

Testimony to NYC Charter Commission on Government Reform

A Truly Independent Mayor's Charter Commission Will Strengthen Ethics Enforcement, Create Public Removal Process

April 9, 2025

Thank you for the opportunity to provide written comments for today's Charter Commission hearing. Reinvent Albany advocates for more transparent and accountable New York government.

We urge the members of this commission to set your sights high. Show New Yorkers you are truly independent by proposing the major ethics reforms needed to restore the public trust in New York City government. We New Yorkers are on our own. The federal sheriff has ridden out of town and it is up to you and all of us to strengthen the City's front line ethics and anti-corruption agencies.

In <u>February</u> we asked you to do three things:

- 1. Propose an NYC independent ethics commission, with independent budgeting;
- 2. Make ethics advice and opinions to city officials far more transparent; and
- 3. Study a removal mechanism for the mayor.

Since then, <u>Citizens Union has developed</u> a two-step removal process for the mayor that we believe is constitutional and consistent with basic democratic principles of fairness and due process. Reinvent Albany urges you to put this two-step proposal on the ballot, though we would lower the Council vote percentages needed to trigger the process to 2/3 of Councilmembers, and to put before the public to 3/4 of Councilmembers.

For the record, we also strongly support and urge the Commission to place on the ballot:

- 1. Independent budgeting for the Department of Investigation (DOI)
- 2. A charter amendment to allow New York City elections to be held in even years, pending passage of state authorization
- 3. Closing loopholes in Independent Expenditure (IE) reporting

Removal Process for the Mayor

We support <u>Citizens Union's framework</u> of a two-step process to remove the mayor: the City Council initiates a hearing process before voting to bring a "Special Removal Election" before the voters. We believe that this process will address concerns raised by the Commission at your February hearing about well-funded interests gaming the recall process, and concerns that voters would not have a say in a removal conducted solely by the City Council and/or other city officials.

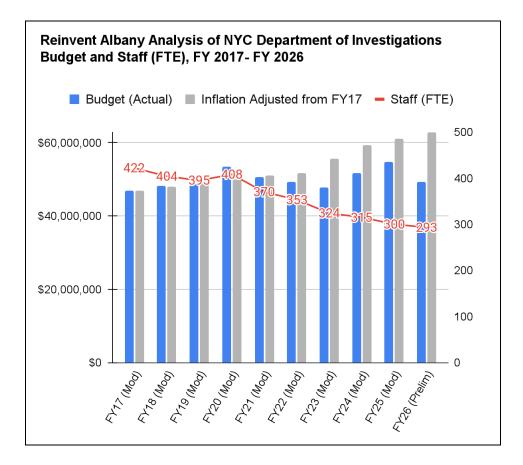
Citizens Union's proposal would require a 70% vote of the Council to initiate the hearing process, and an 80% threshold to recommend removal to the voters, triggering the Special Removal Election. Reinvent Albany supports a lower threshold with a 2/3 vote for the initial hearing, and a 3/4 vote of the Council to recommend removal to the voters. Following voter approval during a "Special Removal Elections," the mayor would be removed, triggering a special election to select a new mayor.

Independent Budgeting for the Department of Investigation

The <u>New York Times reports</u> that because of successive budget cuts, the Department of Investigations is operating with a skeleton crew.

Reinvent Albany found that DOI will have lost 30% of its staff from Fiscal Year 2017 to Fiscal Year 2026 if the current budget is approved.

The FY 2026 budget proposed by the Adams administration funds DOI at \$49 million, with a full-time staff of 293. In FY 2017, DOI received \$47 million and had a full-time staff of 422 (see chart below).



We ask that the Charter Revision Commission ensures that the Department of Investigation's budget is protected through independent budgeting which sets DOI's funding as a percentage of the net budget per what was previously proposed for the <u>Conflicts of Interest Board</u>. A table of DOI's funding history is at the end of this testimony.

Amend the Charter to Allow Even-Year Elections for New York City

One known and <u>well-studied problem</u> the Commission should review is the timing of New York City elections. The Charter Revision Commission cannot unilaterally change the timing of the City's elections due to the New York State Constitution's requirements, but it could spend time studying this problem and prepare the City for authorization from the state.

According to the NYC Campaign Finance Board's <u>2023 Voter Analysis Report</u>, while voter registration remained high in 2023 (81.8%), voter turnout was lackluster, at 7.2% in the primary election and 12.8% in the general election. This is abysmal, and has been a problem for New York City elections for decades.

Given the consideration of even-year elections by the <u>New York State Legislature this</u> <u>session</u>, the Charter Revision Commission, we ask the Charter Commission to support even-year elections and propose authorizing changes to the Charter so that the change can go into effect quickly after it is authorized by the state.

Improve Disclosure of Independent Expenditure (IE) Committees

Unfortunately, loopholes in New York State and City IE laws severely undermine New York's efforts to amplify small donors and increase transparency so as to reduce the influence of big money on elections.

These laws allow Independent Spenders to keep the existence of IEs and their contributors hidden until long after they start spending to produce communications, pay for airtime, or pay for social media placement. This means that an Independent Spender could unleash a surprise, last-minute barrage of media and keep hidden the identities of people or entities contributing less than \$25,000.

To close major loopholes in IE law, new laws should require:

- **1. Earlier disclosure triggers for IEs** that are based on when an Independent Spender encumbers or spends on a communication, rather than when the public sees a communication.
- 2. Disclosure of contributors of \$1,000 or more to entities giving to the Major Contributors of Independent Spenders (addressing the dark money nesting doll problem).
- **3. Disclosure of contributors to Independent Expenditures and entities contributing to them further back than twelve months before an election.** Contributors to political committees for candidates for office are disclosed when the contribution is made.
- **4.** Allowing imposition of penalties on an Independent Spender of up to three times the amount of a contribution or expense that was misrepresented in a Verification Report. Currently, the maximum penalty is \$10,000 (14-02(e)), which is absurdly low given known contributions to IEs of half a million to a million dollars. This level of penalty would create parity with some of the current penalties for campaign finance violations, such as going over expenditure limits.

A summary of the current loopholes is below. Note that the corresponding sections of the <u>CFB's rules</u> are provided below, given that they are the most comprehensive regarding the current requirements for IEs. Independent expenditure disclosure is covered under <u>Chapter 46, §1052(a)(15) of the City Charter</u>.

• No expenditure disclosure until IE communication is distributed, broadcast, or published. Independent Expenditures do not have to report their support for a candidate or expenditures and contributions until after the first communication they pay for is seen by the public. <u>Therefore, an IE's</u> <u>contributions are not subject to the disclosure requirement until covered</u> <u>communications totaling \$5,000 or more are seen by the public.</u> (§14-02(C))

- **"Major Contributor" Loophole.** An IE does not have to disclose contributions to an entity it is receiving contributions of \$50,000 or more from unless those contributions are for \$25,000 or more a year for a covered election (§14-02(d)ii.b contributions).
- **Expenditure Disclosures.** Each covered communication must be disclosed in the reporting period in which it is first published, aired, or otherwise distributed (§14-02(B)). Each expenditure must be disclosed in the reporting period in which the expenditure is incurred, except that *no expenditure is required to be disclosed prior to the reporting of its associated communication* (§14-02(c)).
- **Contribution Disclosures.** An IE triggers contribution disclosure if it makes "covered expenditures" (totaling) \$5,000 or more for a single candidate in the twelve months prior to an election (§14-02(D). However, *the expense for a covered communication does not have to be disclosed until the communication is seen by the public* (§14-02(c)).

Reinvent Albany Analysis of NYC Department of Investigation Budget and Staff (FTE), FY 2017- FY 2026				
Fiscal Year	Budget (Actual)	Inflation Adjusted from FY17	Staff (FTE)	Source
FY26 (Prelim)	\$49,333,971	\$3,450,867	293	https://www.nyc.gov/assets/om b/downloads/pdf/jan25/perc1-2 5.pdf
FY25 (Mod)	\$54,782,469	\$3,350,341	300	https://www.nyc.gov/assets/om b/downloads/pdf/jan25/perc1-2 5.pdf
FY24 (Mod)	\$51,648,973	\$3,252,743	315	https://www.nyc.gov/assets/om b/downloads/pdf/adopt24/erc6- 24.pdf
FY23 (Mod)	\$47,868,111	\$3,155,219	324	https://www.nyc.gov/assets/om b/downloads/pdf/erc6-23.pdf
FY22 (Mod)	\$49,229,823	\$2,965,149	353	https://www.nyc.gov/assets/om b/downloads/pdf/erc6-22.pdf
FY21 (Mod)	\$50,666,175	\$2,758,794	370	https://www.nyc.gov/assets/om b/downloads/pdf/erc6-21.pdf
FY20 (Mod)	\$53,540,540	\$2,720,711	408	https://www.nyc.gov/assets/om b/downloads/pdf/erc6-20.pdf
FY19 (Mod)	\$48,620,224	\$2,654,700	395	https://www.nyc.gov/assets/om b/downloads/pdf/erc6-19.pdf
FY18 (Mod)	\$48,227,028	\$2,614,148	404	https://www.nyc.gov/assets/om b/downloads/pdf/erc6-18.pdf
FY17 (Mod)	\$46,917,256	\$2,561,120	422	https://www.nyc.gov/assets/om b/downloads/pdf/erc6-17.pdf