



Testimony to the New York City Campaign Finance Board For 2021 Post-Election Hearing

December 16, 2021

Good morning to the members and staff of the Campaign Finance Board (CFB). My name is Tom Speaker, and I am a Policy Analyst for Reinvent Albany. Reinvent Albany is a government watchdog organization that advocates for open and accountable government.

New York City's public campaign finance program is a national model and has been an extraordinary success. As the program has expanded, the City Council has become more diverse, and the incoming NYC Council will have a record number of women and people of color.¹ We believe that the program's success has been in large part due to the integrity and independence of the CFB, and that is why we oppose efforts by some members of the City Council to change the CFB's budget process.²

Today, we are making five recommendations for improving the New York City campaign finance system:

1. Rules Recommendation

- a. Add conversations about fundraising to the definition of coordination between candidate committees and PACs

2. Legislative Recommendations

- a. Prohibit lobbyists from bundling and organizing fundraisers for candidates
- b. Subject candidates' family members to doing-business contribution limits
- c. Limit how much doing-business donors can contribute to independent expenditure committees
- d. Expand the definition of "doing-business"

¹<https://www.brennancenter.org/our-work/research-reports/small-donor-public-financing-plays-role-electing-most-diverse-new-york>

²<https://reinventalbany.org/wp-content/uploads/2021/11/Group-Memorandum-of-Opposition-Int-2429.pdf>

1. Rules Recommendation

a. Add conversations about fundraising to the definition of coordination between candidate committees and PACs

During this year's mayoral race, candidate Shaun Donovan's father, Michael Donovan, was the largest funder for a Political Action Committee (PAC) spending millions in support of his son's candidacy. News reports revealed that Michael Donovan discussed fundraising with Shaun Donovan's campaign finance director.³ Some suggested that this would constitute "coordination" between the PAC and Shaun Donovan's committee, potentially barring him from receiving well over a million in public dollars for the campaign.

The CFB conducted a careful review and decided to release the matching funds, concluding that the conversations about fundraising did not constitute coordination under the CFB's rules. We agree with the CFB's assessment, but urge the CFB to change the rules so that such conversations do constitute coordination in the future. Candidate committees and major PAC funders supporting the same candidate should not be discussing fundraising.

2. Legislative Recommendations

a. Prohibit lobbyists from bundling and organizing fundraisers for candidates

Under a law passed in 2016, donations bundled by lobbyists can no longer be matched. The City Council should go even further and ban lobbyists from bundling donations altogether.

Lobbyist bundling still plays a significant role in candidate fundraising. The Times reported in May that David Schwartz, who is in NYC's doing-business database, organized a fundraiser for Mayor-elect Adams in 2018 and, under the name of a management company, sent invitations requesting donations.⁴ Even though Schwartz sent the invitations, the Adams campaign did not list him as a bundler, so these donations went on to be matched through the City's program.

The Schwartz case shows that bundling is still a common practice. It is up to candidates to report bundling honestly, but the City Council can still help curb this type of behavior by banning lobbyists from organizing fundraisers for candidates. The CFB should also

³<https://www.thecity.nyc/2021/4/26/22404961/shaun-donovan-father-discussed-mayoral-campaign-contributions-aided-pac>

⁴<https://www.nytimes.com/2021/05/16/nyregion/eric-adams-fund-raising.html>

look into how to better address cases like Schwartz's, where bundlers escape notice by sending invitations as companies.

b. Subject candidates' family members to doing-business contribution limits

While family members cannot have their contributions matched, family members are still allowed to donate the maximum amount allowed, and often do. The Council should end this circumvention by subjecting family members to doing-business limits.

During the 2021 mayoral race, Shaun Donovan received \$5,100 from his father on February 3rd, 2020, and research on past campaign cycles suggests that large family contributions are not rare.⁵

c. Limit how much doing-business donors can contribute to independent expenditure committees

Independent expenditures in NYC elections have increased nearly threefold since the 2013 elections. Spending by outside groups topped \$40 million,⁶ compared to \$15 million in 2013 (the last mayoral election with no incumbent).⁷

Outside spending is likely to keep increasing in future years and risk undue influence by donors. The City Council can help redistrict undue influence by reintroducing and passing Intro 1231 (Lander), which limits how much doing-business donors can contribute to independent expenditure committees.⁸

d. Expand the definition of "doing-business"

Reinvent Albany also supports applying doing-business restrictions to subcontractors, clients of lobbyists, companies seeking building permits, and those submitting pre-applications to the Department of City Planning. These recommendations were also made in testimony to the 2018 City Charter Commission and in a letter to Council Speaker Corey Johnson in 2019.⁹

Thank you for allowing me to testify. I welcome any questions you might have.

⁵<https://reinventalbany.org/wp-content/uploads/2021/12/Reinvent-Albany-Letter-to-NYC-Council-on-Doing-Business-Restrictions-Oversight-and-Legislation.pdf>

⁶https://nyccfb.info/VSAApps/WebForm_Finance_Independent.aspx?as_election_cycle=2021&source=email

⁷https://nyccfb.info/VSAApps/WebForm_Finance_Independent.aspx?as_election_cycle=2013&source=email

⁸<https://legistar.council.nyc.gov/LegislationDetail.aspx?ID=3754266&GUID=FEE06ACF-D2Co-4E02-9D6C-88DBEAE9CAB2&Options=&Search=>

⁹<https://reinventalbany.org/wp-content/uploads/2019/10/5-9-18-Testimony-to-the-2018-NYC-Charter-Revision-Commission-on-Campaign-Finance-and-Voting-Reforms-.pdf>