

**Testimony to the 2018 NYC Charter Revision Commission
on Scope of Work and Effective Dates of Campaign Finance Reform
Public Hearing #1**

April 24, 2018

McKee High School, Staten Island, NY

Good evening Chair Perales and members of the Charter Revision Commission. I am Alex Camarda, the 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, particularly the Freedom of Information Law and open data.

We will present detailed recommendations at future hearings but wanted to comment tonight on two overarching issues as the commission begins its work: 1) the scope of the work the Commission takes on; and 2) when changes to campaign finance law should become effective.

The Commission's Scope of Work

The Municipal Home Rule Law requires the Commission review the entirety of the City Charter, though Mayor de Blasio has requested the Commission particularly focus on campaign finance reform and increasing public funding of campaigns. The good news here is the campaign finance system, thirty years in the making, is a model for governments across the country. We support changes to improve the city's already strong campaign finance system.

But New York City has a ways to go before it curbs the perception of and undue influence of money on government decision making. As the city's campaign finance system has gotten stronger, money has flowed outside of it. Today, we believe the fastest growing area of outside influence and, in some instances, corruption risk is from people doing business or seeking favors from government contributing to nonprofit organizations affiliated with government.

We ask the Commission to take a close look at the large unregulated contributions (in some instances, over \$1 million and often tens of thousands) given by companies and

individuals doing business with the city to city-affiliated nonprofits, city agencies and city offices. We believe there are well over a hundred city-affiliated nonprofits. However, there is no public listing.

We ask the Commission to consider significantly restricting donations to city-affiliated nonprofits and city agencies by companies and individuals doing business with the city and greatly increase the transparency of donations.

Currently, there is not nearly enough transparency for contributions to nonprofits affiliated with city government. Contributions of \$5,000 or more are disclosed every six months, and the amounts reported are provided in 7 broad ranges rather than the actual amount.¹ In some instances, contributions are not disclosed by agencies to the public at all.² Additionally, the COIB releases this information in a massive, 500-plus page PDF - instead of a tabular form that can be reviewed in a spreadsheet - thereby frustrating analyses by outside groups and journalists.³

We also urge the Commission to review conflicts of interest potentially created when city officials help fundraise for city-affiliated and unaffiliated nonprofits, and city agencies. The current restrictions on fundraising for city agencies, city affiliated nonprofits, and unaffiliated nonprofits are nuanced and complicated⁴, but ultimately too permissive and

¹ See this PDF on Fundraising for City Agencies on the COIB's website, which also appears to include fundraising for city-affiliated nonprofits:

<https://www1.nyc.gov/site/coib/public-documents/fundraising-for-city-agencies.page>. A separate COIB csv spreadsheet provides for fundraising for unaffiliated nonprofits by city officials. See:

<https://www1.nyc.gov/site/coib/public-documents/fundraising-by-city-agencies-for-nfps.page>.

Categories for Reporting Contributions are: A = \$5,000 - \$19,999; B= \$20,000 - \$59,999; C = \$60,000 - \$99,999; D= \$100,000 - \$249,999; E=\$250,000 = \$499,999; F= \$500,000 - \$999,999; G = 1,000,000 or more

² A process exists for donors' names to be protected from disclosure to the public by the city agency.

³ See:

https://www1.nyc.gov/assets/coib/downloads/pdf2/fundraising_reports/apr_1_17_to_sep_30_17.pdf

⁴ Our understanding is city officials and electeds may raise funds in both a targeted and untargeted manner for city agencies and city-affiliated nonprofits. In doing so, city officials must make a statement indicating a donation will not result in preferential treatment from donors. They also cannot solicit donors with a matter pending or about to be pending before the city, *unless* they are firewalled from decisions impacting the donor, in which case they can fundraise from donors doing business. Donors may also approach city officials even if they have business with the city and the official is firewalled, and the city official may thank them for their support and steer them to do a non-firewalled city employee for further donor communications. (See COIB Advisory Opinion 2003-4 at http://www.nyc.gov/html/conflicts/downloads/pdf5/aos/2000-2003/AO2003_4.pdf, pgs. 15-25). For unaffiliated nonprofits, our understanding is city officials and electeds may raise funds with city resources with the permission of an agency head that the nonprofit's work supports the agency's mission, provided the nonprofit does not have a matter before or pending with the agency. The city official may not fundraise if they are affiliated with the nonprofit or if a person or firm the city official is associated with

very challenging to enforce. Reinvent Albany is particularly concerned about the role of “volunteer” fundraisers for city-affiliated nonprofits, who are not subject to Advisory Opinions of the COIB or conflict of interest laws.

Effective Dates of Campaign Finance Reform

When it proposes changes to the campaign finance system, we ask the Commission to keep in mind the unprecedented administrative challenge faced by the Campaign Finance Board (CFB) in 2021, the next regular city election. Forty one Council seats and all citywide and boroughwide offices will be vacant. As many as 300-400 candidates are expected to run for office, which will require CFB to provide extensive candidate services and handle a large volume of post election audits.

Because of this extraordinary work load, Reinvent Albany recommends that major proposed changes to the city’s campaign finance system made by the Commission should be phased in over time. This could be done by limiting the implementation of changes to citywide offices in 2021, or all offices in 2023. The redistricting term of two years from 2022-2023 limits the delay in implementing changes while reducing the burden on the CFB to smoothly administer the 2021 elections. We believe it is better to implement changes smoothly, when CFB has adequate staff time and organizational capacity, rather than overwhelm the agency during an unprecedented election. There is no pressing need to hurry changes in 2021 instead of two year later.

Thank you for the opportunity to testify this evening. I welcome any questions you may have.

would benefit (see Advisory Opinion 2008-6 at http://www1.nyc.gov/assets/coib/downloads/pdf5/aos/2004-2013/AO2008_6.pdf, pgs 15-16).