

New York City Campaign Finance Board

Reform: (rĭ-fōrm´) —*n.* **1.** A change for the better. . . . **2.** A movement that attempts to institute improved social and political conditions. . . . **3.** Moral improvement.

The CFB and Its Mandates



November 2006

New York City Campaign Finance Board



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New York City Campaign Finance Board

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MESSAGE FROM THE CHAIRMAN

While campaign finance reform was stalled at the federal level for many years, New York City has been in the vanguard of the reform movement and has been hailed by civic groups and editorial boards as a model for the nation. Since its creation in 1988, the independent and nonpartisan Campaign Finance Board has administered, with great success, the most comprehensive campaign reform program in the country. The Program includes:

The Campaign Finance Program, which aims to reduce the influence of money in politics and increase opportunities for citizen participation; and

The Voter Guide and the Debate Program, which serve to improve voter education and better enable voters to make informed decisions.

In addition, to ensure that voters have instant access to the latest in campaign finance information, the CFB maintains a **searchable database** (www.nycffb.info) of candidates' campaign finance information.

In December 2004, disclosure of candidates' financial information was strengthened by passage of local laws 58, 59, and 60 requiring all candidates for city office to abide by the contribution limits and provide full financial disclosure to the CFB regardless whether they choose to participate in the Campaign Finance Program.

Now more than ever, an informed and active citizenry is vital to New York City's future. The CFB's mission is to help strengthen that democracy by giving all New Yorkers an opportunity to have a meaningful role in the election process.



Frederick A.O. Schwarz, Jr.

Several corruption scandals in the mid-1980's threatened to undermine public confidence in New York City's municipal government. A series of ethics reforms were adopted to strengthen the integrity of city government, and most prominent among them was the Campaign Finance Act, signed into law on February 29, 1988. In a citywide referendum later that year, voters approved inclusion of the independent and nonpartisan Campaign Finance Board (CFB) in the City Charter, and added to its mandate the publishing and distribution of a nonpartisan Voter Guide.

The Campaign Finance Program was designed to limit the role and influence of private money in the political process. Candidates who participate in the Program can qualify to have private contributions matched with public money. In exchange, candidates agree to full disclosure of their campaign finances, as well as to strict contribution and spending limits. The Program is voluntary, and candidates who participate agree to a full audit of their finances.

The Program has undergone significant changes since its inception in 1988. As a result of a law signed in December 1996, candidates who join the Program and run for citywide office are now required to participate in a series of public debates. Other significant changes came through legislation passed in 1998, and through a citywide referendum on charter revision that same year. Taken together, these changes included a reduction of the contribution limits; a ban on corporate contributions; a requirement that contributions from political committees (PACs) be accepted only from those PACs that have registered with the CFB; and a change in the public matching funds rate. Prior to 1998, contributions had been matched at a rate of \$1-to-\$1, up to a maximum of \$1,000 in public funds per individual New York City contributor. That rate is now \$4-to-\$1, up to \$250 per contributor (also for a maximum of \$1,000 in public funds per individual contributor).

In December 2004, local laws 58, 59, and 60 significantly changed campaign finance reform by extending the contribution limits and disclosure requirements to all candidates for municipal office, regardless whether they join the Program.

These changes, in addition to others, have served to keep New York City in the vanguard of the campaign finance reform movement. As federal reform continues to move slowly and state reform remains stagnant, New Yorkers can take pride in the success of their bold local experiment.



THE CAMPAIGN FINANCE BOARD

The CFB was created in 1988 as an independent, nonpartisan City agency, and now has four primary mandates:

1. To administer the New York City Campaign Finance Program, issuing public matching funds to participating campaigns that comply with the Program's requirements, including contribution and expenditure limits and detailed disclosure of candidates' campaign finances.
2. As of 2005, to ensure that **all** candidates for municipal office — Program participants and non-participants alike — comply with contribution limits and provide detailed campaign finance disclosure.
3. To publish and distribute the New York City Voter Guide, a nonpartisan booklet containing information on municipal candidates and ballot proposals for both primary and general elections. The Voter Guide is mailed to every household in New York City having at least one registered voter.
4. To oversee a debate program for candidates in the Campaign Finance Program who are running for the citywide offices of mayor, comptroller, and public advocate.

The CFB is composed of five board members: two appointed by the mayor, two by the speaker of the City Council, and one, the chairman, by the mayor after consultation with the speaker. The CFB is strictly nonpartisan, and by law the mayor's two appointees must come from different political parties, as must the speaker's. Board members serve staggered, five-year terms.

New York City’s voluntary Campaign Finance Program is the most comprehensive reform program in the country. Twice supported by city voters in referenda, it provides public matching funds to qualified candidates who agree to abide by strictly enforced contribution and spending limits. In addition, candidates must disclose exactly where contributions come from and how they are spent. This information is audited and made available to the public.

The Program is designed to:

1. Make candidates and elected officials more responsive to New York City citizens, rather than special interests;
2. Level the political playing field by enabling all serious candidates, whether challengers or incumbents, to compete on a more equal footing;
3. Help credible candidates, who may not have access to “big money,” run competitive campaigns;
4. Reduce the opportunity for campaign contributors to influence candidates and elected officials;
5. Provide easily accessible and comprehensive information on candidates’ campaign finances.

The Program includes:

CONTRIBUTION LIMITS

The contribution limits significantly reduce the opportunity for campaign contributors to buy influence with candidates and decrease the overall effect of money on the electoral process. Contribution limits cover both monetary and “in-kind” contributions of goods and services. These limits encourage candidates to seek smaller contributions from a greater number of people, making candidates more responsive to their constituents and less beholden to a few large contributors. Candidates joining the Program cannot accept corporate contributions, nor can they accept contributions from PACs not registered with the CFB. A recent change in the law imposes

CONTRIBUTION LIMITS*

Mayor	Public Advocate	Comptroller
\$4,950	\$4,950	\$4,950

* Per campaign (primary and general election combined). The contribution limits cover the three times these limits. For special elections, the contribution limits are half these amounts.

SPENDING LIMITS (participants only)

	Mayor	Public Advocate
<i>2006 – 2008*</i>	\$ 270,000	\$ 270,000
<i>2009 Primary Election†</i>	<u>5,728,000</u>	<u>3,581,000</u>
<i>2009 General Election</i>	5,728,000	3,581,000
<i>2009 Primary or General Election tier one bonus rate</i>	8,592,000	5,371,500

* Spending in excess of these amounts will be charged against the first limit applicable in 2009.

† If no primary election is held and a primary election spending limit is not otherwise applicable.

THRESHOLD REQUIREMENTS (participants only)

	Mayor	Public Advocate
<i>Dollar Amount</i>	\$250,000	\$125,000
<i>Number of Contributors</i>	1,000	500

* For borough president, the threshold dollar amount is equal to the number of persons living in the borough. The dollar amount (based on the 2000 census) for each borough is: Bronx, \$26,653; Brooklyn, \$26,653; Manhattan, \$26,653; Queens, \$26,653; Richmond, \$26,653; Westchester, \$26,653.

† Must be district residents.

MAXIMUM PUBLIC FUNDS* (participants only)

Mayor	Public Advocate	Comptroller
\$3,150,400	\$1,969,550	\$1,969,550
\$3,818,667†	\$2,387,333†	\$2,387,333
\$7,160,000‡	\$4,476,250‡	\$4,476,250

* Per election, in election year.

† Maximum public funds under bonus rate, tier one.

‡ Maximum public funds under bonus rate, tier two.

ENTS, AND PUBLIC FUNDS

er	Borough President	City Council
	\$3,850	\$2,750

entire election cycle. Participants may make contributions to their own campaigns of up to ts. Non-participants may contribute an unlimited amount to their own campaign.

Comptroller	Borough President	City Council
\$ 270,000	\$ 120,000	\$40,000
<u>3,581,000</u>	<u>1,289,000</u>	<u>150,000</u>
3,581,000	1,289,000	150,000
5,371,500	1,933,500	225,000

09.

able, the amount set forth in this row will constitute the limit for the general election.

Comptroller	Borough President	City Council
\$125,000	\$10,000 – 49,307*	\$5,000
500	100	75 [†]

ng in each borough multiplied by two cents, or ten thousand dollars, whichever is greater. lyn, \$49,307; Manhattan, \$30,744; Queens, \$44,588; and Staten Island, \$10,000.

er	Borough President	City Council
5	\$708,950	\$82,500
33 [†]	\$859,333 [†]	\$100,000 [†]
60 [‡]	\$1,611,250 [‡]	\$187,500 [‡]

the Program’s contribution limits, as well as the corporate contribution ban, on candidates running for city office but not participating in the voluntary Campaign Finance Program. Previously, non-participating citywide candidates could accept contributions of up to \$45,000. (See pages 8 and 9 for Program limits.)

SPENDING LIMITS

Spending limits curtail excessive campaign spending and level the playing field for candidates. If a Program participant runs against a high-spending opponent who has not joined the Program — and thus is not bound by spending limits — that participant’s spending limit is incrementally increased. Under Tier 1, the limit is increased to 150% of the regular spending limit. Under Tier 2, the limit is removed. In addition, these candidates will receive more money in public matching funds and at a faster rate. (See pages 8 and 9 for Program limits.)

THRESHOLD REQUIREMENTS

To qualify for public financing, Program participants first must prove they have adequate support from the public. They do this by meeting a “threshold” of minimum requirements for the amount of money raised and the number of individuals who have contributed to the campaign. As with public matching funds and spending limits, the threshold requirements vary per office. (See pages 8 and 9 for requirements.)

PUBLIC MATCHING FUNDS

Public matching funds reduce the role of private money in politics and help make elections more competitive. Matching funds increase the value of small contributions from individuals, making candidates less dependent on large contributions and assisting candidates who do not have access to large monied sources. The Program matches each dollar a New York City resident gives up to \$250 with four dollars in public funds, for a maximum of \$1,000 in public funds per contributor. The total amount each candidate can receive in matching funds is capped at 55 percent of the spending limit. When running against a high-spending non-participant, a participant receives public funds at an accelerated rate. These bonus funds, coupled with a raising, and in certain cases, the lifting of the participant’s spending limit, are so that candidates in the Program are not overly handicapped when facing well-financed opponents who have not chosen to follow the

Program's contribution and spending limits and who are not subject to auditing by the CFB. In order for the bonus situation to be triggered, the opponent must not be in the Program and must raise or spend more than half of the expenditure limit. An additional bonus is triggered when the high-spending non-participant raises or spends three times the expenditure limit. (See pages 8 and 9 for Program limits.)



Good.



Even Better.

A \$10 matchable contribution can yield \$50 for a participating candidate.

PUBLIC DISCLOSURE

One of the most important functions of the CFB is to disclose information about the campaign finances of candidates in the Program. Because the CFB makes this information easily available, citizens and the media can examine first-hand the flow of money through campaigns. A 2004 change in the law requires all candidates, whether or not they are participating in the Campaign Finance Program, to disclose their information to the Campaign Finance Board, making the CFB's website, www.nycfcfb.info, the only source for computerized searchable campaign finance information for all local candidates. The candidate filings disclose exactly who gave money to their campaigns, the amount given, the occupation and employer of contributors, whether the money was collected by an intermediary for the campaign, and how money for the campaign was spent. Reports can also be viewed at a public computer terminal at the CFB's offices. The CFB's entire database can be downloaded for free on the Board's website (www.nycfcfb.info) and can be purchased on CD for \$125. For further information on public disclosure, contact the Press Unit at (212) 306-7100.



ENFORCEMENT AND COMPLIANCE

To assist candidates and their committees in complying with the Program's requirements, the CFB issues regulations and advisory opinions, answers informal requests for guidance, and conducts numerous training and compliance seminars for the benefit of participating campaigns. The CFB also has a Candidate Services Unit that is available to assist candidates in understanding and complying with Program requirements.

The CFB's audit and legal staffs share responsibility for compliance and enforcement. Their primary objectives are to enforce the contribution and spending limits and prohibitions, to make sure that campaigns report information in an accurate and timely manner, and to safeguard the distribution of public funds. Every campaign, including non-participants' campaigns, are audited. The CFB discovers violations of the Act in various ways, including through reviews of information reported by campaigns, audits of campaigns' records conducted during and after elections, and investigations of complaints brought against campaigns.

All participants in the Program are subject to audit. Copies of final audit reports are available to the public.

The CFB's enforcement powers include the authority to investigate complaints, seek penalties and withhold public funds; subpoena documents, records, and testimony; and institute civil lawsuits against

candidates and campaigns. Criminal charges may be brought against individuals for violations of the Campaign Finance Act, and criminal prosecutions have been conducted. The CFB is authorized by law to publicize violations of the Act.

To reach the Auditing and Accounting, Candidate Services, or Legal Units, call (212) 306-7100.



To help candidates comply with the Program's requirements, the CFB developed C-SMART (Candidate Software for Managing and Reporting Transactions.)

C-SMART:

- Produces all required disclosure schedules that campaigns file with the CFB and the City Board of Elections.
- Reduces data entry. The campaign can enter the name and other identifying information of each contributor and vendor once, and then reuse that information for multiple contributions and expenditures. These names can be saved in C-SMART for all future elections.
- Tracks unpaid bills, advances, and loans, and makes it easier for campaigns to produce required summary pages and cover pages.
- Helps campaigns follow the contribution limit and other legal requirements. For example, C-SMART totals multiple contributions received from the same contributor or multiple bills paid to the same vendor. C-SMART also produces reports that help track these contributions and expenditures.



C-SMART is distributed free of charge to all campaigns. Campaigns that would like to use a software program other than C-SMART to prepare submissions to the CFB must receive prior written approval.

For more information about C-SMART, contact the Candidate Services Unit at (212) 306-7100.



Voter frustration mounted after candidates in the 1993 mayoral election failed to meet in a public debate. In December 1996, the City Council passed a law requiring candidates who run for citywide office (mayor, public advocate, and comptroller) and join the Campaign Finance Program to participate in a series of debates. The purpose of the law, which was first in effect for the 1997 elections, is to ensure that citizens are provided the opportunity to listen to candidates in forums that allow for substantive discussions of the issues. Although the Debate Program is administered by the CFB, the debates themselves are sponsored by various media, educational, and civic groups and broadcast citywide.

All candidates for citywide office who are on the ballot for the primary and/or general election; participate in the Campaign Finance Program; and meet, among other possible criteria, a minimal financial public support

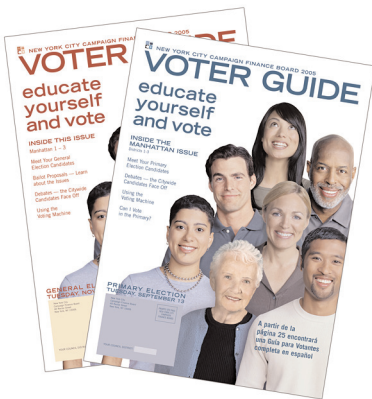
Debates are an effective way for candidates to get their message across without spending campaign resources.

threshold are required to take part in one debate prior to the primary and/or general elections. Candidates deemed “leading contenders” participate in an additional debate prior to the election. Uniform and objective criteria for determining minimal financial public support criteria

and leading contender status are set in advance of the debates and agreed upon by the debate sponsors. Candidates who are not participating in the Program may be invited to debate and, if invited, are permitted but not required to take part.

Organizations sponsoring one or more of the debates must not be affiliated with any political party, candidate, or public official, and must not endorse any candidates for the pending primary or general election before the debates for that election are held. The CFB reviews the applications and chooses the organizations that are best able both to reach a wide audience and to run a fair and impartial debate. For further information on the Debate Program, contact the Press Unit at (212) 306-7100.

The New York City Voter Guide is a unique nonpartisan resource that helps citizens make informed decisions on election day. The Voter Guide provides equal space to all candidates free of charge, and every candidate may submit a profile, including biographical information and a color photo. It is published by the CFB in both English and Spanish and mailed to every household having a registered voter. (Consistent with the Federal Voting Rights Act, all voters in certain election districts also receive a Chinese and/or Korean version.) The Voter Guide also contains nonpartisan information about how and where to vote, how to register, the dates of the primary and general elections, and any proposals that will be on the ballot.



The Voter Guide is a nonpartisan publication distributed to New York City voters citywide.

The CFB publishes Voter Guides before all regularly scheduled primary and general elections in which there are candidates running for the offices of mayor, comptroller, public advocate, borough president, or City Council member, or when a

municipal ballot proposal is expected. For ballot proposals, the Board presents a plain language description of the proposals and arguments in favor of and against them. In 2005, the Voter Guide was redesigned to be more attractive and reader-friendly.

The CFB also publishes an interactive online Voter Guide on its Web site, www.nycctfb.info. For more information about the print or online Voter Guide, please contact the CFB's Communications Unit at (212) 306-7100, or send an e-mail to VoterGuideInfo@nycctfb.info.



SELECTED CFB PUBLICATIONS

BROCHURES

- *2009 Elections Brochure*
- *New Legislation (January 2005)*

POST-ELECTION REPORTS*

- *Public Dollars for the Public Good: A Report on the 2005 Elections (September 2006)*†
- *City Council Elections 2003 (September 2004)*†
- *An Election Interrupted...An Election Transformed (September 2002)*†
- *A Decade of Reform (September 1998)*†

ISSUES PAPERS

- *The Impact of High-Spending Non-Participants on the Campaign Finance Program (September 2006)*†
- *Municipal Campaign Finance and “Pay-to-Play”: An Analysis of Doing Business Contributors in New York City (June 2006)*†
- *Friends in Need: Joint and Independent Spending by Candidates (January 1997)*
- *Bundles of Trouble? (June 1996)*
- *Party Favors (January 1995)*
- *The Debate Debate (June 1994)*

MISCELLANEOUS

- *Candidate Handbooks (2003–2005)*†
- *New York City Voter Guides (1989–2005)*‡
- *Transcript of “From the Ground Up: Local Lessons for National Reform” (Fordham Urban Law Journal, Vol. XXVII, No.1 October 1999).*

* Reports on earlier elections are available on the CFB’s website.

† Also available on the CFB’s website, www.nycffb.info.

‡ Earlier editions have limited availability; beginning with the 1998 Guide, an online version is available for each edition at www.nycffb.info.

Please contact the CFB for copies of these and other publications that provide additional information about the Program.



New York City Campaign Finance Board

This brochure provides information about the work of the New York City Campaign Finance Board; the members and staff of the CFB; the voluntary New York City Campaign Finance Program that provides public matching funds to candidates who meet the requirements of the Program; the ways in which public disclosure is available for participants' computerized campaign finance information; the New York City Voter Guide; the New York City Debate Program; and publications available from the Campaign Finance Board.

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