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CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

Of the

COMMITTEE ON GOVERNMENTAL OPERATIONS

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B E F O R E:  
BEN KALLOS  
Chairperson

COUNCIL MEMBERS:  
David G. Greenfield  
Mark Levine  
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## A P P E A R A N C E S (CONTINUED)

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[gavel]

[background comment]

CHAIRPERSON KALLOS: Good morning and welcome to this hearing of the Committee on Governmental Operations; I am Ben Kallos; you can tweet me @BenKallos. I want to start by acknowledging Council Member Steve Matteo, who has joined us and in fact was incredibly on time, so he gets the double gold star award and just thank you for joining us and being a valued member of this committee.

Today's hearing concerns the Campaign Finance Board's 2013 post election report, which was released earlier this month. The report details the performance of the City's campaign finance system in the 2013 cycle. I wanna just take a moment to thank Amy Loprest and Matt Sollars for their hard work on this voluminous report that details every single race in granular detail so that anyone who may not have been following a particular district's race can become an expert on that race.

Since the Matching Funds Program was created in 1988, the Council has made continual improvements to strengthen the program, from

increasing the matching rate to sharply limiting donations by lobbyists; the Council has worked hard to continually update the Program to account for new information and regulatory challenges. Just last month the Council passed two bills originating in this committee, which significantly improved disclosure of political spending by outside groups and improved transparency in our elections. Our system of providing public matching funds for small donations is a national model that we can all be proud of. The Campaign Finance Board's post election report, which comes out each year after a local election, is a key part of our efforts to keep the system strong. I look forward to hearing from the Board and other stakeholders about the system's performance in 2013 and to working with the Board and my colleagues to ensure the system remains a national leader. The other key piece of it is that the Board has a mandate to be iterative and to go back and look at ways for improvement, which is why this report has happened and I just want to acknowledge that that is far ahead of its time, more akin to the software development community, where we're always going back and looking at our code and trying to fix it and in

this case we're doing it in a legislative context, so I just wanna thank you for your leadership.

I'd like to please call Amy Loprest for her testimony. As part of a Council-wide initiative, when we are receiving testimony from government agencies we will be requesting that those agencies come before us under oath, so if I may administer it; do you affirm to tell the truth, the whole truth and nothing but the truth in your testimony before this committee and to respond honestly to council member questions?

AMY LOPREST: I do.

CHAIRPERSON KALLOS: Thank you; you may proceed.

AMY LOPREST: Good morning Chair Kallos and Council Member Matteo and other Committee members as they join us. I'm Amy Loprest, Executive Director of the New York City Campaign Finance Board. With me today is one of our Board Members, Art Chang. Art, as you know, also serves as the Chair of the CFB's Voter Assistance Advisory Committee. I am also joined by Sue Ellen Dodell, the CFB's General Counsel and Eric Friedman, our Assistant Executive Director for Public Affairs.

Thank you for inviting us to testify before you today about the CFB's report by the people, the New York City Campaign Finance Program in the 2013 elections. I will note, which is not in my written testimony, that it is actually shorter than the previous year, so while voluminous, [laughter] it's shorter [laughter].

Our report provides comprehensive analysis of the Program's impact on the elections. The report also includes the Board's recommendation for legislative actions to strengthen the program, which I will review later in my testimony.

But first, our report contains very good news for New Yorkers; the 2013 election campaigns were primarily funded by small contributions from New York City residents, people living in every neighborhood, in every borough of the City participated in last year's election by making small contributions of \$10, \$25 or \$100. The public matching funds make those small contributions more meaningful. New Yorkers give because they have confidence that their voices will be heard by the candidates and won't be drowned out by large contributions from special interests.

There were more contributors in the 2013 election than in any city election ever. They came from Melrose and Mott Haven, Tribeca and Dyker Heights, Westerly and the Upper East Side. Crucially, the public matching funds allowed candidates to run their campaigns without having to rely on large, possibly corrupting contributions from special interests.

Let me give you some highlights. The Program provided more than \$38 million to 149 candidates. Candidates for mayor received \$14 million in public funds, more than in any previous mayoral election in Program history.

The incentives provided by the matching funds are working; candidates for office in New York City focus on raising money from people living in New York City. More than 90 percent of the total funds raised came from people, not PACs [sic] or unions; of the total contributed by individuals, more than two-thirds came from residents of New York City and more than two-thirds of all New York City contributors gave \$175 or less. More than 44,000 New York City residents made a contribution to a City candidate for the first time. Those first-time contributors are

especially likely to be small dollar contributors; 76 percent of them gave \$175 or less.

Candidates focused on raising contributions from the people they hoped to represent in office. Candidates of eight council districts raised 55 percent or more of their total individual contributions from residents of their own districts. Candidates of another 11 council districts raised between 45 and 55 percent of their individual contributions in district. In all council districts with participating candidates, not less than 20 percent of contributions were raised in district.

Based on candidate participation rates, the Program is as strong as it's ever been. Most candidates choose to participate in the Program, showing that they feel the matching funds provide an effective way to fund a competitive campaign. More than 90 percent of the candidates on the primary ballot participated in the Program, two participating candidates for citywide offices defeated high-spending, self-funded candidates in their primaries; for the first time since 1997 the general election for mayor featured program participants from both major parties.



The 2013 elections were also the most competitive since 2001, when the term limits law first took effect. In the Democratic Primary for City Council, 75 percent of districts had contested primaries. By contrast, voters in just 30 percent of state assembly and senate districts in New York City could vote in the Democratic Primary earlier this month.

Our NYC Voter Engagement and Education Program helped ensure that voters knew about the elections and were informed before going to the polls on election day. The CFP sponsored 12 televised debates for citywide candidates, the most in program history; nearly 900,000 New Yorkers watched those debates. More than 90 percent of the candidates on the primary ballot participated in the multi-platform Voter Guide. Our NYC Votes campaign collected more than 15,000 voter registration forms in 2013. We distributed nearly 2 million "I Voted" stickers to voters across the five boroughs. Our social media campaign reached hundreds of thousands of New Yorkers in the days leading up to the elections. On November 5th alone, more than 800,000 people saw an NYC Votes message on Facebook.

This is all good news for New Yorkers and for anyone who cares about campaign finance reform. However, the striking increase in independent expenditures was a troubling development; outside groups spent \$15.9 million in 2013, including more than \$6 million on City Council primary elections alone. Fortunately, New York City had prepared for this influx of spending, strong disclosure rules adopted before the election helped ensure that New Yorkers could see where those groups raised their funds and how they spent their money. Notably, the dark money spending often seen in federal and state elections did not occur here.

Public funds help candidates to get their own message out in the face of outside spending. Our analysis shows that large independent expenditures do not always translate into electoral success. The four Council candidates with the highest level of independent spending on their behalf all lost. In each of those elections the outside spending supporting those candidates was more than double what the candidates spent themselves.

Independent expenditures create a special dilemma for any public finance program. In New York

City, most candidates participate in the Program and agree to abide by its spending limit. Outside spenders face no spending limits and voters cannot hold them accountable for their campaigns.

The Board is concerned about the growth of outside spending in our elections and we are eager to continue discussing ways to strengthen the program for further elections. To that end, the Board was very pleased that last month the City Council passed and Mayor de Blasio signed Local Law 41 of 2014. This law will provide voters with crucial information about who is paying for an ad at the moment they see it. The law will also require independent spenders to provide more detail about their top contributors, making it more difficult to shield the ultimate source of their funding from public view.

Turning now to the administration of the Program in 2013, the CFB took some specific steps to make participating in the Program simpler for candidates. We have worked hard to make the audits for the 2013 elections more efficient. One important step we initiated before the election; the CFB staff conducted early audit reviews of all active campaigns to provide constructive feedback on expenditure

reporting and give candidates an opportunity to take corrective action. One of the goals of this project was to reduce the number and scope of potential findings in the post election audits. The CFB contacted 115 campaigns to review activity reported prior to January 1st, 2013 and 110 campaigns supplied requested documents. The feedback from these reviews allowed campaigns to correct discrepancies in the reporting. Specifically, 77 percent of active campaigns filed amended disclosure statements after the review was completed. Looking forward into the 2017 election cycle, the CFB plans to continue performing early reconciliations of financial activity to assist campaigns with correcting discrepancies and to provide improved public disclosure.

CFB staff is also making good progress on completing the post election audits for 2013. We have revamped our approach to get the audits completed more efficiently and the staff is on target to complete the Draft Audit Reports more than a full year earlier than we did after the 2009 elections.

The CFB released a major upgrade to its financial reporting software known as C-SMART as a

web-based application. New program included a number of features to streamline the disclosure process. By January 2013 all campaigns were using the web-based program. With these improvements and hard work by campaigns and the CFB's Candidate Services Unit, the number of disclosure statements filed late decreased by 24 percent in 2013, compared to the 2009 election cycle. Looking forward to 2017, the CFB is working to implement further improvements to C-SMART, including online submission of backup documentation.

The CFB also took strikes to make it easier for city campaigns to tap into the growth in online fundraising. In 2013 56 percent of participating City Council candidates collected credit card contributions. The CFB developed an NYC Votes mobile application as a platform to help candidates connect with supporters and collect contributions online. The NYC application was built to provide documentation that allows contributions to be validated for matching more easily. The app was introduced in July 2013, just three months before the general election, yet 33 campaigns opened accounts to the app and six used it to raise contributions. The CFB will build on this promising deployment to

streamline candidates' ability to collect online contributions well advance of the 2017 elections.

There are further improvements to the Program the Board hopes to make for the 2017 elections. We call on the Council to make the following changes to strengthen the app and to make participating in the Program easier and simpler for candidates.

First, make determinations about public funds payments earlier in the election cycle. Current law requires candidates to be on the ballot to qualify for public funds and prohibits payments to candidates until the petitioning process ends and ballots have been certified by the Board of Elections. As a result, candidates may not receive the first public funds payments any earlier than five weeks before the primary election, making planning difficult for some campaigns and especially challenging for candidates who fail to qualify for public funds by the first payment date. An earlier payment date will provide campaigns with an incentive to meet the thresholds to qualify for public funds payment earlier and provide more time to address any compliance issues that may be preventing payments.

An early payment date would give candidates certainty about public funds as a resource and help candidates plan their expenditures for the busy campaign season. For campaigns the Board determines are not eligible for payment, the early payment date will provide additional opportunity to address the underlying issues or to contest the Board's determination well before the election.

Therefore, the Board recommends setting an early payment date in June, no earlier than four business days after the June 10th deadline to join the Program. Early payments would be made to candidates who have met the threshold and otherwise qualify for public funds as of the May 15th filing.

Early payments should be limited to protect against the possibility of large payments to candidates who subsequently fail to make ballot. They would be limited to \$250,000 for mayoral candidates, \$125,000 for public advocate and comptroller candidates, \$50,000 for borough president candidates and \$10,000 for council candidates.

Second, end the Statement of Need requirement for candidates who face publicly financed opponents. The law requires every candidate seeking

a public funds payment up to the statutory maximum to demonstrate that he or she faces a viable opponent. This provision conserves taxpayer funds from going to non-competitive races by capping payments at 25 percent of the maximum for that office. Qualifying for public funds payment is a sufficient indicator of a campaign's viability. Candidates whose payments have been capped at 25 percent will be considered for additional public funds as soon as their opponents also begin receiving public funds. The Board recommends that the additional Statement of Need criteria be simplified.

There are other changes recommended by the Board to make participating in the Program simpler for candidates; these include eliminating the requirement for candidates to submit their CIB receipts and clarifying the restrictions on mass mailings occurring close to an election by public officials. The Board also recommends a number of steps to further reduce the impact of large contributions from special interests and others seeking to influence government decisions. The Board renews its long-standing call for a ban on all organizational contributions, including PACs and



unions. In addition, the Board recommends the Council adopt legislation to reduce the impact of bundling by people doing business with the City by making those contributions non-matchable. The Board also recommends adding a disclosure requirement for entities that own an entity doing business with the City to ensure that low doing business limits are covering the individuals the law intends to be covered.

In all, the Board has made 14 recommendations in the report; I have not listed them all here. We believe that each of these recommendations will strengthen New York City's landmark Public Campaign Financing Program and make participating a smoother experience for candidates. The Program had an enormous and positive impact in 2013, helping to ensure that elections were decided by voters, not by big money contributions from institutions or special interests. In a period where politics at the state and federal level are increasingly dominated by big money contributors, New Yorkers can feel fortunate our elections are funded and decided by the people.

Thank you for this hearing and for providing this opportunity to talk about the work of the Board and the program we administer. I look forward to your questions.

CHAIRPERSON KALLOS: Thank you. I'd like to acknowledge that we've been joined by Council Member Mark Levine; thank you for joining us.

In your report you mentioned that one candidate in particular who actually did win had the most contributions and the most low-dollar contributions and it's my understand that I came in second to this person, but it has [laughter] set forth a whole rivalry within the incumbent council members. First question is; in future reports would you consider including a top 10 or a ranked list by candidates of who got the most contributions and the most contributions under 175?

AMY LOPREST: Yes, we are actually gonna... I heard about this competition and [laughter] so we are going to soon publish the list from 2013 in our blog.

CHAIRPERSON KALLOS: Looking forward to it and hoping that my analysis was correct.

1                   In your testimony you discussed the  
2  
3   citywide debates; in my own primary and general,  
4   Manhattan Neighborhood Network, in conjunction with  
5   League of Women of Voters and I believe one other  
6   organization, conducted a debate for our local race;  
7   is there any interest or are there any plans to  
8   partner with the local neighborhood networks in all  
9   five boroughs or major television stations to conduct  
10   local debates in low-information, local primaries and  
11   generals?

12                AMY LOPREST: This issue comes up after  
13   every election and we did work with our... through our  
14   NYC Votes campaign to provide some guidance on how to  
15   conduct debates for organizations that wanted to  
16   conduct debates and we will continue that program to  
17   work, 'cause I agree with you, that it's almost more  
18   important to have debates in these City Council  
19   races, but Voter Guide and our video of our Guide do  
20   provide information to voters about those races.

21                CHAIRPERSON KALLOS: In your testimony  
22   you said you've made changes to make audits more  
23   efficient. Can you give some detail about these  
24   changes?

AMY LOPREST: Well, we spent a good part, after the election, of time -- a good part of time since the 2013 election -- looking at our processes and procedures, doing a review of how we produce the audits; also the documents themselves, to make them easier to read, easier to understand for candidates so that all of our materials are easier to read and so we spent about four months, five months looking at that before we started producing the audits, in addition to the early reviews that I detailed in my testimony.

CHAIRPERSON KALLOS: You also detailed a new rollout of C-SMART in the 2013 cycle; do you have... can you discuss those improvements a little bit in more detail as well as further improvements you have planned for the next cycle?

AMY LOPREST: Well the big in C-SMART for the 2013 election cycle was making it a web-based application, which created several improvements -- 1. multiple people could enter data online, you could enter your data wherever you were instead of at your desktop; you know the one computer that you have the desktop version of C-SMART, which is a vast improvement from most campaigns.

For the 2017 election we're looking at a number of improvements -- we conducted focus groups, listened to what candidates had to say about what improvements they'd like to see in C-SMART and one of the big improvements that we will be rolling out in the coming months is the online submission of backup documentation with your C-SMART disclosure.

CHAIRPERSON KALLOS: And just for full disclosure, I was submitting my backup documentation online, so was that a pilot which is now being rolled out in full or how will it be different than what 2013 candidates who submitted online had experienced?

AMY LOPREST: The documentation? I'm sorry. Oh okay. Yes, people could submit all of their documentations; what this will be is it'll match your actual transaction by transaction disclosure with the documentation, so it'll be a much more efficient process for candidates and for the CFB. Also, an improvement in 2013, which we are working on to improve in 2017, is our NYC Votes app, which streamlined the process for accepting and providing the documentation for credit card contributions online and that was a pilot program

rolled out towards the end of the election cycle in 2013 that we will be improving for the 2017 election.

CHAIRPERSON KALLOS: I believe something on every candidate's wish list is if a contribution is received through NYC Votes, will that no longer require additional data entry and bureaucratic resources on the behalf of campaigns?

AMY LOPREST: Those are some of the improvements that we're working on to try and merge that, the data entry and to streamline that process.

CHAIRPERSON KALLOS: God bless you. The C... [interpose]

AMY LOPREST: But I think our systems people say that I can't promise that there'll be no... nothing at all, but I mean, we are really trying to improve that because we realize that that is... that double entry is a problem.

CHAIRPERSON KALLOS: The CFB and VAAC have been creating innovative ways to engage votes, yet turnout continues to be disappointingly low in New York City; is there any legislative solution to this; are you thinking about further steps to take administratively?

AMY LOPREST: You know I... this is a continuous via national disappointment, you know I recall an epidemic of non-voting. We have tried a lot of different kinds of processes, from traditional grassroots to online, you know, reaching out in a more tech-savvy way to voters; I don't know if we... we don't make any legislative recommendations about increasing voter turnout, but we are continually looking for ways to improve voter turnout. Art, do you wanna...

ART CHANG: And I would just like to mention that with Mike Ryan now as the Commissioner of the Board of Elections, we've seen a lot of new energy from the Board, especially around the area of technology. You know, we don't know if we can actually affect voter turnout, but we do know that we can actually implement things that lower the barriers for voters to actually go and vote, to make it more efficient, more streamlined and get the results faster and better.

CHAIRPERSON KALLOS: Thank you.

AMY LOPREST: And I mean also, there are a number of recommendations for state action that we've made in our Voter Assistance Reports and we

repeat in our report about improving having early voting, easier online registration, you know those kind of technological improvements to allow people to vote more easily.

CHAIRPERSON KALLOS: Art, if you could identify yourself for the record.

ART CHANG: Sure. I'm Art Chang; I am here as a Board Member of the Campaign Finance Board; I am Chair of the Board's Voter Assistance Advisory Committee; in my private sector life I am a technologist.

CHAIRPERSON KALLOS: Thank you. With regard to some of the ideas for legislative improvements, such as early voting, has the Campaign Finance Board staff attorneys come up with any ways that the City is not preempted or curtailed or otherwise barred by the New York State Constitution or Federal Constitution from making any of those changes on a local level to help 8.5 million people in New York City vote better?

AMY LOPREST: We haven't specifically looked into that, but that is a good idea and we will look into that.



CHAIRPERSON KALLOS: We would love your support on it and I would like to acknowledge that the Board has voted in favor of a resolution for a citywide voter registration day for seniors.

In the elections we saw an astonishing \$15.9 million spent by outside groups to influence the outcome of elections; do you think matching funds did enough to end those races with significant outside expenditures to allow candidates to fairly respond?

AMY LOPREST: I think that... our experience with the 2013 election is that the public matching funds did provide the candidates with enough money to get their own message out; as I stated in my testimony, some of the highest independent spending campaigns were not successful, which is demonstrative of the fact that candidates were able to get their own message out.

CHAIRPERSON KALLOS: Thank you. How do you think the independent expenditure rules performed in 2013; is the national phenomenon of single-candidate PACs that are run by ex-staffers of the candidate and the candidate's fundraisers for a concern in New York City?

AMY LOPREST: Well I think the disclosure rules that we passed before the election provided voters with the information they needed to know about who is spending the money and where they were spending the money; Local Law 41 certainly improved that disclosure to prevent even further any dark money or any question about where the funds that are being spent on these independent spending campaigns are coming from, which is vastly improvement over the federal system. As far as the single-candidate PACs, we didn't see that in 2013; the CFB's rules on coordination are clear and are enforced consistently; we have factors that include whether or not you... to determine whether or not there's coordination between a PAC and a campaign, a candidate campaign, that include having common vendors; having similar control, so some of those factors would be able to help prevent, if this happened in New York City, perhaps determining whether or not they were coordination.

CHAIRPERSON KALLOS: Thank you. I'd like to pass it on to Council Member Mark Levine for his questions.

COUNCIL MEMBER LEVINE: Thank you Chairman Kallos and thanks to the CFB team for being here today. You know you've been on my mind a lot this week and you're gonna be surprised to hear why, because with all of us who participated in the climate march, time and again I heard that we're not gonna be able to address the climate crisis until we change the fact that oil companies have an outside influence on American politics through their unfettered campaign contributions. And boy, isn't it great that here in New York City we have a robust, progressive and overwhelmingly effective way to eliminate that kind of outside influence; would that we had it on the federal level and for that matter even the state level.

And I also just wanna compliment you because we spent a lot of time here with the Board of Elections and the contrast between your two agencies is so dramatic and you're an example of what a professionalized agency can accomplish and so my hat off to you for that. [interpose]

AMY LOPREST: Thank you.

COUNCIL MEMBER LEVINE: My first question to you is about -- sort of a companion topic to the

1 issue of independent expenditures, it hasn't been  
2 talked about nearly as much in recent months, which  
3 is self-funded candidates. I don't know if we saw  
4 any in the 2013 election cycle; in my race we had... I  
5 had an opponent who would threaten to self-fund and  
6 at the very last minute didn't, so I've thought a lot  
7 about this and over the years you have put forward  
8 various methods to try and counteract the influence  
9 of a self-funded candidate; at one point there was  
10 gonna be a greater match; I think it was gonna be  
11 8:1, at another point there was gonna be a higher  
12 spending limit for candidates who face self-funded  
13 opponents and I believe the courts have made our  
14 lives difficult on this front and I wonder if could  
15 update us on the current state of how we counteract  
16 the influence of a self-funded candidate.

18 AMY LOPREST: Well there were some self-  
19 funded candidates in the 2013 election; as I  
20 mentioned in my testimony, two citywide candidates  
21 won primaries against -- who are publicly funded --  
22 won primaries against highly self-funded candidates.  
23 You're right that the court decisions by the supreme  
24 court have limited what we are able to do, but while  
25 they struck down the higher matching rate and the

higher matching funds, we still have the provision in our law that the spending limit gets increased if you were paced by a high-spending nonparticipant.

COUNCIL MEMBER LEVINE: Could you remind us what triggers [background comments] the increase of the spending limit; is it only the point at which a self-funded candidate declines to opt in to campaign finance or is it when they spend at a certain level?

AMY LOPREST: If the nonparticipant [background comments] spends more than 50 percent of the spending [background comments] limit, then the spending limit is increased two-thirds instead of... yeah, that... that's right... and then if the... if your... then the high-spending nonparticipant spends three times the spending limit, then the spending limit is lifted altogether.

COUNCIL MEMBER LEVINE: So that could be triggered at any point in the race, even far before the June deadline?

AMY LOPREST: It could; I mean I guess three times the spending limit will be triggered -- if someone spent three times spending before the June limit, we would know that they weren't going to be a

participant; generally you have to wait to see whether or not they join the program at a lower spending level, so we would have to wait till the June deadline.

COUNCIL MEMBER LEVINE: And you and Chairman Kallos had a good exchange over the question of credit cards and some of the bureaucratic barriers that have existed, which I know you're trying to take away. But just in planning -- are we to the point where I can put a Squared card or some other such reader and be at an event and just swipe a credit card; are we close to that?

AMY LOPREST: We're close to it, but this... we're close to that; the Square... we had some difficulties, but we're working -- one of the new things that we're looking at when we... our improvement, is to figure out the technological difficulties with the Square because of the types of information we require campaigns to collect about contributors.

ART CHANG: Well I can just add something here. The software that's actually used to process a credit card transaction is something called Stripe and we spent a lot of time going through Stripe in

great detail to make sure that they could comply with all the provisions of the Campaign Finance Rules and we determined that it could. The only barrier to being able to swipe on a phone right now is the selection and integration of a secure swiping mechanism that would integrate into Stripe, and so that is something which is on the roadmap for, you know hopefully for 2017.

COUNCIL MEMBER LEVINE: So since some candidates are already opening 2017 accounts, as incredible as that seems, are you... can you lay out a timeline or what your goals are for when this will be available?

AMY LOPREST: I'm gonna let our Assistant Executive Director for Public Affairs talk about that; he's in charge of managing that project.

[background comments]

ERIC FRIEDMAN: For the record; my name is Eric Friedman; I am Assistant Executive Director for Public Affairs at CFB. So we are starting our further development of the NYC Votes app; we hope and expect that these improvements will be complete by the middle of 2015; certainly we see candidates out there starting to fundraise for the 2017 election,

but we are really cognizant of getting these improvements out early enough so that the majority of candidates will have them available as they start to fundraise, so we're aiming for the middle of next year.

COUNCIL MEMBER LEVINE: And my last question is around the complexity of the CFB system which is such because of I think very clear public policy goals that we have and for someone as sophisticated as someone like Ben Kallos, who was an expert in election law and campaign finance and even a lesser power like myself, you know we have the ability to hire experts who can guide us through this, but there are many candidates, particularly for City Council who have no professional campaign staff, who aren't attorneys or accountants themselves and who aren't able to hire compliance consultants or potentially even any political consultants and I've often worried about how they would fair meeting pretty robust reporting and compliance requirements and I wonder if you can report on, based on the 2013 cycle, on whether there is kind of a band of these more grassroots candidates who we certainly want to



empower to run who may be getting caught up in the gears of this very difficult system?

AMY LOPREST: Well... Well do you wanna... I mean I can [background comment] give some statistics, but if... Art, do you wanna... go ahead. [background comments] Okay. Well we... a large number of candidates receive the public funds; we try after every election cycle to not only look at making legislative recommendations; make the program easier, but also to look at our own administrative procedures to make complying simpler; to that end, we have a full staff, as you know, Candidate Service's liaisons are available to help candidates at every level answer questions and comply with the law. One thing that we are going to roll out for 2017 is a -- you've all gone to the long compliance training -- we're going to roll out a training that's specifically geared at first-time candidates. So some of the more basis elements of running a campaign; not just complying with the law, but start setting up your campaign in a way that helps you comply with the law; that training would be focused on those first-time candidates.

COUNCIL MEMBER LEVINE: That's great to hear and even your existing training I found to be very helpful. But can you give us a sense of whether you're seeing grassroots candidates getting caught up in audit problems or reporting problems; are you anticipating that there'll be a number who could face penalties because they simply just weren't sophisticated enough?

ART CHANG: Well maybe I can address that more from an anecdotal basis. You know one of the rolls of the Campaign Finance Board support is to determine and adjudicate compliance with the rules and when there are violations found they're brought in front of the Board and there's an opportunity for the candidates to present their point of view and for us to hear it from the audit staff. Over the past five years that I've been on the Campaign Finance Board I have been surprised at how few first-time candidates actually end up in front of the Board, as compared to repeat candidates. And in my face to face interactions with candidates, including you know when we first launched NYC Votes, candidates were extremely thankful and grateful for the work of our amazing Campaign staff here, you know, like by Dan

Cho, who you know consistently provide, I think you know, over the top kind of assistance, hand-holding to these first-time candidates and make themselves really available to be that customer support liaison for those candidates.

COUNCIL MEMBER LEVINE: Great. Thank you very much.

CHAIRPERSON KALLOS: I'd like to recognize Council Member David Greenfield and turn it over to him for questions.

COUNCIL MEMBER GREENFIELD: Thank you Mr. Chairman; appreciate it. I wanna thank you all at the CFB, obviously the work that you do is vital to our democratic system in New York City; we appreciate it; we believe that it results in better candidates, better elected officials and fair elections and again, we're all biased 'cause we're up here today, but [laughter] certainly we're grateful nonetheless.

Just curious about a couple of thoughts; just wanted to review with you. In terms of the outside spending, right; I think this year we saw a significant increase in outside spending over past years. How are you dealing with that and are you concerned in terms of the diminishment of the

individual spending caps and are you looking at the possibility of raising those spending caps to deal with the influence of outside funds? Specifically, if you look at certain council races, for example, some council members, the outside funding dwarfed the amount that either, if not all of the candidates, actually spent; sort of ending with a mismatched situation. So I'm just curious if you guys have thought about that issue at all.

AMY LOPREST: Well we have thought about that issue; we... as we saw in the 2013 election, you're right; I mean independent spending was vastly higher than in previous elections, although there wasn't comprehensive disclosure in those elections. But we definitely feel or saw in the 2013 election that the public matching funds that we provide to candidates have amply allowed candidates the ability to get their message out and as I mentioned in my testimony, in four of the council districts where there was the highest independent spending, the people for whom that independent spending was -- lost their race, so there is definitely evidence that the public matching funds allowed candidates to get their voices out and to be successful. We did have as an

1  
2 issue to consider whether or not coupled with a  
3 decrease in contribution limits, whether or not the  
4 spending limit should be increased and that's an  
5 issue that we will be looking at over the next couple  
6 of months.

7 COUNCIL MEMBER GREENFIELD: Thank you.

8 So you're undecided on that issue, saying it is  
9 possible that you may in fact increase the spending  
10 limit on council races?

11 AMY LOPREST: That's one of the things  
12 that we are thinking about, coupled with of the lower  
13 contribution limit so it doesn't... [background  
14 comment] so that it would not become an arms race,  
15 you know so you'll increase the spending limit, but  
16 you also limit the contribution limit, but of course  
17 that change would require Council legislation.

18 COUNCIL MEMBER GREENFIELD: So your  
19 thought is to... we're here at the Council, so we might  
20 as well chat about it. So your thought is to raise  
21 the maximum spending but lower the contribution  
22 limit?

23 AMY LOPREST: Yes, but I mean to figure  
24 out the... I guess this is a bad phrase, but the magic  
25

numbers you know is something that needs to be discussed and considered.

COUNCIL MEMBER GREENFIELD: Got it. My next question is just also more of a practical question and that is that obviously you are wards of the City's funds and you take that responsibility very seriously and we appreciate it; at the same time it has become more challenging, especially for smaller campaigns and lower dollar recipients and those who are not experts in the campaign finance system to work their way through the system; it's almost become obligatory for folks who are running for office to actually hire an individual, and I say almost because it doesn't happen in all the cases, but to actually hire someone to help them navigate through the system, which is sort of a bizarre situation, right; on the one hand you wanna make it as accessible as possible; on the other hand you'd like for there to be accountability for the fundings and so how do we deal with that, especially in the dollar races, folks who wanna run; there almost seems like there is a bar today; when I speak to people who wanna run for office they say well I have to raise

money to hire my campaign finance compliance expert.  
So what are your thoughts on that?

AMY LOPREST: Well I mean as you so  
correctly point out, you know the public requires  
that a successful matching funds program be paired  
with effective oversight; however, as I said before,  
we are very mindful of helping candidates, especially  
new candidates, work with compliance. Over the years  
we have always sought, both through legislative  
improvements and in administrative improvements, to  
ease the compliance burdens for candidates. We have  
a full staff of Candidate Services liaisons who are  
available to assist candidates at every level and  
they do an excellent job, as we hear over and over  
again from the candidates who interact with them;  
also, we are -- I don't know if you heard me say -- I  
wasn't sure if you had walked in at the time -- one  
of the things we are looking at doing... [crosstalk]

COUNCIL MEMBER GREENFIELD: I apologize;  
the Council has a habit of scheduling multiple  
committee hearings at the same time... [crosstalk]

AMY LOPREST: No... [crosstalk]

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2 COUNCIL MEMBER GREENFIELD: and sadly I  
3 haven't figured out how to clone myself yet...

4 [crosstalk]

5 AMY LOPREST: [laughter] You have to be...

6 [crosstalk]

7 COUNCIL MEMBER GREENFIELD: but I was at  
8 the Transportation hearing across the street voting,  
9 but I'm back now.

10 AMY LOPREST: I didn't mean to...

11 [crosstalk]

12 COUNCIL MEMBER GREENFIELD: No, that's  
13 okay.

14 AMY LOPREST: 'cause I tried to make  
15 sure... [crosstalk]

16 COUNCIL MEMBER GREENFIELD: Full  
17 disclosure to the CFB. Yes.

18 AMY LOPREST: We are going to be rolling  
19 out for 2017 a training that is geared directly at  
20 first-time candidates that is beyond just the  
21 compliance with our rules and regulations and how to  
22 enter transactions at C-SMART, but also helping  
23 candidates in figuring out how to set up their  
24 campaign so as to make sure that they avoid  
25 compliance pitfalls.



COUNCIL MEMBER GREENFIELD: Okay. I mean I just wanna make you aware I guess of an issue. I guess that it's somewhat easier to get into the system and to actually get the matching funds; I think what concerns me is that on the back end, a year or two later when these folks end up receiving their audit reports they get slammed and so especially the smaller folks who aren't as familiar, it's just you know, once again, and I'm not blaming you, 'cause you're in a tough position; on the one hand you want people to comply; on the other hand you wanna make sure it's successful, but I do think that, especially the smaller folks, they end up getting hit a lot and I think if you look at... I don't know you ever run those, but if you ever run the numbers on folks who do not have professional assistants versus folks who do have professional assistants, I will just guess, without knowing the facts, that folks who do not have professional assistants probably end up getting hid significantly in the audits. Might be something you wanna look at.

ART CHANG: Well Council Member, I just wanna... as a member of the Board... [interpose]

COUNCIL MEMBER GREENFIELD: Can you just bring it a little bit closer; I can't hear you, I'm sorry, the... [interpose]

ART CHANG: Sure. Sure. So I'm Art Chang; I'm one of the four board members on the Campaign Finance Board and as you know, one of our rolls is to adjudicate some of these proposed enforcement actions and so we have an opportunity to hear out both the candidate, their staff, as well as the Campaign Finance Supports audit team and I would just like to share with you that over the five years that I've been on the Board that we've been surprised, and I've been personally surprised, how few first-time candidates end up coming to us for enforcement action; that most of the folks who come to us are actually repeat candidates. And so if we look at... I think... you know what we'll do is we'll pull some of those numbers, but the... you know the anecdotal evidence, when I see candidates face to face, is that they have always been extremely grateful and complimentary of our Candidate Services team, run by Dan Cho, who feel like they've been very, very helpful customer support service, hand-holding them through the entire process.

COUNCIL MEMBER GREENFIELD: They are; I don't question that. To be clear, as you know, I'm a big fan of the work that you do and I think that you're incredibly helpful; I'm just concerned about the trend that is almost a requirement for an individual running for office to hire a campaign finance consultant.

[background comments]

AMY LOPREST: I have actually a couple of additional things to say about that. One is...

[interpose]

COUNCIL MEMBER GREENFIELD: Thank you.

AMY LOPREST: that one of the things we did in 2013 and that we'll continue in 2017 is to do early reviews of candidates' disclosure and documentation so that we can deal with these compliance issues if they exist earlier on in the election cycle. Also the Board's recommendation to make the first payment earlier will also provide some opportunity for candidates who have compliance issues, to deal with them earlier in the election cycle. I think that you know the idea... I think one of the things we tell the candidates in our trainings is that really probably have a trustworthy, organized

1 treasurer is probably the most determinative of how  
2 successful you are in compliance than even having a  
3 professional and you know we've seen... I mean over the  
4 years, you know some of the best... you know most  
5 compliant campaigns are someone who you know had a  
6 treasurer who was a housewife who worked from her  
7 kitchen table with no accounting background, you  
8 know, so I think it varies over the course of time  
9 and again, it's anecdotal to look at the statistics.  
10 And also, one thing that we did before the 2009  
11 election, which we carry forward, is to adjust the  
12 penalty guidelines, which are published on our  
13 website, to ensure that the penalties are not  
14 outsized with the size of the campaign. So there's a  
15 lot of factors built into the actual penalty  
16 guidelines to ensure that your penalties are not  
17 outsized to the size of your campaign.

18  
19 ART CHANG: I have one more thing,  
20 actually...

21 AMY LOPREST: Okay.

22 ART CHANG: and it's consistent with, I  
23 think, some of the great things that we've been  
24 seeing from this Committee... [interpose]

COUNCIL MEMBER GREENFIELD: I'm sorry  
Art; I still can't hear you... [crosstalk]

ART CHANG: 'Kay.

COUNCIL MEMBER GREENFIELD: can you just  
pull it a little bit closer? Thank you.

ART CHANG: Alright. So I think one  
other thing I wanna point out is that consistent with  
one of the goals of this Committee, which has been a  
renewed focus on technology, led by Chairman Kallos  
and by this Committee, is that technology can  
actually make things easier for a lot of people and  
one of the things that we rolled out on a pilot basis  
for 2013 is a much easier credit card processing  
solution for Sun Mobile... [interpose]

COUNCIL MEMBER GREENFIELD: You just got  
to my next question without me even asking it; that's  
great. Thank you... [crosstalk]

ART CHANG: Yes, good... and Eric Friedman  
has been also leading this effort internally at the  
CFB and this system allows credit card transactions  
processed through our system to be more easily  
compliant with the CFB rules and we're taking steps...  
[interpose]

COUNCIL MEMBER GREENFIELD: It's not up and running yet; am I correct about that? [crosstalk]

ART CHANG: It is up and running, it was released in 2013; we did a council-wide... [interpose]

COUNCIL MEMBER GREENFIELD: For the new cycle it's available?

ART CHANG: It is available, uhm... [interpose]

ERIC FRIEDMAN: Not yet for the new cycle.

[background comments]

ART CHANG: not yet for the new cycle, but it will be soon... [interpose]

COUNCIL MEMBER GREENFIELD: [laugh] Okay.

ART CHANG: We're actually... it was released only on mobile for 2013 and the changes that we're going to make for... that are coming up soon, will include the ability to put a widget on your webpage. So it'll be both web-based and mobile... [crosstalk]

COUNCIL MEMBER GREENFIELD: Got it. When do you... as you know and as you well advertised, many of us have already opened our committees for 2017; I think they might be into the dozens, but I don't

think it's been released yet, the new version, so when do you anticipate the new version being released?

AMY LOPREST: We're working on improvements of it and it should be released in the middle of 2015.

COUNCIL MEMBER GREENFIELD: It's a little bit late for a lot... No, I'm just being honest, right, for a lot of folks out there that are already raising money, it's just if there's way to get it to market earlier it would be helpful.

ERIC FRIEDMAN: I would say we wanna make sure that some of the improvements that we've been talking about here, like streamlining the data entry so that the information that is entered by contributors goes directly into the C-SMART software. We wanna get some of those improvements done and done right before rolling it out for 2017. We set a schedule where we expect to be finished by the middle of next year. So we hope that there's still... that gives us enough time to make sure that a lot of candidates have access to it before they start fundraising in earnest for the 2017 election, if not all, but most.

COUNCIL MEMBER GREENFIELD: Well yeah, I mean just actually to speak to that point, I think one of the issues, if I remember correctly, about the way personal checks are matched versus credit card contributions that personal checks have an address that's different from the one that the campaign enters on C-SMART; it's presumptively matched if it's in New York City, as opposed to a credit card contribution and does not receive the same treatment. Is that something that you guys are gonna tweak as well within the system?

AMY LOPREST: Well one of the things that our credit card processing requires is a match of... a real-time address verification of your credit card processing and so that address match is required, but it's something that we can look at; it's not something we planned on changing, because obviously, as you know, one of the most important requirements for having your contribution matched is that you're a New York City resident.

COUNCIL MEMBER GREENFIELD: Sure. But for example, one of the issues that I found with credit cards is that a lot of people, they get their credit card statement sent to their office, for



1 example, right, it's pretty common; either they  
2 handle it themselves or they'll have an assistant who  
3 handles it and then what happens is, it doesn't match  
4 directly with their home address and that ends up  
5 getting rejected, but those folks are still New York  
6 City residents. So I guess you know if we could sort  
7 of create a little box within... [background comment]  
8 if you're already working on the system, if there  
9 could be a little box that says, you know, my billing  
10 address is different than my home address and that  
11 way we can still get those matched, 'cause I know  
12 that's been a pretty big deal in the past.

14 ERIC FRIEDMAN: Well it's funny you  
15 should say that; I mean that is actually the way that  
16 the app was built for the 2013 election; it... you know  
17 it basically prompts the contributor and it provides  
18 feedback to the contributor as he's making the  
19 contribution. So if those addresses don't match, it  
20 prompts the contributor to provide a reason why. So  
21 in that way it kinda streamlines the documentation  
22 requirements and makes it more likely that that  
23 contribution will be matched.

24 COUNCIL MEMBER GREENFIELD: So you're  
25 saying there is a way to deal with that? [interpose]

AMY LOPREST: I'm sorry; I misunderstood your question [background comments] but the app... the way our app already currently worked; the way it was designed in 2013, allows for when there's a mismatch of addresses for the contributor to add the reason why, which could be I get my credit card statements at my office.

ART CHANG: And also that the certification and at a station that the contributor is using personal funds for this contribution. And the problem that we used to see in front of the Board, that we still see, is when credit card bills are sent to the office, as you've mentioned, and then the burden is on the candidate and the campaign to go and find each and every contributor and get them to do this certification after the fact, which is extremely burdensome and very ineffective. So we wanna remove that and put it up front where the contributor is certifying to that at the very beginning of the process.

COUNCIL MEMBER GREENFIELD: Thank you. I have one final question and that is; I think, if I remember correctly, one of the Good Government groups testified about the idea of exempting spending on

1 expenses that are strictly related to holding public  
2 office from the spending limit or perhaps creating  
3 some sort of different account, right. So basically  
4 the idea is that an elected official, you hold public  
5 office, you know you do an event and the City doesn't  
6 pay for it; you pay it out of your campaign funds,  
7 but it's really directly tied -- it's not a campaign  
8 event, right, as... for you all know; for those who are  
9 at home, it is permissible to spend campaign funds  
10 for items that are directly related to holding public  
11 office; right now that comes off the cap; it seems  
12 like it would be a good idea to segregate that and  
13 say well you know what, this doesn't matter [sic] if  
14 it's strictly spent on expenses related to holding  
15 public office; it's not campaign-related. Is that  
16 something that you guys have thought about at all or  
17 you have any opinion on that? Just was wondering  
18 what your thoughts are.

19  
20 AMY LOPREST: It's not something that  
21 I've thought about, but one issue to think about in  
22 making this kind of determination is the fact that  
23 public funds are given by the people of the City of  
24 New York for people to run their campaigns and so  
25 there's some difficulty in you know, when you're a

1 state office holder and you're... you know all the  
2 money is from your contributors, the money in your  
3 campaign account is partially from the public and  
4 that's just a consideration that comes off the top of  
5 my head, but it is definitely something that could be  
6 thought about.

8 COUNCIL MEMBER GREENFIELD: I think there  
9 must be... that's is my final question, Mr. Chairman... I  
10 think there must be a way to segregate it; my only  
11 point is that that is a valid use obviously of  
12 campaign funds and there are certain things that for  
13 whatever reason you may not wanna pay for it out of  
14 City funds, but you can pay for it out of your  
15 campaign finance funds and they're directly related  
16 to your business and they're really not campaign-  
17 related; you know you do an event that's a governed  
18 event, for example, the Council, for historic reasons  
19 that we're not gonna get into, doesn't like to pay  
20 for the cost of food, for example, alright and so  
21 that's something that could be something that you  
22 would spend and the thing that I would point out is  
23 that you might be able to split the baby at least in  
24 the out years, right because in the out years you  
25 don't get public funds, right, so at the very least

1 if you're doing something in the out year that is  
2 related to you holding office, before you even get  
3 public funds, you might be able to say okay, well  
4 that, you know, is segregated because that has  
5 nothing to do with your election, so it shouldn't  
6 bump up against your out year cap. Just a thought.  
7 That being said, I appreciate the service that you  
8 provide and we thank you very much and I think you're  
9 clearly a model for the rest of the country and  
10 hopefully the rest of the state, if we can ever get  
11 them [laugh] to go along and those of you who are  
12 celebrating, I wish you a happy and healthy new year.  
13 Thank you.

14  
15 AMY LOPREST: You too.

16 CHAIRPERSON KALLOS: Thank you Council  
17 Member Greenfield. I would like to acknowledge that  
18 we've been joined by Council Member Ritchie Torres  
19 and I'd like to thank my committee members for  
20 unanimous attendance. At this... [background comment]  
21 Yes, absolutely and go for it. [background comment]

22 COUNCIL MEMBER LEVINE: I just have one  
23 follow-up for you related to the credit card  
24 processing issue that came into me on Twitter, which  
25 is to clarify whether you still require candidates to

get a separate merchant account if they wanna take credit cards?

AMY LOPREST: That is required, but our app does that process for you, so in this improvement that we'll also include a desktop version that you could put on your own website; if you use that, you wouldn't need to, you could use just our application.

COUNCIL MEMBER LEVINE: So does that mean until your target of mid 2015, you're still gonna need a separate merchant account; is that right?

AMY LOPREST: Yes.

CHAIRPERSON KALLOS: Thank you very much. Just wanted to note; I think one of the best parts about a deliberative thought is that we have multiple opinions, so I would just share that I am a first-time candidate as far as I know that actually ran for the first time and while it is admitted that two of us here might have been experts in finance or election law, I was able to do it and in fact I think one of the more troubling things is that we did need an attorney for ballot access, because we were expecting pretty heavy challenges on our petitions. So for me it is slightly.. [interpose, background comments] I agree, but it is a testament to the CFB

1 that you do not need to hire an attorney to get  
2 public financing and public matching, but you do need  
3 to hire an attorney just to get on the ballot, so  
4 that is for a different agency that we will work with  
5 and we have lowered the ballot requirement for the  
6 City. I will also say that in my experience, the  
7 times that credit cards were not accepted because the  
8 person had the wrong address; it is few and far  
9 between that somebody has a personal card sent to  
10 their office and in fact because of the way that  
11 credit cards work, even if your card says on it the  
12 name of your company; as far as what we get on the  
13 back end; what the credit card processor gets, it  
14 gets the name, it gets the card number and beyond  
15 that there is not much more, so I would say anything  
16 we can do to make sure that we don't have corporate  
17 contributions being fraudulently given would be best  
18 and then although I am an incumbent and I would love  
19 to feed my constituents at all of our events, I would  
20 say that anything you can do to... incumbents already  
21 have an advantage and anything you can do to avoid  
22 incumbents being able to use vast campaign war chests  
23 to spend in out years for campaign activities or  
24 government activities that would further their  
25

campaigns would be valued. So in that case we disagree... [interpose]

COUNCIL MEMBER GREENFIELD: We're gonna agree to disagree on that one; I think it's important that elected officials have every resource that they need to do their jobs; by your theory, Mr. Chairman, we might ask council members to not do their jobs at all for four years, [laugh] to not give an advantage to those who are opposing them. So we're gonna disagree on that particular point, but... [background comments] Yes, exactly. No constituent services, the 5,000 people I help a year, we should send them away because they may end up voting for me in an election. [background comments] Yes.

CHAIRPERSON KALLOS: That being said, we will disagree; I'll call on Ritchie in a moment. I just want to touch base on one item you had in response to one of the questions mentioned, having a higher cap or different contribution limits and so what I just wanted to point out is, right now, under 2013 there was a \$168,000 spending cap, \$92,400 in public matching, which meant that we needed to raise \$75,600 dollars in private money. The first \$15,400 of that money, in \$175 increments, were matched,



1 which meant every single candidate that maxed out had  
2 a \$60,200 donut; that's what I call it; it's this  
3 empty vacuum of, you need to get the \$60,000 to fully  
4 max out and to get from \$107,000 to... \$107,800 to the  
5 full match of \$168,000 or the full cap, which means  
6 that a lot of candidates will feel pressure or  
7 probably did feel pressure -- I'd be interested in  
8 looking into this -- to raise that \$60,000 however  
9 they can, whether it's through bundles or in 22  
10 contributions of \$2,750 that can vastly outweigh it  
11 because those big dollars tend to have a more  
12 corrosive affect. So I guess one question is whether  
13 or not you'd consider raising the public match  
14 [background comment] under a \$168,000 cap to \$144,000  
15 so that candidates would only need to raise \$24,000  
16 in 137 contributions of \$175, which would make for  
17 closer to a full public matching system.

18  
19 AMY LOPREST: Again, your ability to do  
20 outstanding feats of math always amazed me, Chair  
21 Kallos. I think that right now the program is set to  
22 have a balance between private and public funds,  
23 unlike you know many systems which were passed that  
24 had entirely public funds. I think it's a good  
25 balance now; I mean I think that it's one of the

1 things always to consider is whether or not we pick  
2 the right balance, but right now I think the way the  
3 55 percent of the spending cap being the public funds  
4 cap, I think has worked pretty well in the past;  
5 again, the statistics show that really most of  
6 candidates' contributors come from their district,  
7 come in small dollar denominations, so while the  
8 statistic you looked at about the \$60,000 donut, I  
9 don't think we've really seen that you know all  
10 coming in big denominations, but it's... I don't know  
11 if we've exactly looked at it in that way, so it's  
12 something to look at.  
13

14 CHAIRPERSON KALLOS: Thank you. I'd like  
15 to recognize Council Member Ritchie Torres. You've  
16 been recognized.

17 COUNCIL MEMBER TORRES: Thank you for  
18 your testimony. I notice one of the findings in the  
19 report was that the total value of all contributions  
20 from those doing business with the City was 2 percent  
21 of all contributions and you know to me that's an  
22 impressive achievement and that speaks [background  
23 comment] to the quality of our campaign finance  
24 system; I'm curious to know what's the frame of  
25

reference that compares to... what was the percentage in years past?

AMY LOPREST: Well 2013 was the first year... the first election cycle that the City's Comprehensive Doing Business law was in effect for the entire election cycle, but in the previous years; in 2001 we did an estimate before the law was passed and it was about 25 percent of the contributions came from people doing business with the City.

COUNCIL MEMBER TORRES: So it's gone from 25 to 2 percent?

AMY LOPREST: Yes.

COUNCIL MEMBER TORRES: Okay. And I'm curious -- and this might be an impossible question to answer, but -- what is your impression of... beyond the dollar amount, the impact of independent expenditures, separate and apart from the impact of everything else; do you have a sense that it was... like I guess, how many candidates do you think wouldn't have won in the absence of those independent expenditures? And I know it's a hard question to answer [laugh], but with your... [interpose]

AMY LOPREST: I mean, that's always a hard... I mean I guess we can answer it... you know, my

1 answer to my testimony in the reverse is the  
2 candidates who won in spite of you know enormous  
3 amounts of independent spending and that was  
4 impressive and showed that the public funds really  
5 allowed candidates to get their message out. The  
6 reverse is, I guess again, because elections are...  
7 there's many, many different factors that determine an  
8 election; it's hard to say whether people won because  
9 of those independent spending, it's hard to decide.  
10 I guess the important thing to remember, for us, is  
11 to make sure that the public matching funds are  
12 sufficient so that candidates can reach their  
13 constituents, they can talk to their voters and get  
14 their message out, because independent spenders, you  
15 know in addition to having unlimited amount of money,  
16 they're not accountable to the voters...

18 COUNCIL MEMBER TORRES: Yeah.

19 AMY LOPREST: you know, only candidates  
20 are accountable to the voters.

21 COUNCIL MEMBER TORRES: Yeah. 'Cause I  
22 found the sheer dollar amount spent -- and I will  
23 confess to be utterly irrational, I don't think the  
24 City Council's that important that justify...  
25 [laughter] but I mean think... it was striking to me

1 that the different between... 'cause I think everything  
2 that matters in life is preempted by state law, but...  
3 but I found that the... [laughter, background comments]  
4 that the difference between the IE's for this Council  
5 and the IE's for the Mayor was \$2 million and you  
6 know for me, the Mayor has infinitely greater impact  
7 on the operations of our city than the City Council.  
8 Was that unusual; was that an apparation [sic]?

10 AMY LOPREST: I mean, this is the first  
11 year that we've had comprehensive disclosure of  
12 independent spending, so it's really hard to say;  
13 anecdotally, from 2009 a lot of the independent  
14 spending was also on the Council level; you know, the  
15 dollar amounts are hard to capture in that case. But  
16 it is; I mean the numbers are large and astounding.

17 COUNCIL MEMBER TORRES: Okay. And I  
18 notice there was a... one of the recommendations was  
19 prohibiting organizational contributions and that  
20 refers to contributions from labor unions and  
21 political committees, but since our system is working  
22 so well, why the insistence on broadening the  
23 prohibition?

24 AMY LOPREST: This has been a  
25 recommendation of the Board since the 1989 election,

to have all the contributions in the election come from individuals and so that's been a long-standing recommendation; the goal is that individuals elect the elected officials and so they should be the ones who contribute to the campaigns.

COUNCIL MEMBER TORRES: And as far as individual contributions, it becomes matchable at the point of \$10 and above; is that... I don't know if I'm representing it...

AMY LOPREST: No, a contribution can be matched at any... [interpose]

COUNCIL MEMBER TORRES: At any dollar amount?

AMY LOPREST: up to \$175, yes.

COUNCIL MEMBER TORRES: Okay, so there's no minimum, there's only a maximum?

AMY LOPREST: To get technical, I think the \$10 you're referring to is contributions to count towards the threshold to qualify to match, but a dollar... [interpose]

COUNCIL MEMBER TORRES: And...

AMY LOPREST: will get matched with \$6.

COUNCIL MEMBER TORRES: Has there been some thought given to lowering that threshold, so

making it maybe \$5 rather than \$10 or... [crosstalk,  
background comment]

AMY LOPREST: I believe there's...

COUNCIL MEMBER TORRES: Yeah.

AMY LOPREST: There's been some  
discussion; I mean the purpose of that threshold is  
to ensure that public funds go to candidates who have  
significant support within their district and that's  
the purpose of that threshold; that you get \$10 from  
75 people in your district.

COUNCIL MEMBER TORRES: Right. So if you  
had you know hundreds of \$5 contributions from, you  
know in a council district that was one of the  
poorest in the City, that in your opinion would  
demonstrate insufficient support on the ground or?

AMY LOPREST: I mean that's the way the  
law is written; I mean I'm not...

COUNCIL MEMBER TORRES: Okay.

AMY LOPREST: my personal... I'm saying the  
law is written... the reason for this is to that you  
demonstrate and that's... the City Council in the law  
said that [background comment] \$10 from 75 people in  
your [background comment] council district.

COUNCIL MEMBER TORRES: Yeah.

AMY LOPREST: I mean it's something that could be looked at and discussed, whether a lower dollar, higher number; you know my... [interpose]

COUNCIL MEMBER TORRES: Yeah, but...

AMY LOPREST: Yeah. Yeah, [background comment, crosstalk]. Yeah.

COUNCIL MEMBER TORRES: Actually, Council Member Greenfield was whispering... [interpose]

AMY LOPREST: Yeah.

COUNCIL MEMBER TORRES: I thought of a great suggestion is... [interpose]

AMY LOPREST: Yeah.

COUNCIL MEMBER TORRES: maybe you could have... just like you have \$10 at 75; you could have \$5 at 150; [background comments] it would seem to... is that a measure that you...

AMY LOPREST: Yeah.

COUNCIL MEMBER TORRES: would support or oppose or?

AMY LOPREST: I have to think about it; again you know, a dollar... \$10 is a significant ask, so it shows you know some kind... you know, a significant commitment, but I... [crosstalk]



COUNCIL MEMBER TORRES: For some of my constituents, \$5 is significant too... [crosstalk]

AMY LOPREST: Yeah... no... Yeah. So I mean I think we just have to... [background comment] it is something to be considered.

COUNCIL MEMBER TORRES: Okay. Thank you so much; I appreciate your testimony.

CHAIRPERSON KALLOS: Thank you; I'll just clean up here and ask some of the questions that we wanted to just get on the record. There's been a lot of focus on credit cards, based on previous reports and I'm assuming it's continued to the 2013 cycle; low-income communities tend to give more checks and cash than credit cards and I'm seeing some nods of, that is correct; one thing that the Council did prior to our election of 2013 is pass a law that allows for text message contributions. Can we get an update on that, because text messaging and feature phones are something that are used in low-income communities and it would help franchise and empower more folks to contribute?

AMY LOPREST: We will be issuing our rules about text messaging in... they're due in December and then we'll be issuing our rules on how

to accept matchable contributions through text messaging. Again, as you are aware, and I'm sure Art can talk about it in the tech community, in one of the threshold issues in accepting text messaging contributions is the role of the telecommunications companies in how they process contributions or donations through text.

ART CHANG: And in particular, the fees that they charge. So I highly recommend that this committee take a look at how the pricing for those credit card transactions is conducted.

CHAIRPERSON KALLOS: I would eagerly work with the Campaign Finance Board and the VAAC on sitting down with the major phone companies and they're previously negotiated lower fees for Sandy Relief and other situations and hopefully democracy is also an important value to the phone companies. So look forward to working with you on that.

We've recently passed a law in the Voter Guide in our year elections regarding items that might not appear on the ballot in order to allow for the Campaign Finance Board to not have to publish, which saved about \$3 million and thank you for your support on that; if the Voter Guide was an opt out

document, as you've recommended, and this would be over and above opting out of multilingual printing, which is already the case, I guess, what percentage of people are opting out of multilingual versions of the Voter Guide and how many do you think will opt out and what type of budget savings do you foresee?

AMY LOPREST: Well number questions are so... [laugh] when we first did the opt out for multilingual elections, we got a large response; we actually since have reworked the way that we send the multilingual Voter Guides to limit the number of people who get them to the people who are known to need them, so we use what's called a surname analysis for different communities to determine who gets those multilingual guides, which has improved but limited the number that get sent, but targeted to the people who most need it. It's hard to tell how many people would opt out from a printed guide; there would obviously be some initial need for initial investment in advertising the fact that you could opt out, creating infrastructure to keep track of who opted out, but as I've said before in this committee, the cost of printing and mailing are the single highest costs for the Voter Guide, so we would expect some

significant savings from having an online only guide for a significant number of people.

ART CHANG: And just one thing I'd like to add is that to the extent that this committee can help us figure out a way to collect email addresses so that we can actually solicit voters through those means; that would make it very much more efficient. As you know, the open rate on direct mail tends to be in the single digit percentages and so if we were to send these out in print version, we would expect naturally to have a very, very low response rate; that would make very little difference on the overall effectiveness of opting out, people who might need it.

CHAIRPERSON KALLOS: Thank you for being a rare agency that is recommending ways to cut your own budget. As a person who had to deal with the Conflict of Interest Board's forms and having to send somebody down multiple times to get the certification that we had filed the form, then deliver it; get that stamped and having had to go through it I think two times and having to go through the various bureaucracies with that, have you spoke with the Conflict of Interest Board about your recommendation

that they provide the CFB with candidates' conflict of interest forms and that that no longer require a burden on the candidate to deliver and are they supportive?

AMY LOPREST: Yes, we've had a number of conversations over the course of years about how to make this requirement easier for candidates to comply with. The law is very, very specific of what it requires and that's why we're asking for a change in the law, but I think the Conflict of Interest Board would be just as happy as you and as us if we could streamline this process.

CHAIRPERSON KALLOS: Thank you very much for your exhaustive testimony for the past hour and thank all of the members of the CFB who are here. I'd like to call up the next panel, Gene Russianoff from NYPIRG, Rachel Fauss from Citizens Union and Lauren George from Common Cause of New York. If you are here to testify, please make sure to fill out one of these witness slips and I'd love to have you. Thank you all so very much. And while I will not be putting a timer on... well I won't be putting a timer on your testimony, please know that I have a 1:00 hearing coming up next.

[background comments]

RACHEL FAUSS: We're all being too polite deciding who goes first, so sorry about that. Good morning Chair Kallos and members of the Committee on Government Operations. My name is Rachel Fauss and I am the Director of Public Policy at Citizens Union; we're a Good Government group dedicated to making democracy work for all New Yorkers.

We're pleased the City Council is holding this oversight hearing so soon after the release of the CFB's 2013 post election report; as has been discussed, the program is a nationally recognized model and this report and the Council's review signal a dedication to keep improving the program, as we've continually supported since its inception in 1989. Obviously the most notable change was around the Doing Business restrictions, which we also supported.

The Council, we'd also like recognize, has already begun to address some of the issues around the 2013 campaign, particularly independent expenditures, with the passage of two bills earlier this year and at this juncture we still believe additional changes are necessary to further reduce the influence of organized interest and further

mitigate the rise of independent spending. Our recommendations are in a few categories and I'm gonna try to be brief and not read my entire testimony, but the general categories are as follows: to address the spending cap and public funds cap for City Council races to counteract the spending of independent campaigns; strengthen the Doing Business restrictions by no longer matching contributions bundled from those who do business with the City and limiting constitutional contributions to limit in place [sic] for individuals for those who do business with the City; enacting administrative changes to create greater efficiency and clarify rules; provide greater public reporting of independent expenditures, and provide greater voter education while ensuring that cost savings can be realized.

And I think as was discussed by the Campaign Finance Board, the system's very... it's complex and multilayered and in order to ensure that its promise is fully lived up to, we urge the Council to look at our comprehensive recommendations as a package together, given that the pieces individually may be important as well, but the system as a whole,

to ensure it's continued strength would benefit from several recommendations.

First on the spending cap and the public funds cap; we do support an increase for the City Council; according to CFB's report, independent spenders outspent candidates in 17 of the 41 council primaries and independent expenditures also played a role in citywide races, though the much larger spending limit of between \$8 and \$13 million for these races over the cycle, obviously mayor being higher than public advocate and comptroller, that higher limit better allows these candidates to compete against spending, but for the current City Council limit, it's \$381,000 over the election cycle; this much more easily overcome by an independent spender. So our specific recommendations on the spending cap are raising the amount from \$182,000, and this is the 2017 number, to \$290,000; that's an increase about equal to the largest independent expenditure from 2013, and we also support raising the cap on public matching payments from \$159,500... I'm sorry, to \$159,500 from \$100,100 and that's an increase of about 55 percent of the largest



independent expenditure. We'd also like to note that in doing... [interpose]

COUNCIL MEMBER GREENFIELD: I'm sorry, I'm just looking at your testimony; is that a typo, so it's... the number is 259 or 159?

RACHEL FAUSS: 159; I may have read that incorrectly.

COUNCIL MEMBER GREENFIELD: Okay. Thank you.

RACHEL FAUSS: Thank you. And then we'd also support establishing war chest restrictions as a piece of this; this is a recommendation we've had for a long time, that funds raised for one race shouldn't necessarily be allowed for another race.

Regarding the Doing Business restrictions, we support reducing the impact of bundling for those who do business with the City; as I mentioned, we support not matching contributions from those who bundle, if they are delivered to candidates. And we believe that this is important to help reduce the appearance of pay to play and we also support expanding the Doing Business restrictions to subject individuals... I'm sorry, for institutional contributions to limit the amount that individuals

are limited to. So for example, \$400 is the limit for citywide races; we believe that entities should be added to that list in addition to individuals if they do business with the City.

We also support prohibiting participants in the City's Campaign Finance Program from using public matching funds to purchase strategic campaign consulting services from firms that also lobby.

Regarding some of the administrative changes, we support clarifying the restrictions on mass mailings by elected officials close to the election; this was recommended by the CFB in their report. We also support eliminating the requirement for candidates to submit Conflict of Interest Board disclosures to the CFB; it makes a lot more sense for the COIB to do that directly to the Campaign Finance Board. We also support making sure that the CFB better complies with the Open Meetings law, such as taking minutes at meetings and making the minutes available to the public after executive session votes.

Regarding independent expenditures and public reporting, beyond what the Council passed earlier this year, we support entities acquiring

approval from the Board of Directors or organizational leadership body prior to making expenditures; Iowa passed a law in 2010 along these lines. We also would support requiring disclosure of independent expenditures within 48 hours of a contract being made or arranged for the expenditure at the state level; there is quick reporting of independent spending that could be looked at for New York City.

Regarding voter education, we support broadening the Voter Guide to all contests, including the state and federal elections; I know this is a subject we've brought up at this Council committee before; we think that coupled with the Campaign Finance Board's recommendation to allow an opt-out for the mailers to be sent electronically; this would help to realize some cost savings, so we of course recognize that sending a Voter Guide during all state and federal elections is a significant cost, so we'd urge the Council to look at that budgetary implication. And we also support requiring participating candidates for borough president to engage in CFB-sponsored debates, given that that

office often doesn't get as much attention as it should from the voters.

Also in the vein of voter participation engagement, we'd like to signal our support again for instant runoff voting, especially since there's not just the budgetary implication for the Board of Elections, \$13 million for the last runoff; there's also the public funds component in terms of their outlay; the CFB's report noted that it's \$4.3 million in public funds since 2001.

Lastly, we're continuing to examine some of the other recommendations put forward by the Campaign Finance Board in their report, such as making public funds determinations earlier in the cycle and adjusting the Statement of Need requirements and we'll be providing further feedback to the Council after we have a greater chance to review those items. And thank you for holding the hearing and I'll be available for any questions you have.

[background comments]

LAUREN GEORGE: Alright. Thank you for the opportunity to speak today; my name is Lauren George, Associate Director of Common Cause New York.

Common Cause is a nonpartisan, nonprofit citizens lobby and a leading force in the battle for honest and accountable government. We fight to strengthen public participation and faith in our institutions of self-government and to ensure that government and political processes serve the public interest and not just special interest. We've been a long-standing advocate for innovative campaign finance and ethics laws in New York as well as throughout the country. Common Cause is a leading supporter of comprehensive campaign finance reforms and public financing elections and we've been involved in helping craft, pass and implement many of the public funding of elections across the country; for example, in Connecticut and the Los Angeles municipal matching fund system, as well as our support for the highly effective system here.

Before turning to the discussion of the Campaign Finance Board's thoughtful recommendations, I wanted to commend both the Campaign Finance Board and the City Council for their continued support and vigilant oversight over the City's publicly-funded campaign finance system. It's clear to us at Common Cause that what distinguishes the New York City

campaign finance system of small donor matching funds from that of other cities; what has allowed it to remain a model is our city's willingness and ability to continually evaluate and analyze and adopt improvements and changes to our system.

So through the process of evolving, the system has remained strong and effective; as a consequence, as the Board's report details, it continues to be used by large numbers of candidates and make a substantial, positive impact on the City's election; this is the major strength of our system. So I wanted to go through the recommendations point by point very briefly.

Common Cause wholeheartedly supports the recommendation to make earlier determination and disbursements to participating candidates; it's responsive to comments we've received from both candidates and campaigns regarding the difficulties which the current payment system places on campaigns. Particularly, those first-time and community-backed candidates without substantial resources other than public financing. The danger of public funding being provided to candidates who subsequently are found not

to have qualified for the ballot is small and the protections cited to remain in place.

The recommendations to ensure that public funds are not provided to candidates who are not facing serious opposition, highlight a difficult situation and the recommendations are a common sense solution; we should limit the use of the Statement of Need to simplify the program and make it easier to administer, avoiding unnecessary paperwork for campaigns.

Regarding the Statement of Need -- requiring an opponent to obtain all the listed endorsements before a participant could receive matching funds we believe would be too onerous.

Recommendations 3 and 4 regarding the new laws that have just been passed by the City, Local Law 148 and Local Law 6, increasing disclosure, we look forward to working with the Campaign Finance Board to implement those new laws.

Common Cause shares the Board's concern regarding the high proportion of the most active bundlers who are also found in the Doing Business database; we should reduce the impact of bundling by people doing business with the City, clearly;

however, this recommendation, should it be implemented, its impact needs to be carefully monitored to determine whether it significantly reduces the overall amount of matchable contributions participants can receive.

Common Cause is also a strong supporter of instant runoff voting for City elections and again recommends that we implement that to save the City substantial funds.

On recommendation 7 however, Common Cause opposes because we're opposed to the Board's recommendation to prohibit candidates from accepting organizational contributions, as mentioned by Council Member Torres. We're concerned with the impact of organized money, not organized people on election campaigns. While we support measures which are designed to control the impact of wealthy individuals and wealthy special interests on our elections and to foster more small donor contributions from individual voters, we also believe that individuals should decide for themselves the way in which their smaller donations can be most effective in supporting the candidates of their choice. One way is to provide candidates with matchable donations directly, another



way is to combine their individual donations with those other like-minded individuals through PACs unions and other organizations which are associations of individuals, accordingly, we oppose this recommendation.

In terms of the Voter Guide, we agree that an opt-in system for electronic receipt should be implemented and we agree that the phrase "ordinary communication" needs to be clarified in the context of pre-election blackout period mailers.

We... excuse me... [laugh] We strongly support the recommendation requiring disclosure of those who have an ownership interest and entities doing business with the City, which will not only help to enforce the lower contribution limits applying to those doing business, but may also provide helpful information regarding entities which fund independent expenditures.

So there are several other recommendations which Common Cause supports and looks forward to working with the Council and the CFB to implement. On the higher spending limits and lower contribution limits, we again agree with the Board; this is an area that merits a lot of further analysis

and discussion however; we're very reluctant to encourage a money race between independent expenditure committees and public matching funds. However, the appropriate response to the increasing amount spent on IEs bears further discussion; until such time as we're able to amend the constitution with a negative impact of Citizens United decision.

So that's briefly our comments, thank you so much for the opportunity to speak.

GENE RUSSIANOFF: Good afternoon; maybe I'm the last person to speak here; I don't know. I'm Gene Russianoff with the New York Public Interest Research Group and you should have a written copy of my testimony, which I gave to the guard.

I've had the honor of following this issue from the very beginning, when... [interpose]

COUNCIL MEMBER GREENFIELD: I'm sorry; I actually do not have a written copy... [interpose]

GENE RUSSIANOFF: Oh...

[background comments]

COUNCIL MEMBER GREENFIELD: Oh okay, got it. Thank you. Found it.

GENE RUSSIANOFF: So we've been there in the bad old days where candidates for mayor or

citywide office would actually take \$50,000 contributions and it created appall over city decision-making. For example, the head of Barneys clothing store never gave a contribution in his life until he needed a zoning variance and then he gave one to every member then in power at Board of Estimate and he was called before what was known as the Furor Commission and he said he just was a civic-minded individual and so he was asked, well how come you've never voted in the 30 years you've lived in the City and there was dead silence. So you know, we consider this law which was passed in '88 to be one of the great achievements of the City Council, first because it's allowed people of modest means to attain office and has led to a very diverse legislature that well represents the City and second, that has been said by many of the speakers here, the law has been able to adapt to change with time, which is just not true about so many of the election laws in the country and I have a list of some of the changes that were adopted since the program began and they're really impressive -- the Voter Guide came after the start of the law; the matching fund formula has gone from 1:1 for the first \$1,000 to match 6:1 of

\$175,000, which really creates an incentive for residents to give contributions; the law requires people who take public campaign finance money to debate -- in '93 then Mayor Dickens and candidate Rudolph Giuliani took millions of dollars from the public but never showed up at a debate and I think that was a loss and the Council felt that way and passed a change; there's a ban on corporate contributions, and probably most dramatically, the Council restricts the size of contributions from people doing business with the City; that's been the law since 2007 and it's a serious attempt to liberate the politicians from the need to give greater access and influence to big businesses than to individual voters. Anyway, I think for the civic groups this is the kickoff for a whole process that will take place over the next year, year-and-a-half to make the law stronger and better and it's good timing because it's out of the electoral process, so there'll be less partisan influences and several of you; I don't know... we got the word out... there's a letter from the civic groups, Common Cause and Citizens Union and NYPIRG and the Brennan Center for Justice, asking that be the case, that we sit down and seriously discuss what

1 will make the law better. I don't know if there's  
2 anyone from the City Administration here; I tend to  
3 doubt it, but hopefully they'll read the transcript  
4 of the hearing to see what issues are of concern to  
5 the public. I'm not gonna go through in any detail  
6 my list of things that should be looked at, they're  
7 well-trod ground. I would highlight the three  
8 points, and these come from... some of these things I  
9 lived, so you know I... we urged the Council leadership  
10 in 2007 to not allow contribution... if your  
11 contribution was bundled by someone doing business  
12 with the City, we would have your contribution be  
13 non-matchable and that's what the Board recommends;  
14 we brought that up with the Council leadership in  
15 2007 and they wanted none of it and I think it's  
16 something that is long overdue.

18 There are restrictions on mass mailings  
19 that are under the Conflict of Interest sections of  
20 the Charter and they come out of the 1997 election,  
21 when Rudolph Giuliani used \$2 million in public funds  
22 to have commercials of him and Joe Torre chucking  
23 recyclable cans into a wastepaper basket and you know  
24 we thought that was a misuse of private funds and  
25

these laws are now on the books and they should be easier to formally enforce as is possible.

And then the very last thing; you know the 2010 Charter Commission gave the Campaign Finance Board new responsibilities in the area of voter registration and there's just a lot I think they can do -- we have some of them listed -- some of them have been talked about; some of them new. For example, we would give comp time to City employees who spent a tough 16-, 17-, 18-hour day being an election inspector and that would widen the pool of people who take on that important job. Some of my colleagues think we can do election day registration in municipal elections without the approval of the State Legislature; I don't know if it's true or not, but it's something that's worth exploring and I wish my colleagues were here so they could defend it better than I. And the Local Law 29, which requires 19 City agencies to provide help to people who need assistance in registering to vote. So there's a lot you can do and you know I'm hoping that issue of voter registration doesn't get lost in the campaign finance focus.

So anyway, now the ball's been kicked off and ready to play.

CHAIRPERSON KALLOS: So first thank you all for coming, especially on what may have been short notice. My first request is for you to please send an electronic version of your testimony to my office, as well as post it on your own website so that anyone who is interested in these issues can find it on Google, which is how most people find these kinds of items. I'd also like to respectfully disagree with one of the testimonies about this being a year-long process of more; it was noted in Common Cause's testimony that two of the recommendations have already been done and that was within our first eight months in office. So it is my goal, based on the current pace of a progressive administration, to have a much shorter timeline. That being said, I do wanna thank Common Cause for commenting on each recommendation; I share your position on recommendation 7 in opposition and I was curious about whether NYPIRG or Citizens Union has taken a position on organizational contributions.

RACHEL FAUSS: For Citizens Union, we are looking at an outright ban, but in my testimony we do

support a limit for institutions who fit into the Doing Business category of \$400, so to apply the limit for individuals to institutions, but we are looking at the broader issue of organizational bans outright.

GENE RUSSIANOFF: NYPIRG does as well; I guess I... when this last came up before the Council and they banned corporate contributions, they were also considering at the time contributions from labor and so Brian McLaughlin was then the head of the AFL-CIO and he testified and there were 22 council members crowded into that small committee room and then he finished and left and then representatives of NYPIRG, Common Cause and Citizens Union testified and there were two council members present, so I thought, this isn't going well. So anyway, you know, we support it.

CHAIRPERSON KALLOS: Thank you. To highlight Citizens Union's testimony, if you could talk a little bit about raising the spending cap and raising the cap on public matching and would you support going to full public match so that it was just small dollars?



RACHEL FAUSS: Well a full public funding system would have... there would be constitutional issues associated... [interpose]

CHAIRPERSON KALLOS: Yeah.

RACHEL FAUSS: with that, of course, but I think the general feeling of raising the spending cap and raising the public matching cap is to address the increase in independent spending. I think that our recommendation is rooted in about what the spending was in each council race, so we're trying to counter an actual problem and not necessarily a perceived problem; this is something obviously that after the 20... if it were increased after the 2017 elections it could be looked at again. I think we're getting more data as we go along and with the CFB's excellent reporting of the data it's very easy to analyze, so I think, you know, the recommendation is rooted in the independent spending that did take place during the 2013 election.

CHAIRPERSON KALLOS: And just for clarification, which I think Council Member Greenfield already clarified, you're recommending it go from \$182 to \$190; not \$290?

RACHEL FAUSS: Okay, I... the written remarks are correct; I may have misspoke during the oral remarks, but for the spending cap we are recommending going to \$290,000 and then for the matching funds payment we're recommending going to \$159,500.

GENE RUSSIANOFF: And if I can say; this is a tough one for us; the public support for campaign finance polls show that people support it because they like limits... they don't like unlimited spending or very heavy spending and they think that by getting a candidate to the limits you're getting something of value; you're getting other things in the program, like citywide candidates debating. So I guess to me, you're weighing sort of what gives it legitimacy in the public eye and what may be necessary to keep it up-to-date in a world of independent expenditures. Anyway, for us there's a balancing act and you know, we will have to think about what achieves that best.

CHAIRPERSON KALLOS: Uh... [interpose]

RACHEL FAUSS: I just wanna add quickly that as part of raising the spending cap and the public matching cap obviously we would wanna ensure

that we keep in place limiting the outlay of public funds in competitive races and then of course the trigger would be based on the opponents in the race; not based on the independent spender, because that would raise constitutional issues.

CHAIRPERSON KALLOS: I guess my big concern would be having a \$290,000 campaign; having just done a \$168,000 campaign, that was enough to do eight mailings to 18,000 households... no sorry, 18,000 voters and dial through the universe of 18,000 voters something like 10 times in the span of a month and so having just had a campaign where I saw, in a general for an... sorry, a primary for an assembly, saw people dropping 15 flights of mail and 20 flights of mail, plus IEs, plus everything else; is there a concern that it might be a little bit too much, especially since in my race I actually got more votes in my district than in other races voted in an entire election, so when you're reducing the size of your universe from 18,000 voters to 10,000 or 6,000 voters, you're talking about people who will literally be swimming in mail, phone calls and door knocks.

RACHEL FAUSS: I think as part of the discussions we'll be having over the coming months, I think this is something for us to discuss; I think, again, I mentioned earlier that the program's complex, it's multilayered; each piece is meant to work together, so I think we'd have to look at the package as a whole. You know I think looking at the increase in the spending cap and the public funds cap we'd also urge the Council to look at the issues of Doing Business restrictions and the bundling. So I think the answer is it goes together and I think as we discuss that, you know we're open to different options on that, but as I mentioned, the specific number here was rooted in the actual level of spending that occurred in 2013 and that's our rationale.

GENE RUSSIANOFF: And there's a risk to drowning constituents with mail, either directly as the candidate or as an independent entity, so without revealing names, my council person, whom I had never heard from for the previous years, sent us, you know, I don't know, 10 mailings and you know, I didn't think it helped him.

CHAIRPERSON KALLOS: Thank you and just as our ongoing dialog goes, I do appreciate all of your supporting a restriction on mass mailings, because... well my colleague might disagree with me; I think it is a bad idea to be using government resources 90 days before an election, so I... [interpose]

COUNCIL MEMBER GREENFIELD: We certainly agree with you on that one.

CHAIRPERSON KALLOS: perfection and so Mr. Greenfield, I recognize you for your questions.

COUNCIL MEMBER GREENFIELD: Thank you. I would agree with you on that; I just think in general it's a good idea to use government resources to serve the public and your constituents.

First I wanna thank CFB for sticking around, actually many agencies skip out and so we are grateful that you stuck around to listen to this dialog 'cause it is an important dialog. I wanna thank the Googoos [sic], as I like to call them and they hate to be called; that's probably why I call them that, 'cause it's one of the rare chances you get to tweak these fine people who are trying to improve our city and our way of government, so thank

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GENE RUSSIANOFF: You know, it's a  
challenging thing to do and I think the City's really

put energy and resources into it, but you know, out of the 2007 changes in the Council, the City allowed people who get bundled by intermediaries or who do business with the City... they got bundled and so their doing business with the City didn't count, so a company like Related, to give a specific example, who are doing a lot of building on the west side of Manhattan, you know they gave in the hundreds of thousands of dollars and is that good and they were able to do it because the bundler had been a former deputy mayor and he contacted a whole bunch of people and thereby exerted undue influence. And I have one question to ask; the Board said that only about 2 percent of the contributors were doing business with the City and that's down from 25 percent; I wonder how that treats the people who are asked by intermediaries and who have business relationships with the City. So you know, what can be done should be done and you know that's a gaping loophole that should've been settled in 2007 and it's long overdue.

COUNCIL MEMBER GREENFIELD: Thank you. I want to specifically follow up on... Lauren, something in your testimony; I'm actually just curious about this. So you're opposing recommendation number 7,

[background comment] as Gene pointed out, there's a lot of support for your position among council members -- Gene, I will point out that there's two council members who are here at the hearing -- but I'm curious about just one of the items that you mentioned, which was that it's a way to foster more small dollar contributions from individual voters; are you concerned about the double-dipping aspect, right, because on the one hand a contributor can actually give any contribution and max out to that contribution by giving money directly to a candidate and now you can do that again by giving it through one of these entities?

LAUREN GEORGE: Right, that is a concern, but I think that Common Cause thinks that the majority of these PACs and union labor donations are not used that way, so. I mean I don't know if the data can bear that out, but I think that... [interpose]

COUNCIL MEMBER GREENFIELD: Well we don't really know; I mean that's... [interpose]

LAUREN GEORGE: Right. But we...  
[interpose]

COUNCIL MEMBER GREENFIELD: a guess.



LAUREN GEORGE: But we support it because it's a way for interests that are not necessarily corporate interest to have a greater voice and we've seen that through the new evolution of political action committees, like StreetsPAC; like Progressive PAC; I mean there are a lot of ways that people are organizing now through these committees that aren't necessarily just labor that we think are beneficial to the process.

COUNCIL MEMBER GREENFIELD: I mean to be clear, and once again, I'm not trying to debate the point, but I guess I am; to be clear, these folks would still be able to bundle it, right, so if I wanted to have Progressive PAC bundlers, I could still do an event and I could still bundle money and I could bring in an elected official and everybody could give \$50 and we could still raise money that way, right? So it might... there's an extra step, but it's still doable if we wanted to do that that way as opposed to simply you know just handing out a check.

LAUREN GEORGE: Yeah, that's correct.

COUNCIL MEMBER GREENFIELD: Okay.

LAUREN GEORGE: Fair enough? [laugh]

COUNCIL MEMBER GREENFIELD: Fair enough.

My other thing I really want to drill down a little bit on, 'cause I think it's an important question, is the question of raising the cap on spending and the question as to how much of that should be given; I think the Chair suggested a full match; the Chair and I are disagreeing a lot today, even though I'm a big fan of the Chair; I don't like the full match 'cause I think it encourages corruption, quite frankly, if it's too easy to get matching funds everybody and their dog runs for office and serious candidates aren't necessarily the ones who are running, but I do wanna focus specifically on this idea of raising the cap and I'm wondering if to the extent I think that we saw... Rachel, I think you testified on it, but I'm wondering as to the other folks on the panel, if you can share with us; do you agree with the idea of raising the cap and do you agree with that number, which is \$290,000; is it too much; is it too little, reflecting the Chair's concerns about too much mail, you know sure, you can on radio; don't have to just send mail -- I'm teasing, of course. But I'm curious as to what the thought process is on that, 'cause it's also... I've actually been struggling this and as

you know I asked the executive director of the CFB before about this issue, which is that on the one hand you don't want the voice to get drowned out by the independent expenditures, but on the other hand you certainly don't want an arms race where people are raising huge sums of money, so considering how we don't usually do this, I figured why not throw it out there and see if you folks have an opinion on this that you'd care to share with us.

GENE RUSSIANOFF: This will be frustrating; I have to think about it. You know I just... I think... [interpose]

COUNCIL MEMBER GREENFIELD: It's not frustrating; we appreciate that... [crosstalk]

GENE RUSSIANOFF: You know there's no science to setting these limits, it's really an art and you're dealing in a city with 51 very economically and ethically diverse council districts; there was a lot of talk when this was first considered on having different limits for different districts and you know that raises... you know we though it was... [interpose]

COUNCIL MEMBER GREENFIELD: Different limits for different districts?

2 GENE RUSSIANOFF: It was seriously  
3 raised... [crosstalk]

4 COUNCIL MEMBER GREENFIELD: By who and  
5 when?

6 GENE RUSSIANOFF: I'm trying to remember  
7 who... [interpose]

8 COUNCIL MEMBER GREENFIELD: I mean that's  
9 actually offensive, honestly.

10 GENE RUSSIANOFF: Well it didn't get a...  
11 didn't succeed, but it... [crosstalk]

12 COUNCIL MEMBER GREENFIELD: The idea that  
13 someone's gonna come in and tell every district what  
14 they can and can't spend. Yeah.

15 GENE RUSSIANOFF: it was thought about  
16 and I think some of the Manhattan council members  
17 said well you know, rent's really high for an office  
18 in our district and you know, media time costs a  
19 fortune and you know it wasn't tenable to have a  
20 situation where somebody could spend more than one of  
21 their colleagues or any less... [interpose]

22 COUNCIL MEMBER GREENFIELD: Sure.

23 GENE RUSSIANOFF: So I... so, you know...  
24 [interpose]

COUNCIL MEMBER GREENFIELD: You're gonna think about it and get back to us?

GENE RUSSIANOFF: Alright.

COUNCIL MEMBER GREENFIELD: Yes? Thank you.

LAUREN GEORGE: And for Common Cause, we have advocated against such an arms race, in other instances; I know that the national organization is very opposed to trying to increase and increase to meet independent expenditure; I mean it's a delicate balance, as you mentioned, but in general we would oppose such an increase because it would just lead to very dramatic increase in public expenditure.

RACHEL FAUSS: I would just add that obviously the Campaign Finance Board, when questioned about this, mentioned contribution limits as part of that; we haven't looked at that, but that's something else potentially we could examine in combination with an increase. And as I said, I think our numbers were rooted in what we saw as the spending, but we are certainly open to talking about how to strike that right balance.

COUNCIL MEMBER GREENFIELD: Gene, Rachel; Lauren, thank you all for your testimony.

GENE RUSSIANOFF: Thank you.

CHAIRPERSON KALLOS: Thank you Council Member Greenfield, it's good to be part of a... we're... we're not... that's fine. It's good to have a committee where we can actually have spirited debate and collegiality amongst members who may disagree about certain items and that's hopefully what this new Council is about, somewhere where we can actually have open dialog and conversations.

I just wanted to touch based on some of the items that were brought off that were slightly off topic and just to say that this committee is committed to working on expanding the City's voter registration participation efforts by automating the transmittal of voter registration data from City agencies to the Board of Elections and having agency-based registration programs at Department of Education and NYCHA that are more effective and I believe we've been working on those issues, including resolutions on that. And as you may have seen at our last hearing last week, we have three democratic commissioners who were voted on by the Democratic Conference that have sworn under oath that they will appear before this committee under oath without a

1 subpoena and have agreed to put forward motions,  
2 perhaps tomorrow if all three of them have been sworn  
3 in by the City Clerk, to have public postings as well  
4 as adopting an anti-nepotism policy and the big ask  
5 is, with regard to election day registration for  
6 municipal elections, if the combined thought power of  
7 the attorneys and experts in your three  
8 organizations, as well as other Good Government  
9 groups could help us figure out how to get around the  
10 New York State Constitution requirement that a voter  
11 list be available 10 days prior to an election and  
12 also state law mandates relating to voter  
13 registration wherein it is one of the few areas of  
14 law where commas, periods, exclamation marks, colors  
15 and font sizes are regularly prescribed everywhere  
16 and we are looking forward to working very closely  
17 with you to figuring out how to get around the  
18 preemptions that my colleague, Council Member Ritchie  
19 Torres made reference to. So I just wanna say thank  
20 you very much for your testimony and see you again  
21 shortly.  
22

23 GENE RUSSIANOFF: Thank you.

24 RACHEL FAUSS: Thank you.  
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COMMITTEE ON GOVERNMENTAL OPERATIONS

CHAIRPERSON KALLOS: Without further  
testimony, I hereby adjourn the Governmental  
Operations Committee.  
[gavel]  
[background comments]



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 September 26, 2014