

Testimony to the 2018 NYC Charter Revision Commission on Campaign Finance Reforms

Campaign Finance Issue Forum

June 14, 2018

Good afternoon Chair Perales and members of the Charter Revision Commission. I am Alex Camarda, Senior Policy Advisor for Reinvent Albany. Reinvent Albany advocates for transparency and accountability in State government, and are leading champions for transparency in New York City government, especially strengthening open data and the Freedom of Information Law.

Thank you for the opportunity today to participate in this Campaign Finance Issue Forum to discuss the city's campaign finance system and potential areas of reform.

In earlier testimony we characterized the city's campaign finance system as generally good, and far better than most places, but with room for significant improvement. We voiced concern about the influence of money on city elected officials coming from outside the campaign finance system, especially via contributions to city-affiliated nonprofits.

Our understanding is this Commission intends to is seeking our feedback on three areas related to the city's campaign finance system:

1. Increasing or eliminating the cap on public matching funds for campaign contributions;
2. Lowering the contribution limit; and
3. Increasing the match rate beyond the current \$6:\$1 match on the first \$175 of any campaign contribution.

Reinvent Albany supports doing all three of these measures together because they will better incentivize fundraising from small donors. Candidates need more incentives to raise money from small donors because money raised from small contributions represents a small proportion of the funds raised by candidates.

We support eliminating the cap on public matching funds

Reinvent Albany recommends eliminating the cap on public matching funds, which is currently 55 percent of the spending limit for the office. Eliminating the cap would effectively increase the amount of public funds candidates could receive to up to 86 percent of the spending limit for the office (if a candidate raises all their campaign funds in small donations, 1/7 or 14% of the money would be private funds).

We believe eliminating the public match cap would encourage candidates to raise more from small donors. Currently candidates are incentivized to raise the maximum contribution from donors because they have to raise, at minimum, 45 percent of the spending limit for the office they seek in private dollars. Campaigns have limited time and resources, and candidates typically want to raise the most money as quickly as possible. Currently, the easiest way for candidates to complete their fundraising is to collect the largest contributions possible while receiving a match on the first \$175 of every contribution.

An analysis by Reinvent Albany and Represent.us New York found Councilmembers received most of their funds from contributions larger than \$175. The fifty-one Councilmembers elected during the 2017 election cycle raised a total of \$9.6 million in private contributions and received \$3.3 million in public matching funds. As shown on the chart below, most of the money raised in private contributions by Councilmembers is from larger contributions.

Fundraising by Councilmembers Elected in 2017

Size of Donation	Funds Raised From Contributions Larger than the Size of the Donation	Funds Raise from Contributions Equal to or Less than the Size of the Donation	Percent of Money Raised from Contributions Larger than than the Size of the Donation
\$175	\$8.4 million	\$1.2 million	88 percent
\$500	\$6.5 million	\$3.1 million	68 percent
\$1,000	\$5.2 million	\$4.4 million	54 percent

The analysis also found:

- Thirty four of 51 Councilmembers raised less than 20 percent of their funds from donations of \$175 or less.

- Fifteen candidates chose not to participate in the public matching system altogether.¹

This data echoes findings from the 2013 elections which showed that while more than 75 percent of contributors to New York City candidates in 2013 were for \$175 or less, only 10.5 percent of the total amount contributed to participating candidates came from small contributions.²

Even while incumbents rely on larger donors for most of their campaign funds, many Council candidates don't have access to larger donors. They rely on small donors to fund their campaigns and frequently hit the public match cap. Our analysis found that of the 168 candidates running for City Council in 2013, 51 candidates - 30 percent of candidates - reached the then public matching funds cap of \$92,400 in the primary election and 15 candidates hit the cap in the general election.³ Our conclusion is that lifting the public match cap entirely would make Council races more competitive.

For citywide and boroughwide offices, few candidates actually reach the public match cap as many candidates for these offices rely on large donors to bankroll their campaigns. Councilmember Kallos, in analyzing the 2013 mayoral race, found candidates raise most of their money from large contributions.⁴ According to Kallos' analysis, just 5 percent of mayoral candidates' funds came from contributions of \$175 or less, or \$3 million of \$50 million raised. Forty nine percent of funds, or \$24 million, came from the maximum contribution of \$4,950.

We support further limits on the size of the contributions

We recommend lowering the contribution limit by 50 percent. We think this will increase the likelihood candidates will raise more money from smaller donors if the lower contribution limit is accompanied by other reforms, like an increased public match rate or eliminating the public match for the first \$175 for large donations. We also believe the contribution limits are high considering the median annual household income in New York City is \$58,856⁵ and typically more than 98 percent of individuals do not make any campaign contributions whatsoever. However, we don't think limits

¹ See Appendix A

² See 4/27/2017 Committee Report for Int. No. 1130, <http://legistar.council.nyc.gov/LegislationDetail.aspx?ID=2637108&GUID=11C13B83-99DB-4671-AA99-CF5B5827BBF4&Options=ID|Text|&Search=1130>

³ NYC Campaign Finance Board, Data Library, Public Matching Fund Payments, 2013. See: <http://www.nycffb.info/follow-the-money/data-library/>

⁴ See: "Introduction 1130-2016: Full Public Matching," New York City Councilmember Ben Kallos. Available at: <https://benkallos.com/legislation/introduction-1130-2016-full-public-matching>

⁵ See: http://www.baruch.cuny.edu/nycdata/income-taxes/med_hhold_income.htm

should be lowered too much over concerns the money will flow to less regulated independent expenditures for which there are no contribution limits.

As shown on the chart below, New York City’s individual contribution limits for municipal office are now \$5,100 for citywide office, \$3,950 for boroughwide office, and \$2,850 for City Council *per election cycle*. Los Angeles, the nation’s second largest city which also has a public matching program, limits individual contributions to \$800 for Council candidates and \$1,500 for citywide candidates per election. Even doubling Los Angeles’ per election contribution limits for an apples to apples comparison with New York City to \$1,600 and \$3,000, respectively, leaves their limits well short of New York’s limits.⁶ Chicago, the nation’s third largest city, follows Illinois’ individual contribution limits. Candidates can raise \$5,600 per election cycle for all municipal offices, which is higher than New York City’s for all offices.⁷

City	Individual Contribution Limit-Citywide Office	Individual Contribution Limit-Legislative Office
New York City	\$5,100 per election cycle	\$2,850 per election cycle
Los Angeles	\$1500 per election	\$800 per election
Chicago	\$5,600 per election cycle	\$5,600 per election cycle

According to the National Conference on State Legislatures, the median individual contribution limit for state office for the 39 states that have limits, is \$3,800 for governor and \$1,000 for the state senate and state house. The contribution limit varies from state to state as to how it is applied; in most states it is per election while in others it is per year or per election cycle.⁸ New York City, a municipality, has contribution limits that more resemble the permissive contribution limits imposed by states. Federal candidates running for the presidency of the United States can raise similar amounts of money from individuals as citywide candidates can in New York City. (\$2,700 per

⁶ See: https://ethics.lacity.org/wp-content/uploads/2018/05/CPIAdjustment_3.1.18.pdf and <http://ethics.lacity.org/PDF/agenda/2018/February/20180220-Item7-CampaignFinanceOverview.pdf>

⁷ See: <https://theseecretsix.com/2017/02/09/new-loophole-allows-more-campaign-money-for-chicago-politicians/>

⁸ See: <http://www.ncsl.org/research/elections-and-campaigns/campaign-contribution-limits-overview.aspx> and http://www.ncsl.org/Portals/1/Documents/Elections/Contribution_Limits_to_Candidates_2017-2018_16465.pdf

election for president, whereas city limits are effectively \$2,550 if a candidate has a primary and a general election).

We support increasing the size of the \$6:\$1 match on small contributions

Reinvent Albany supports increasing the public match on small contributions from \$6:\$1 but we think it should only be done for small contributions rather than the first portion of a larger contribution.

Increasing the size of the match will encourage candidates to raise more money from small donations, but will be greatly enhanced if done in addition to lowering contribution limits and lifting the public match cap. New York City over the years has increased its match rate for its public campaign finance program from \$1:\$1 for the first \$1,000 to \$6:\$1 for the first \$175. In 2009, the match rate increased from \$4:\$1 to \$6:\$1 which contributed to an increase in first-time contributors from 28,170 to 33,900, and the proportion of first-time contributors giving small contributions from 68.7 to 83 percent.

New York City already has the highest match rate of any public matching program in the country, although proposals in other places include a matching rate as high as \$10:\$1.⁹ Los Angeles has a public matching rate as high as \$4:\$1. A recently established public matching program in Montgomery, MD has a tiered public matching rate, with the highest match rate also \$6 in public funds for every \$1 in private donations.

In considering raising the public match rate, there are a number of different variations for the Commission to consider. The Commission could propose:

- increasing the public match rate uniformly across the program for all offices and all donations;
- increasing the public match rate for certain offices, like the citywide offices;
- increasing the public match rate only for the smallest contributions;
- providing a match rate that gradually phases out as the contribution increases in size;
- establishing a different public matching rate for different elections; and
- a combination of some or all of these approaches.

Montgomery County in Maryland, for example, provides different matching rates for County Executive races and County Council races. It also phases out the match for both

⁹ See:

<http://www.demos.org/publication/designing-public-financing-systems-advance-equity-and-independent-political-power>

offices as a donation increases in size. For County Executive, a \$6:1 match is received for the first \$50 of a contribution; a \$4:1 match for the second \$50 tranche; and \$2 for the remainder of the contribution up to the maximum amount of \$150 from individuals. For County Council, the structure is the same, but the matching amounts are \$4:\$3:\$2 rather than \$6:\$4:\$2.¹⁰ Los Angeles provides a different matching rate for different elections, \$4:\$1 for the general election and \$2:\$1 for the primary. It also provides a lower matching rate of \$1:\$1 if only 500 signatures are obtained on nominating forms.¹¹

In conclusion, Reinvent Albany supports these three proposals as a means of encouraging small donor fundraising, and believes doing all three together is essential. But we believe all three would be far more meaningful if matching funds were given only to contributions totalling up to \$175, which also would save taxpayers and the campaign finance system millions of dollars. By only providing the match for smaller contributions, candidates are encouraged to focus on smaller donors rather than raising the maximum contribution. Taxpayers should not have their money used to reward candidates for soliciting large donors.

¹⁰ See: https://www.montgomerycountymd.gov/COUNCIL/public_campaign_finance.html

¹¹ See: https://ethics.lacity.org/wp-content/uploads/2017/09/pub_CityCandGuide.pdf, p. 39.

Appendix A

Councilmembers ranked by funds raised from small donations as a proportion of all funds

	Participant / Non-participant	Rank (greatest % of small donations, no match, in dollars)	Sum of donations \$175 or under	Sum of donations above \$175	Sum of donations (without match)	Sum of matching funds received	Percentage of sum of donations \$175 or under
Holden, Robert	P	1	\$27,287	\$32,590	\$59,877	\$200,200	45.6%
Menchaca, Carlos	P	2	\$40,681	\$76,396	\$117,077	\$124,350	34.7%
Barron, Inez	P	3	\$10,615	\$27,555	\$38,170	\$61,290	27.8%
Brannan, Justin	P	4	\$47,040	\$124,869	\$171,909	\$200,200	27.4%
Dromm, Daniel	NP	5	\$24,711	\$68,208	\$92,919	\$0	26.6%
Borelli, Joseph C	P	6	\$13,680	\$38,200	\$51,880	\$100,100	26.4%
Rivera, Carlina	P	7	\$49,301	\$148,585	\$197,887	\$123,017	24.9%
Ulrich, Eric	P	8	\$31,211	\$97,420	\$128,631	\$98,500	24.3%
Ayala, Diana	P	9	\$24,946	\$83,097	\$108,043	\$125,125	23.1%
Maisel, Alan	P	10	\$17,765	\$60,560	\$78,325	\$25,025	22.7%
Perkins, Bill	P	11	\$10,066	\$35,200	\$45,266	\$61,656	22.2%
Rose, Deborah	P	12	\$29,065	\$104,055	\$133,120	\$188,462	21.8%
Matteo, Steven	P	13	\$17,324	\$66,475	\$83,799	\$0	20.7%
Moya, Francisco	P	14	\$29,505	\$113,353	\$142,859	\$100,100	20.7%
Cumbo, Laurie	P	15	\$25,479	\$99,147	\$124,625	\$158,133	20.4%
Miller, I. Daneek	P	16	\$21,921	\$87,557	\$109,478	\$116,408	20.0%
Powers, Keith	P	17	\$34,590	\$138,313	\$172,903	\$200,200	20.0%
Reynoso, Antonio	P	18	\$24,627	\$101,267	\$125,895	\$96,133	19.6%
Rosenthal, Helen	P	19	\$29,852	\$128,288	\$158,140	\$123,874	18.9%
Chin, Margaret	P	20	\$31,590	\$142,154	\$173,744	\$200,200	18.2%
Adams, Adrienne	P	21	\$24,722	\$114,671	\$139,393	\$135,492	17.7%
Levin, Stephen	P	22	\$4,486	\$20,950	\$25,436	\$0	17.6%
Eugene, Mathieu	P	23	\$17,316	\$87,125	\$104,441	\$100,100	16.6%

Espinal, Jr. Rafael L	NP	24	\$16,540	\$91,850	\$108,390	\$0	15.3%
Cabrera, Fernando	P	25	\$16,792	\$101,034	\$117,826	\$34,820	14.3%
Richards, Donovan	P	26	\$23,943	\$147,655	\$171,598	\$0	14.0%
Ampry-Samuel, Alicka	P	27	\$15,845	\$100,478	\$116,323	\$107,666	13.6%
Cohen, Andrew	NP	28	\$5,325	\$34,850	\$40,175	\$0	13.3%
King, Andrew	NP	29	\$17,886	\$127,300	\$145,186	\$0	12.3%
Treyger, Mark	P	30	\$12,861	\$99,796	\$112,657	\$99,850	11.4%
Gibson, Vanessa	P	31	\$7,961	\$62,375	\$70,336	\$0	11.3%
Koslowitz, Karen	P	32	\$12,944	\$103,081	\$116,025	\$0	11.2%
Williams, Jumaane D	NP	33	\$24,552	\$202,597	\$227,149	\$0	10.8%
Kallos, Ben	P	34	\$21,946	\$180,925	\$202,721	\$125,125	10.8%
Grodnychik, Barry	NP	35	\$12,810	\$112,640	\$125,450	\$0	10.2%
Lander, Brad	NP	36	\$41,416	\$365,429	\$406,845	\$0	10.2%
Constantinides , Costa	P	37	\$21,887	\$195,390	\$217,277	\$19,332	10.1%
Vallone, Paul	P	38	\$17,005	\$154,925	\$171,930	\$197,132	9.9%
Diaz, Ruben	NP	39	\$14,555	\$137,337	\$151,892	\$0	9.6%
Van Bramer, James G	NP	40	\$45,579	\$477,594	\$523,173	\$0	8.7%
Torres, Ritchie	P	41	\$22,119	\$243,750	\$265,869	\$0	8.3%
Rodriguez, Ydanis	P	42	\$21,152	\$234,388	\$255,540	\$0	8.3%
Deutsch, Chaim	P	43	\$11,713	\$142,195	\$153,908	\$123,950	7.6%
Levine, Mark	NP	44	\$34,394	\$421,716	\$456,110	\$0	7.5%
Johnson, Corey	NP	45	\$34,938	\$470,930	\$505,868	\$0	6.9%
Lancman, Rory	NP	46	\$29,344	\$404,339	\$433,683	\$0	6.8%
Yeger, Kalman	P	47	\$10,324	\$160,714	\$171,038	\$100,100	6.0%
Gjonaj, Mark	NP	48	\$37,890	\$883,362	\$921,252	\$0	4.1%
Cornegy, Jr., Robert	P	49	\$8,000	\$215,955	\$223,955	\$0	3.6%
Salamanca, Jr., Rafael	NP	50	\$7,610	\$224,045	\$231,655	\$0	3.3%
Koo, Peter	NP	51	\$3,952	\$333,350	\$337,302	\$0	1.2%

		TOTAL	\$1,139,064	\$8,426,037	\$9,564,950	\$3,346,540	11.9%
		Participant	\$787,562	\$4,070,489	\$4,857,901	\$3,346,540	16.2%
		Non-Participant	\$351,501	\$4,355,546	\$4,707,048	\$0	7.5%

Not all candidates who were participants in the public matching funds program received matching funds.

**Councilmembers ranked by the number of small donations
as a percentage of all donations**

	Participant / Non- participant	Rank (greatest percentage of small donations by count)	Number of donations \$175 or under	Number of donations above \$175	Number of donations	Percentage of number of donations \$175 or under
Barron, Inez	P	1	214	22	236	90.7%
Menchaca, Carlos	P	2	597	108	705	84.5%
Ayala, Diana	P	3	406	90	496	81.9%
Perkins, Bill	P	4	179	40	219	81.7%
Holden, Robert	P	5	341	83	424	80.4%
Cabrera, Fernando	P	6	306	81	387	79.1%
Rivera, Carlina	P	7	790	210	1000	79.0%
Rosenthal, Helen	P	8	560	149	709	79.0%
Moya, Francisco	P	9	367	98	465	78.9%
Levin, Stephen	P	10	72	20	92	78.3%
Brannan, Justin	P	11	637	188	825	77.2%
Eugene, Mathieu	P	12	335	99	434	77.2%
Adams, Adrienne	P	13	365	109	474	77.0%
Rose, Deborah	P	14	371	113	484	76.7%
Ampry-Sam uel, Alicka	P	15	334	103	437	76.4%
Miller, I. Daneek	P	16	328	123	451	72.7%
Ulrich, Eric	P	17	338	131	469	72.1%

Dromm, Daniel	NP	18	319	126	445	71.7%
Reynoso, Antonio	P	19	404	160	564	71.6%
Powers, Keith	P	20	379	165	544	69.7%
Espinal, Jr. Rafael L	NP	21	261	114	375	69.6%
Chin, Margaret	P	22	473	214	687	68.9%
Borelli, Joseph C	P	23	156	74	230	67.8%
Cumbo, Laurie	P	24	350	173	523	66.9%
Maisel, Alan	P	25	196	99	295	66.4%
Gibson, Vanessa	P	26	118	71	189	62.4%
Williams, Jumaane D	NP	27	392	237	629	62.3%
Matteo, Steven	P	28	196	120	316	62.0%
Richards, Donovan	P	29	336	208	544	61.8%
Kallos, Ben	P	30	294	188	482	61.0%
Deutsch, Chaim	P	31	211	143	354	59.6%
King, Andrew	NP	32	196	148	344	57.0%
Treyger, Mark	P	33	149	117	266	56.0%
Diaz, Ruben	NP	34	201	163	364	55.2%
Rodriguez, Ydanis	P	35	335	274	609	55.0%
Lander, Brad	NP	36	606	506	1112	54.5%
Constantinides, Costa	P	37	288	241	529	54.4%
Van Bramer, James G	NP	38	570	510	1080	52.8%
Yeger, Kalman	P	39	211	206	417	50.6%
Cohen, Andrew	NP	40	49	49	98	50.0%
Grodenschik, Barry	NP	41	120	124	244	49.2%

Koslowitz, Karen	P	42	144	151	295	48.8%
Levine, Mark	NP	43	450	495	945	47.6%
Torres, Ritchie	P	44	293	331	624	47.0%
Lancman, Rory	NP	45	337	394	731	46.1%
Johnson, Corey	NP	46	391	487	878	44.5%
Vallone, Paul	P	47	174	233	407	42.8%
Gjonaj, Mark	NP	48	439	863	1302	33.7%
Salamanca, Jr., Rafael	NP	49	102	204	306	33.3%
Cornegy, Jr., Robert	P	50	85	212	297	28.6%
Koo, Peter	NP	51	43	403	446	9.6%
		TOTAL	15,808	9,970	25,778	61.3%
		Participant	11,332	5,147	16,479	68.8%
		Non-Participant	4,476	4,823	9,299	48.1%

Not all candidates who were participants in the public matching funds program received matching funds.