don't look at everything. So that's all I mean. I
10 mean, the way to make it possible to have so many
11 campaigns and to say that you don't want to miss the
12 campaign that could have been the one that's a
13 problem, and quite frankly, it's not always obvious
14 from somebody's disclosure, if their documentation is
15 going to be a mess.

16 So because we look at everybody and because we
17 need some perspective after the election to compare
18 what's reported to the documentation, then we have
19 what I meant really extensive risk protocols so that
20 we're not looking at everything.

21 CHAIRPERSON UNG: Okay, thank you. I'm going to
22 switch to the question to the spending cap.

23 I think we all know there's inflation. What
24 everything costs now, including pay canvassers,

2 printed materials, have all gone up. Has there been
3 thoughts about increasing the spending cap?

4 EXECUTIVE DIRECTOR ROTMAN: I think it's always
5 something we have to look at. I think there are
6 small-donor democracy programs around... around the
7 country that people are anticipating that don't even
8 have spending caps if everybody is raising only small
9 dollars. I'm not saying that that is something the
10 board has taken a position to go for yet. I'm just
11 saying from my national perspective, there are very
12 respected good government groups saying that programs
13 don't even need spending caps if the only money is
14 small-dollar contributions that you're raising and...
15 and the public funds. So I mean, spending caps serve
16 other purposes. So, like I said, the board hasn't
17 taken a position to eliminate it, but it's definitely
18 something that we always have to look at. Because
19 you're right, things get more expensive.

20 CHAIRPERSON UNG: Thank you. We also have been
21 joined by Councilmember Brewer and I believe
22 Councilmember Hanif has some questions.

23 COUNCILMEMBER HANIF: Thank you so much Chair Ung
24 for holding this important hearing today. And it's
25 really great to meet you both, and listen in on this

2 conversation. Apologies for coming in a little late.
3 And I also want to thank Councilmember Brooks-Powers
4 for bringing forward the pre-considered Introduction
5 being heard today. I'm proud to just have signed on
6 as a sponsor.

7 I want to build on the conversation that
8 Councilmember Restler was having earlier. I think
9 he's... he's gone now. But want to just affirm my
10 support first, for the public matching system, and
11 just how valuable of a program it was, for a first
12 time candidate like myself, not having any
13 experience, having worked on any prior campaigns.
14 And actually, the 75 in-district threshold was a
15 daunting one, because I did not come from any
16 political connections. And although I was organizing
17 in my neighborhood, the electoral process was not a
18 familiar one. And so 75 was a lot of people. It's
19 still a lot of people. And so I would actually be in
20 favor of lowering that threshold to really
21 standardize the playing field even more. And of
22 course, the matching funds program allowed me in
23 tandem with 75 -- although that's still that I still
24 consider that a high number -- but through
25 conversations, and really thoughtful ways of really

2 getting folks to think beyond our organizing model
3 and neighborhood to how do we bring this good work
4 that we're doing into City Hall, and the low dollar
5 contributions made a difference. But I'd be in favor
6 of a lower threshold to make it even easier for a
7 candidate like me and others, a much younger
8 candidate than we've seen in the past... myself and
9 Councilmember Shekar Krishnan, the first ever South
10 Asians elected to the body. I'm the first Muslim
11 woman. And in my district, it was a very crowded
12 race. And it was the first time in many, many years
13 that we were able to elect someone not from Park
14 Slope.

15 So very critical reforms made that happen. And I
16 really talked about this when I discuss how I got
17 here. And so I just want to share that support. And
18 also want to understand some of the other barriers
19 that you've observed that contribute to... to why
20 candidates may not run? Or what makes it difficult
21 for candidates in the process of their run and
22 campaign harder to meet certain thresholds and goals
23 during their campaign.

24 EXECUTIVE DIRECTOR ROTMAN: Well, I appreciate
25 that. And thank you very much. And I think it's

2 it's super helpful to have that perspective, and
3 that, that background, thank you.

4 I have seen that also, when I was in my role as
5 the founding director of the Connecticut program that
6 sometimes the thresholds that some folks think are
7 very manageable, even for established candidates can
8 sometimes feel, when it's so many sort of small
9 conversations, so many small dollars that you have to
10 raise. It can feel daunting. So I appreciate that
11 viewpoint.

12 And I do understand that those numbers hit
13 different people very differently. And particularly
14 in the health crisis that we had, you know, years
15 ago, when I was founding the Connecticut program, we
16 could tell people to have a spaghetti dinner. And it
17 started to make sense, and there were a whole lot of
18 spaghetti dinners, and you couldn't do that this
19 time, and that's really tough. But... so thank you
20 for that.

21 I think that one of the things, and I'll let Ali
22 speak to this a little bit specifically to... she
23 knows some additional details... but I'll tell you
24 that one of the things from my perspective of working
25 in New York City, but also other places, is that, as

2 you mentioned, for people who are new to the system,
3 you know, it's... it's all new, and it all seems
4 hard, and it might seem very, very important, and we
5 want people to run as we had here, that aren't just
6 political insiders, and that don't sort of know how
7 it's all going to work, because you want people be
8 part of democracy that come from all different
9 backgrounds. But one of the things that I think can
10 be extremely daunting, is that somebody who is new to
11 running is also new to the whole idea of what a
12 campaign means. And I think you all know, even if
13 you've not been in office, for some of you that are
14 new, for so long, that it can be one thing to want to
15 serve the public from the perspective of serving, and
16 another thing to sort of know how to get there. And
17 those aren't always the same skills. And I'll tell
18 you that even when I was working with folks that had
19 been in office for many, many years in Connecticut,
20 when the sea changed, and folks were going to start
21 using public financing programs, the amount of
22 palpable fear at people who were very, very
23 impressive, and important, and distinguished, but the
24 idea that it was a full matching fund program, so
25 they needed need to raise it a bit more than 75...

2 not a lot. And then they got a huge grant. And I
3 will tell you that candidate after candidate told me
4 they couldn't do it. They did it. They did it. But
5 they were sure they couldn't. And so it's a real
6 thing.

7 And I will say that there are people that can't
8 do it. And that is because they haven't figured it
9 out. But that's also what came up earlier, when
10 Allie was talking with one of the other
11 Councilmembers, sometimes it takes a few times. And
12 we do see people who can't raise threshold one year,
13 and they come back, or they can't get elected and
14 they come back.

15 COUNCILMEMBER HANIF: And does the CFB provide
16 any resources or tools to really encourage candidates
17 to be able to reach the 75 in-district threshold?

18 EXECUTIVE DIRECTOR ROTMAN: You know, it's
19 something that we don't do. But it is something that
20 I was part of at Common Cause, and it's something
21 that I can see us connecting to in a obviously non-
22 partisan way.

23 I think there are organizations that do this
24 probably more wearing partisan hats, but it is
25 actually something, at least connecting people via

2 our website or knowing, ensuring that people know
3 what the resources are to be able to run. I think
4 that is something that we... that I could see us
5 connecting to. And it is something that I was part
6 of at Common Cause, in a non-partisan way, but making
7 sure that people knew where there were resources to
8 help them be able to run for office.

9 COUNCILMEMBER HANIF: And then is there a data
10 breakdown of candidates who at their first time
11 didn't meet the threshold? But at their second time
12 did? Is there a sort of analysis that you all have
13 around how many candidates per election cycle were
14 able to meet thresholds?

15 EXECUTIVE DIRECTOR ROTMAN: It's not something
16 that I personally know now. But we probably have a
17 data analysis for just about everything. So I could
18 probably turn to Allie, and say that she could get
19 that for you.

20 COUNCILMEMBER HANIF: Okay, that'd be great to
21 see.

22 DIRECTOR SWATEK: Yeah, I love that question. So
23 there's...

24 EXECUTIVE DIRECTOR ROTMAN: I knew you would
25

2 DIRECTOR SWATEK: There's a whole section of the
3 report that focuses on first-time payees. So those
4 are the folks who were as -- not to specifically use
5 you both as an example, but Councilmember Hanif, you
6 would be a first time payee, and Councilmember Brewer
7 who's run the past would be what we...

8 COUNCILMEMBER BREWER: 100 times.

9 DIRECTOR SWATEK: ... as a program veteran...,

10 COUNCILMEMBER BREWER: And I still hate it.

11 DIRECTOR SWATEK: and we mean that very, very
12 respectfully, because we love both of you equally --
13 but the determination that that... so basically
14 the... the analysis that we did have a very boring
15 conclusion, but it's my absolute favorite thing that
16 we've probably ever done. Because it basically said
17 that the experience of someone who was being paid for
18 the first time, and someone who was being paid as a
19 veteran, was basically the same. So we want to see
20 that right? You'd want to see that the average
21 contribution that they're raising is very close
22 (which we found), that the total number of
23 contributions they were raising are close (that's
24 also something we found), as well as the amount of
25 public funds that folks were receiving. So those

2 things were equal. And while that's a boring
3 conclusion, for someone who is a social scientist,
4 that's exactly how we'd want the program to be
5 operating. It's not treating anyone differently.
6 But at the same time, it's kind of allowing folks to
7 perform in the same way, for lack of a better term.

8 A few things that we do as an agency to assist
9 candidates who are running for the first time: I'm
10 sure you're all aware of your candidate services
11 liaison, as well as your auditor. I have seen
12 auditors manually hand count in-district residents to
13 make sure that folks are reaching that 75 number.
14 And there are certainly people who make it exactly to
15 75. And in that case, you are reaching threshold.
16 And so in certain cases, there are folks who make
17 their first public funds payment is them literally
18 having 75 in-district residents, which of course, is
19 the testament to the fantastic work that our audit
20 team does, as well as our Candidates Services Unit in
21 educating candidates who are running for the first
22 time about the compliance aspects of the program and
23 how they can follow the rules in order to make sure
24 that they can eventually qualify for public funds
25 payment.

2 And then lastly, another section of the report,
3 which I also love, talks about are NYC Votes
4 Contribute Platform, which is something that we heard
5 from candidates was a dire need, and this was
6 something that we created originally back in 2013,
7 but really became more adopted in 2017 and 2021. 90%
8 of candidates use our NYC Votes contribute platform.
9 It's a credit card processing platform that we offer
10 for free. It also allows candidates to stay in
11 compliance. So you're collecting all of the
12 information that you need at the outset, because our
13 program... the contribute platform is hardwired to
14 receive that information.

15 So those are a few things that we do to help
16 improve the experience for first time candidates.
17 And also make sure that folks who basically you don't
18 need to have raised lots and lots of private dollars
19 to pay for something like NGP, or a more complicated
20 fundraising platform. We actually provide a credit
21 card processing platform for you. And that is unique
22 to the New York City program as far as we are aware.

23 And then because I've been answering this
24 question for what feels like 10 minutes, the last
25 thing I'll say is Councilmember Hanif, you asked

2 about demographic statistics, things that may be
3 contributing to other barriers of entry for folks who
4 are running in the program. This is something that
5 we've identified as really important for looking at
6 over the course of the next two cycles and 2023 and
7 2025. By collecting demographic data from the
8 candidates themselves, we'll be able to do analyses
9 to see if there was anything that's like out of the
10 ordinary for candidates who don't meet threshold or
11 candidates who do, and just different qualities that
12 those candidates express. And I'm not just speaking
13 about traditional, like race or socioeconomic
14 questions, but also geographically do we see
15 disparities and in the Bronx, or in Brooklyn,
16 compared to Queens, or folks who are people with
17 disabilities who have obviously different issues that
18 they may need to contend with while they're running
19 for office? If we ask those questions, we can do
20 that analysis. And that's something that we're
21 planning on doing, starting for 2023.

22 COUNCILMEMBER HANIF: That's really great to
23 know. Thank you so much.

24

25

2 COUNCILMEMBER UNG: Thank you, Councilmember
3 Hanif. And I believe Councilmember Brewer has some
4 questions.

5 COUNCILMEMBER BREWER: Thank you very much. I
6 don't even know how many times I've run. But oh, my
7 god it's a nightmare every time. But your staff is
8 very nice. I'm okay with the 75, in, you know,
9 Manhattan or my district. But the question I have
10 is: I know you mentioned just in terms of other
11 suggestions. I know... I agree with you on the
12 foreign and the crypto. But do you use things like
13 Apple Pay and Venmo and other ways of collecting
14 funding? Is that something that's already part of
15 the collection process? Or is it checks, credit
16 cards, and then cash only sometimes? I'm aware of
17 the cash problem. Like are there any other methods
18 besides credit, card checks, for collecting money?
19 Because people are using others?

20 EXECUTIVE DIRECTOR ROTMAN [TO Director Swatek]:
21 I don't think so. I don't think we allow Venmo...

22 COUNCILMEMBER BREWER: When I go to a fundraiser
23 for a nonprofit, which I do every friggin' night,
24 there is... people using Apple to pay for their
25 ticket. They're using Venmo. They're using I don't

2 know what else... those are the two that I at least
3 know what they are and use. So can we use those for
4 your program? By the way your staff is great. I
5 just want to let you know.

6 EXECUTIVE DIRECTOR ROTMAN: They are great.

7 COUNCILMEMBER BREWER: They put up with me. I do
8 not understand half the stuff that is going on. So
9 go ahead... and that God awful... I love that thing
10 that you... you know... your platform. But you could
11 update the website a little bit, and some of the
12 questions that make me insane. Go ahead. I have
13 nightmares about the whole thing. Just to be honest
14 with you.

15 EXECUTIVE DIRECTOR ROTMAN: Now running, even
16 though you've done it... the nightmares...? What...?

17 COUNCILMEMBER BREWER: Everything. It's just
18 those pieces of paper, and the receipts and all that.
19 I understand it's public money. I got it. But you
20 know... I can deal with the 75. Because I know
21 everybody. But the issue of the... It's a hard
22 website.

23 DIRECTOR SWATEK: So one thing that I would
24 say...

2 COUNCILMEMBER BREWER: So other ways of
3 collecting money besides checks and credit cards.
4 That's what I'm asking.

5 DIRECTOR SWATEK: Yeah. So what I would say
6 about Venmo and PayPal are that the necessary
7 questions that we require candidates to ask are not
8 necessarily, like...

9 COUNCILMEMBER BREWER: On Venmo or PayPal?

10 DIRECTOR SWATEK: Yeah, you know how to use
11 Venmo, you know, you scan a code, or you find a
12 number and send money to it. But you're not asked
13 for your employment information, which is required,
14 of course...

15 COUNCILMEMBER BREWER: But it's something that
16 might be able to be figured in, because it would be
17 easier to raise money, because... I mean, I'm... you
18 know, I can talk about these young people, but old
19 people know how to use them also.

20 DIRECTOR SWATEK: Yeah, this...

21 COUNCILMEMBER BREWER: But they're quicker and
22 they're faster. And I don't even know anybody who
23 doesn't use them sometimes these days.

24 EXECUTIVE DIRECTOR ROTMAN: So I will tell you
25 that one of the issues that came up along these

2 lines, it's not specifically Venmo or PayPal, but the
3 Act Blue question. Because they did not require or
4 provide the backup documentation originally, and I
5 will tell you... I wanted to jump in and say that,
6 because when a vendor is willing to work with the New
7 York City Campaign Finance Board and do that, then it
8 makes it possible. Not all vendors are willing to do
9 that. Act Blue was willing. They're just one
10 example. There might have been others. So after a
11 process that I know was... I know about this, because
12 I had checked in with the New York City Campaign
13 Finance Board when somebody asked about bringing them
14 into a different state. So if the... if the vendor
15 is able to work with the board about the appropriate
16 backup documentation, then yes. But they have not,
17 so that it's not...

18 COUNCILMEMBER BREWER: Well, I guess what I'm
19 saying is maybe you could reach out to them and say,
20 "Would you be willing to work with us?" I don't know
21 if that's appropriate. But I think what I'm trying
22 to say is people have other ways of paying. It's
23 hard enough to get money out of them. And if there
24 was some way of... I'm the only person who writes a
25 check in the United States of America right now, to

2 the best of my knowledge. But... so people are...
3 you know, I'm just saying... a suggestion. Think of
4 other ways to get people to part with their money.

5 DIRECTOR SWATEK: Something that we've discussed
6 internally, as well, through the NYC Votes contribute
7 platform...

8 COUNCILMEMBER BREWER: Which is a great platform
9 that I like...

10 DIRECTOR SWATEK: You can type in your credit
11 card number, but we've all seen in checkout, where
12 you can click the Pay Pal button or the Apple Pay
13 button, and if we're collecting the compliance
14 information through the NYC Votes contribute
15 platform, but giving folks the opportunity to
16 click... to click through those different ways of
17 paying but still using the platform. Again, that's
18 something that we would need to design and have
19 technology support for through our vendor who runs
20 that system. But it's something that we've spoken
21 about internally, for sure. So thank you,
22 Councilmember Brewer for bring that up.

23 COUNCILMEMBER BREWER: Okay. It would help all
24 of us. And then was there anything else that came
25 out of the hearings? Which of course I didn't get

2 to? That were suggestions for improvements? Were
3 there a lot of...? I think you had a hearing? And
4 what were the other suggestions about improvements?

5 DIRECTOR SWATEK: Yeah. We had a post-election
6 hearing did that took place immediately after the
7 election. We took in information from the public.
8 We did not have as many suggestions in that post
9 selection hearing that I think we have in the past.

10 COUNCILMEMBER BREWER: Well, that's a good thing.
11 With you, that's a good thing, or they're like,
12 "Yeah, I'll can't deal with them. So I don't to deal
13 with them."

14 DIRECTOR SWATEK: I was joking, we've innovated
15 past the point of recommendations. But honestly, I
16 think it's just that folks recognized as well that
17 the program has changed so many... in so many ways in
18 2021. And it was kind of like, let's see how this
19 works going forward.

20 EXECUTIVE DIRECTOR ROTMAN: But as you know,
21 there's never a shortage of recommendations or good
22 ideas. I think that one of the reasons that... I
23 know that one of the reasons the board didn't make a
24 lot of recommendations this time is because virtually
25 everything changed in the last cycle. So we would

2 appreciate some time to actually see how that is
3 going to work. But obviously, I'm sure even today,
4 there'll be people coming forward. I've heard from a
5 few folks with ideas that we can always look at.

6 COUNCILMEMBER BREWER: Alright, thank you.

7 EXECUTIVE DIRECTOR ROTMAN: Thank you.

8 CHAIRPERSON UNG: Thank you, Councilmember
9 Brewer. And just to let you know, I have also used
10 checks. I will continue to use checks. There's two
11 of us.

12 COUNCILMEMBER BREWER: Yes, exactly.

13 CHAIRPERSON UNG: Switching gears a little bit.
14 The bill that we're hearing today requires additional
15 disclosure from entities regarding campaigns that's
16 in support or opposition to local ballot proposals.
17 Does the board have a position on this pre-considered
18 introduction?

19 EXECUTIVE DIRECTOR ROTMAN: Yeah, I believe we
20 supported that. Isn't... It seems like... This is
21 something that came up last session as well, right?
22 Yes. I believe the board has supported that.

23 CHAIRPERSON UNG: Just confirming you still
24 support it?

25 EXECUTIVE DIRECTOR ROTMAN: Yes.

2 CHAIRPERSON UNG: So that's great.

3 So I am done with all my questions. I don't know
4 if other Councilmembers have follow up questions.

5 Sure. Why not? Sure.

6 COUNCILMEMBER YEGER: Okay, thank you very much.
7 Appreciate it. Since you're still here, and I am,
8 and we both get paid to be here.

9 I just want to go back to Councilman Restler's,
10 topic of the 75 contributions in the district.
11 And... and just what I would reflect is that the 75
12 contributions is about 1/6the... it is exactly 1/6th
13 of the number of signatures required to gain ballot
14 access for the two major parties in New York. And
15 candidates obviously, don't just rely on getting the
16 450. They get many, many more. So I don't think
17 it's a heavy lift to get to 75. I do have a concern
18 that in certain districts -- you know, maybe
19 Councilmember Restler's, my district, other districts
20 -- it may not be a heavy lift to ask somebody to
21 write a check for \$10, and then there are some
22 districts where that's a big deal. So that makes
23 sense, and I understand that. But I do think that 75
24 is not a heavy lift to ask, if you're trying to get
25 thousands and thousands of votes.

2 And particularly, I would just want to note for
3 the record that there was a time, not too recently,
4 when the taxpayers were on the hook for only up to
5 55% of the spending limit, which worked out at that
6 time to be about \$100,000. And today, because of the
7 greed of members of this body, in the last session,
8 the number is now upwards... around probably 90% of
9 the spending limits \$160 or \$170... I don't even know
10 what it is. It's a huge amount of money. And if
11 it's a primary, it's that, and then the general it's
12 double. And it's just a huge amount of money that
13 we're asking taxpayers to shell out so that campaigns
14 can send out glossy flyers to people. So I think
15 asking to demonstrate that you have 75 people who are
16 willing to be on the hook, who live in your district,
17 I don't think that's a heavy lift.

18 The expenditure limit, I just want to flag,
19 because it was brought up by one of my colleagues,
20 the Chair, that, you know, the inflation obviously
21 needs no explanation here in The Council. I'm
22 certainly not an expert on it, but everything costs
23 more. And I'm not sure that the spending limit is
24 moving as fast as the things are costing.

2 What I would also note is that, you know, the
3 expenditure limit has always been fungible here with
4 the CFB, not because candidates funge[sic] it, but
5 because the CFP funges[sic] it. Always has. And for
6 example, this session, the cycle, the out-year limit
7 is, for one year, the last cycle, the out year limit
8 was for three years. In the next cycle, the 25
9 cycle, the out your limit is again for one year.

10 So, you know, that's just one example. I can
11 also point to the examples of when the CFB changed,
12 without statutory authority, the... the spending that
13 had been done prior to term limit changes, and then
14 said, "Well, in order to compensate for that, we're
15 going to put phantom numbers in people's filings
16 representing a percentage of what we think you ought
17 to have spent on, if you raised money, then that's
18 how much you spent." So you know, the spending limit
19 has kind of been fungible, I think the CFB could try
20 to... try to help us out and figure out whether or
21 not the spending limit is the... is at the right
22 place. And if it is, that's okay. But it may not
23 be.

24 I want to talk a little bit about if you have
25 time, Madam Chair, and this goes to Councilmember

2 Brewer's questions. Regarding Venmo: I do not use
3 Venmo. I still write checks, use credit cards, and
4 such. But Venmo is not my thing. I don't use Venmo.
5 I don't know I'm not so fancy. I don't go to that
6 many Manhattan fundraisers with my Apple. I don't
7 have Apple Pay either.

8 But a number of years ago, the... this council,
9 two sessions ago, changed the statute with regard to
10 backup documentation. This was as a result of many
11 back and forths that had occurred between the council
12 and the Campaign Finance Board. And obviously, as a
13 result of what many people felt were abnormally high
14 rejections of matchable funds... matchable
15 contributions.

16 So for example, you know, just to state what the
17 biggest issue is, typically, somebody makes a
18 contribution by credit card, and the CFB system
19 requires three checks, right? Check the first four
20 digits... the first digits of your address, the zip
21 code, and then the CVC code, the code that's on the
22 back of the card. The council changed the statute
23 and specified what it is that would be required for a
24 credit card contribution to be matchable.

2 The CFP never complied with that statute and has
3 continued to insert requirements above and beyond the
4 very specific limited requirements that they that the
5 statute sets forth that was done by this council in
6 2016. The reason I'm bringing that up is because
7 Councilwoman Brewer, reminded me by talking about
8 Venmo. Venmo is a system which would not give you
9 addresses and things like that. It's simply a
10 transfer by bank account and you don't really have
11 more information. But it's not any more information
12 than the CFB gets when it sees a physical check.
13 When the CFB gets a check, all you see is what's on
14 the check. In other words, if it's a name, that's
15 all you see on the name, you get a signature. That's
16 all you see. If there's an address printed, you get
17 that too. But you don't get employment information,
18 which NYC Votes contributes asks for. You don't get
19 a verification of proof... an electronic transmittal,
20 that the address is as is, as has been stated. In
21 other words, it's a trust system. It's left to the
22 candidates to fill in the blanks. So if... if a
23 candidate receives contribution by cheque, we then
24 have to go solicit the employment information and get
25 it in... and get it entered. The idea that Venmo

2 doesn't the work or Apple doesn't work because we
3 can't collect the employment information, I would say
4 that that's probably not the best way to look at it,
5 because then checks wouldn't work either.

6 But I do want to go back to credit cards for a
7 minute, because I think today is a little bit
8 different than six years ago. We are very much in a
9 transient society where people move around a lot.
10 And people are using the same credit cards that were
11 billed to when they were in their college dorm, and
12 may still be billed to their parents address. People
13 don't get printed bills, for the most part at this
14 point. Everything is done online. And I think
15 asking the questions and requiring that there be a
16 match... an electronic match for address and zip
17 code, I think has outlived the time that it was maybe
18 made more sense, or more necessary. And I would
19 encourage the CFB to go back to the statute and look
20 at what it is that we intended. Because, as some of
21 your staff who are in this room know, I know what it
22 is that this council intended when it was done five
23 years ago. And it was not that the CFB would
24 continue trying to match the addresses on checks.

2 That goes to the threshold question of threshold.
3 The reason that it is so hard for candidates, I
4 believe, like Councilmember Hanif and others, to make
5 threshold is because it is so hard with the seat...
6 with the credit card contributions to get the
7 matchability. And so for myself, for example, I
8 don't like to solicit or accept cash contributions.
9 I think in my last cycle, my campaign maybe took one
10 or two in this cycle, we've taken one. I just don't
11 like to deal with cash. It's much harder to you
12 know, as a public official, you don't want to touch
13 cash. And you don't want your campaign to either.

14 But I think credit cards is really the way the
15 future. What I would also say and there was a
16 comment, I think, from your side about that you don't
17 need NGP. I do want to point out that contributes
18 and Seesmart are both not fundraising tools. They're
19 data... They're data transmittal tools. They're data
20 recordkeeping tools. They are... certainly it's...
21 it's a... it's a contribution tool, but it's not a
22 fundraising tool. It's not particularly... You can't
23 solicit with it really. You can't, you know, do
24 events with it. It's not what NGP does. You know, I
25 think it's gotten a little better over time. Your

2 staff -- by the way, Councilman Brewer's comments
3 about your staff repeated comments are 100% true,
4 they are wonderful -- they worked very, very hard to
5 make sure that candidates both the... the
6 inexperienced, like counsel Brewer and myself, and
7 the very experienced, are able to parlay the system
8 and move through it. But notwithstanding, I think
9 there are things that you can do better, like some
10 examples I gave before, to help candidates who are
11 trying to honestly meet that threshold.

12 So I would just urge you to go back to the
13 statute. When it was done, there was a reason for
14 it. It was very specific in language and it was
15 done... I mean, I can tell you sitting here that it
16 was done to get rid of the address check and the zip
17 code check, specific for that reason.

18 That's it for me.

19 CHAIRPERSON UNG: Thank you, Councilmember Yeger,
20 and I also have to concur on your comments about the
21 address check. That's different... that disparity
22 between an address check for what is a credit card,
23 or what is frankly a check or cash donation and as
24 Councilmember Yeger says, that despite verification,
25 frankly, the person writing that check versus the

2 verification of a credit card. I also want to concur
3 with Councilmember Yeger that in terms of right now,
4 I have come across a situation too, that many people
5 are transient. Their home can be the one where they
6 go to college, the one where their parents homes are
7 and they are moving around. So um, these... I really
8 do look forward to actually having a more in-depth
9 conversation with the CFB about all the issues that
10 we have talked about today, and I do understand there
11 needs to be more time. Probably for, as you said,
12 another election cycle to see how the numbers and,
13 you know, the data you receive from that next
14 election cycle to see how that pans out.

15 I believe Councilmember Schulman actually has
16 another question.

17 COUNCILMEMBER SCHULMAN: I came back. So I agree
18 with my colleagues. And I also just want to thank
19 Councilmember Ung for... Chair Ung for holding this
20 really important hearing. I want to thank you for
21 being here.

22 So a couple things. One is the threshold. You
23 know, I'm a big believer in where you stand depends
24 on where you sit. So each district is different. I
25 will tell you that in my district, even with my

2 predecessor, who was in office for 12 years, that
3 when... sometimes when you go to people, and you say,
4 "Oh, can you contribute," they say, "Well, I haven't
5 even decided if I'm going to support you." So
6 it's... it's a little bit difficult. I think the
7 threshold is fine the way... I'm just saying, I just
8 want to make a comment about increasing it. You got
9 to be aware that people, especially now with the cost
10 of everything, and you know they say, "Well, I don't
11 know anything about you, and I have to..." It's a...
12 It's a lift. It's a lift.

13 And I've been very active in my community as was
14 my predecessor was. I mean, even as an incumbent, it
15 took her quite a long time to get to that threshold,
16 and to the comments of my colleagues, if you get a
17 credit card from somebody who lives who lives in your
18 building, or lives across the street, or is your
19 neighbor, but they have a credit card from another
20 address the process to correct that is
21 extraordinarily difficult. And then you got to track
22 people down. And then they got to sign something.
23 And then it's you know... and it's... it's difficult.
24 So... So I did want to mention that.

2 The other thing I want to ask, and I don't... I
3 could go through the... go to the CFB site, but in
4 terms of exempt expenditures. Is stripe... is the
5 stripe fees exempt currently? Do you know?

6 EXECUTIVE DIRECTOR ROTMAN: I don't know. Do you
7 know?

8 DIRECTOR SWATEK: I do not.

9 EXECUTIVE DIRECTOR ROTMAN: I'm happy to check.

10 COUNCILMEMBER SCHULMAN: Alright, so...

11 DIRECTOR SWATEK: I do not believe so.

12 COUNCILMEMBER SCHULMAN: Okay. I think that if
13 we're doing credit cards and going through this
14 process and everything else, the stripe fees should
15 be exempt. Because what you're doing is creating a
16 situation where you... you have to you have to
17 leap... go above leaps and bounds, to get somebody to
18 do a check, get them to fill it out and everything
19 else so that you don't have to do the stripe fee. I
20 think that that's a fee that's imposed because we are
21 using the credit card system so the information can
22 be captured. And I would like for you really to take
23 a look at that.

24 DIRECTOR SWATEK: Okay, sure.

25 COUNCILMEMBER SCHULMAN: Thank you very much.

2 CHAIRPERSON UNG: Thank you again for your
3 testimony today. I see you all... all have, you
4 know, many thoughts and concerns about CFB. But I
5 really do appreciate the testimony today. I'm sure
6 we'll be in touch in the future to discuss ways we
7 can talk, you know, improve and go forward with the
8 program. Thank you again.

9 EXECUTIVE DIRECTOR ROTMAN: Thank you.

10 COUNSEL: Thank you, Chair. We will now turn to
11 public testimony. We'll be limiting public testimony
12 today to three minutes per panelist. For in person
13 panelists, please come up to the table once your name
14 has been called. For virtual panelists, once your
15 name is called a member of our staff will unmute you
16 and the sergeant at arms will set the timer and give
17 you the go ahead to begin. Please wait for the
18 sergeant to announce that you may begin before
19 delivering your testimony.

20 Our first panelist today will be Ben Weinberg.
21 After that we'll be moving to Zoom panelists and
22 we'll be hearing from Maria Pino, but first Ben
23 Weinberg.

24 MR. WEINBERG: Good morning Councilmember...
25 Sorry. Good morning Councilmembers and Chair Ung.

2 My name is Ben Weinberg. I'm the Director of Public
3 Policy at Citizens Union. Citizens Union is a good
4 government group working to advance voter
5 participation, reducing the impact of big money, and
6 open the city's political system for 125 years.

7 The speakers before me and the ones that probably
8 will come after me who have spoken will speak about
9 the positive impact of the Campaign Finance Board,
10 the Campaign Finance Program, the impact on the
11 competitiveness of election, the diverse pool of
12 candidates and more. Our written testimony addresses
13 these issues.

14 But for the sake of time, I won't repeat what has
15 already been said or echo what my colleagues will
16 say, and the officials from the Campaign Finance
17 Board have mentioned before.

18 Our unique system of campaign finance has been a
19 national model as has been said and that is much
20 thanks to the ongoing reforms and continuing
21 improvements implemented by the City Council.

22 So I would like to use my time to address some of
23 the improvements that we believe Councilmembers
24 should consider as they prepare for next year's

2 elections, especially concerning two issues brought
3 to light during the 2021 cycle.

4 One is independent expenditures, and the other is
5 pay-to-play practices.

6 So first on independent expenditures, we heard
7 that E-spending increased significantly in the last
8 decade, more than doubled from 2013. What we've seen
9 really is that in the 2121 primary, every leading
10 mayoral candidate had their own IE established to
11 basically to support only them, their own "personal
12 IEs". The vast use of these candidate-specific IEs,
13 and some of them were heavily funded by immediate
14 family members, by former staff allows candidates who
15 are still participating in the program to basically
16 circumvent spending limits and puts into question the
17 whole question of coordination between campaigns and
18 IEs.

19 One way to prevent that is to... to better define
20 the coordination in the city charter or by... by
21 regulations with specific reference to family members
22 and former staff... campaign staff as part of
23 coordination.

24 Another way to protect from IE spending is the
25 legislation that is before the Council today... the

2 Committee today. We support the bill and we
3 submitted a memo of support. We do propose a small
4 drafting change that is mentioned in the memo.

5 Another way to protect from high IE spending,
6 especially in council districts is to provide a
7 certain relief for hire for candidates who face high
8 spending IEs that are running negative campaigns
9 against them. This was a major issue in some council
10 races last year. We saw hundreds of thousands of
11 dollars spent on not a lot of council districts but
12 very targeted ads for a very targeted amount of
13 council races. This is relief that is a relief that
14 is already being provided for Councilmembers who face
15 opponents who are not participating in the matching
16 funds program, and could also be done smartly and
17 effectively for candidates who face high spending and
18 negative IE campaigns.

19 Chair, may I continue forward for just a short
20 time? Thank you.

21 The other major issue that we've seen in the 2021
22 election and might require the council's attention is
23 pay-to-play issues. I'll just mention two specific
24 loopholes that we think still exist in the city's
25 laws related to pay-to-play issues.

2 One is the question of lobbyists being able to
3 bundle donations. As we know, lobbyists and people
4 doing business with the city database are
5 substantially limited in how much money they can
6 donate, and their donations are not matched. But a
7 loophole allows them to bypass those limits by
8 bundling donations from other people. And what we've
9 seen last year: We found at least 15 individuals on
10 the doing-business database that have acted as a
11 lobbyist. Just to give you one example, a president
12 of a company that has contracts with the city, whose
13 donation limit is set as \$400 was able to bundle
14 \$47,500 for one mayoral candidate (that's over 100
15 times more) and bundlers raised one and a half
16 million dollars last year. So the fix here is rather
17 easy, and that is to ban bundling by lobbyists and
18 people who do business with the city.

19 Sorry. One other issue is the practice of buying
20 campaign consulting services from firms that also
21 lobby. That came about last year. It received
22 renewed... renewed public attention in last year's
23 election after several leading mayoral candidates
24 basically entrusted their campaigns to powerful
25 lobbying firms. We've seen that in media reports in

2 other areas. And we have some glaring examples in my
3 testimony. We believe that the city should prohibit
4 the use of public funds to purchase campaign services
5 from firms that also lobby the city. There may be
6 limits to what the law can do to regulate in terms of
7 hiring these firms. But we don't think taxpayers
8 dollars should be used to pay for companies that...
9 sorry for a campaign consultant that might have
10 business before the city, and can use the access they
11 received during the campaign to get access to the
12 council... to the elected officials office.

13 The last recommendation is about affiliated
14 nonprofits. I won't go into that here but that is in
15 my testimony. Thank you very much.

16 CHAIRPERSON UNG: Thank you for your testimony.

17 COUNSEL: We will now turn to zoom panelists.

18 Our first zoom panelists will be Marina Pino. Marina
19 Pino, you may begin upon the sergeant's announcement.

20 SERGEANT AT ARMS: Time has begun.

21 MS. PINO: Thank you. Good morning

22 Councilmembers and Chair Ung. My name is Marina Pino

23 and I'm Counsel in the Elections and Government

24 Program at the Brennan Center for Justice. We are a

25 nonpartisan Public Policy Institute that works to

2 make democracy more accessible and Representative
3 nationwide. Thank you for this opportunity to
4 testify remotely today.

5 For more than 30 years, New York City's public
6 financing program has served as a necessary
7 counterweight to the power of wealth to influence our
8 government. The 2021 election showed once again that
9 this program is a viable tool for running campaigns
10 powered by everyday New Yorkers, and serves as a
11 nationwide model for reform. As the CFB noted
12 earlier in this hearing, the program saw record-
13 breaking participation last year with almost 94% of
14 primary candidates and 81% of general candidates
15 participating in the program. The program also
16 helped the city elect the most demographically
17 representative Council in history, with women
18 representing 61% and people of color representing 67%
19 of the council.

20 New York City system also foster stronger ties
21 between candidates and their communities. This
22 important benefit is especially important at a time
23 when mega donors across the country are using their
24 private wealth more than ever before to shape our
25 politics. To this end, the city saw the highest rate

2 of small-dollar individual contributions over the
3 last three cycles. The Brennan Center's research has
4 shown that public financing deepens ties between
5 candidates and the communities that they serve.

6 Additionally, the program has served as a
7 powerful model for reform and as has been mentioned
8 throughout this hearing, including the recent launch
9 of New York State's groundbreaking statewide public
10 financing program. The city's program paved the way
11 for New York to have the strongest statewide program
12 in the nation, one with the promise to empower more
13 New Yorkers and meaningfully bring their voices into
14 our politics.

15 And as for the present an introduction, the
16 Brennan Center applauds the City Council for
17 considering legislation to increase transparency and
18 municipal ballot campaign spending. Our research at
19 Brennan Center has documented how secret spending in
20 elections is arguably at its most damaging at the
21 state and local levels. The Brennan Center therefore
22 supports common sense legislation to require
23 individuals and entities spending significant amounts
24 to influence ballot measures to disclose their
25 funding sources.

2 The proposed amendments can provide city
3 residents with more complete information when voting
4 on policy questions that affect their daily lives.
5 And the bill sensibly brings to light dark money
6 spending that can have a distorting effect in ballot
7 contests, while still capturing only the largest
8 spenders seeking to sway voters. To strengthen this
9 bill further, we suggest minor improvements to
10 clarify the scope of the bill's application, as
11 described in my written testimony. The Brennan
12 Center stands ready to assist the City Council on
13 this important issue and to continue the fight and
14 for democracy. Thank you.

15 CHAIRPERSON UNG: Thank you for your testimony.

16 COUNSEL: Thank you Chair. We had one more
17 registered witness, that was Adam Christopher
18 Schroeder. I don't see Adam on the Zoom. If you're
19 here, please use the zoom raise hand function.

20 And seeing no hands raised, I'll turn it over to
21 Chair to close it out.

22 CHAIRPERSON UNG: Thank you for everyone's
23 testimony today. I do look forward to working with
24 everyone regarding this very important issue. Thank
25 you.

1 COMMITTEE ON GOVERNMENTAL OPERATIONS

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C E R T I F I C A T E

World Wide Dictation certifies that the foregoing transcript is a true and accurate record of the proceedings. We further certify that there is no relation to any of the parties to this action by blood or marriage, and that there is interest in the outcome of this matter.



Date 12/19/2022