



RECOMMENDATIONS FOR ENHANCING NEW YORK CITY'S CAMPAIGN FINANCE PROGRAM

Now in its 30th year, New York City's Campaign Finance Program is widely recognized as a model for reform that builds stronger connections between citizens and their elected leaders.

The unique power of New York City's small-dollar multiple-match system gives a stronger, clearer voice to the everyday concerns of the vast majority of New Yorkers who can't afford to make large contributions to politicians. It encourages candidates to lend those concerns real weight and consideration, and to spend more time with their neighbors raising small-dollar contributions and less time chasing special-interest checks.

Through three decades, five mayoral administrations, and hundreds of Council races across the five boroughs, the Program has remained an essential democratizing force in city politics, lowering the barriers to meaningful participation for candidates and contributors alike.

The basic framework of our Program—provide matching funds that establish voluntary incentives for candidates to focus on small-dollar contributions in exchange for overall caps on spending—has been successful here in New York City. Established candidates and first-time challengers alike, all across the political spectrum, rely on the Program to help them build campaigns for office.

As our analysis shows, the Program decreases candidates' reliance on big-money contributions, and it has helped develop a broad, diverse base of small-dollar contributors in every neighborhood, in every borough.

The Program was created as a response to a massive City Hall scandal that shook New Yorkers' faith in their government. The founding text of the Program, Local Law 8 of 1988, reflects this idea clearly in its declaration of intent:

"Both the possibility of privilege and favoritism and the appearance of impropriety harm the effective functioning of government... whether or not the reliance of candidates on large private campaign contributions actually results in corruption or improper influence, it...creates the appearance of such abuses and thereby gives rise to citizen apathy and cynicism."

Following the 2013 election, a series of investigations and press accounts raising questions about favors and access granted to campaign bundlers has demonstrated how public perceptions about the relationships between candidates and their big-dollar campaign contributors still can impact New Yorkers' view of their government.

In response, members of City Council, civic advocates, and the mayor have argued for a broader, more expansive matching funds system that enables candidates to better assemble robust, competitive campaigns built wholly on small-dollar contributions, and further limit the need to depend on large-dollar contributors in order to compete.

There is an historic, wide-open city election on the horizon in 2021. While the Board will publish its post-election report—as mandated—by September 1 of this year, this citywide conversation around reform represents an important moment to define a vision for the Program's next decade and beyond.

To decrease candidates' reliance on large, private contributions and increase the impact of New Yorkers' small-dollar contributions to candidates, the Board recommends an initial set of measures to enhance the Program and make the full benefits of participation more accessible to all candidates:

- Take big money out of the system by **lowering the contribution limit**
- Boost the incentives for small-dollar fundraising by **increasing the matching formula**
- Provide access to more public matching funds by **increasing the public funds cap**
- Give more candidates a voice by **lowering the thresholds for citywide candidates**
- Enhance equity in the system by **lowering the minimum threshold contribution to \$5**

Together, these measures will reduce the amount of private funds in the system, and more than provide the ability for participating candidates to get their message out to the voters with a combination of small-dollar contributions from New Yorkers and the accompanying matching funds.

1. **LOWER THE CONTRIBUTION LIMITS** to \$2,250 for mayor, public advocate, and comptroller; \$1,750 for borough president; \$1,250 for Council

Lowering contribution limits across the board will help small-dollar contributors play an even larger role in city campaigns.

It is true across elections that the vast majority of contributions to city candidates come from small-dollar contributors — in the 2017 cycle, only 5 percent of all contributions to participating candidates for mayor were larger than \$2,250.

Yet these contributions represent the majority of candidates’ fundraising — for the 2017 election, those 5 percent of contributions represented 59 percent of the total funds raised by participating mayoral candidates.

The demands of conducting a competitive campaign for citywide office in New York City lead many candidates to rely more heavily on the largest donors. Independent studies of New York City’s system reach the same conclusion. Michael Malbin of the Campaign Finance Institute suggests that the Program has been successful at increasing the “number, proportional importance, and diversity of small donors to city council candidates,” but also noted that the Program does not achieve the same results in citywide races:

Mayors are more powerful and more visible than individual city council members. Their decisions are more consequential for potential large donors, who therefore feel more of a stake in the election results and are more willing to give.¹

While Council candidates are somewhat less reliant on large-dollar contributions, they still play a substantial role; contributions larger than \$1,250 accounted for only 2 percent of all contributions, but comprise 32 percent of the funds raised by participating Council candidates.

In both cases, with a lower contribution limit, small-dollar fundraising will represent a greater portion of candidates’ campaign funds.

To shift the emphasis away from large-dollar contributors, the Board proposes lowering the contribution limit. For citywide candidates, the current \$5,100 limit would be lowered by more than half, to \$2,250 — an amount equivalent to the maximum matchable contribution along with the associated public funds under the increased matching rate proposed below. Contribution limits for the other offices would be lowered by similar proportions.

	Current Contribution Limit	Proposed Contribution Limit
Mayor, Public Advocate, Comptroller	\$5,100	\$2,250
Borough President	\$3,950	\$1,750
City Council	\$2,850	\$1,250

1 Malbin, Michael and Michael Parrott, “Small Donor Empowerment Depends on the Details: Comparing Matching Fund Programs in New York and Los Angeles,” *The Forum*, pp 240-41. Attached to Professor Malbin’s testimony to the Board’s post-election hearing, January 28, 2018. (https://www.nycffb.info/pdf/EC2017_Michael_Malbin_Testimony.pdf)

2. INCREASE THE MATCHING FORMULA FOR MAYOR, PUBLIC ADVOCATE, AND COMPTROLLER to \$8-to-\$1 for the first \$250 from NYC residents

Increasing the value of small-dollar contributions will further boost the incentive for candidates running citywide to focus their time and energy on small-dollar contributors. While a lower contribution limit will remove big money from the system, an increased formula will replace those large-dollar contributions with matching funds.

As noted, candidates for mayor and other citywide offices are more reliant on large contributors than candidates for City Council.

For instance, during the past three citywide elections (2009-17), the median payment to candidates for City Council equaled 53 percent of the spending limit for Council campaigns (just short of the 55 percent cap payment on matching funds payments). By comparison, over the same period the median public funds payment to candidates for mayor amounted to just 28 percent of the expenditure limit.

A boost in the matching rate (6:1 to 8:1) and a modest increase in the matching amount (from \$175 to \$250) for citywide campaigns will provide an even more powerful incentive for small-dollar fundraising, provide matching funds to replace large-dollar donations displaced by the lower contribution limit, and create a balance between public and private funds that looks more like the balance for Council campaigns.

Combined with the lower contribution limit, the proposed formula would significantly increase the impact of small-dollar contributions relative to the largest contributions (see table).

	A Single \$100 Contribution * (+ Matching Funds)	A Maximum Contribution	Ratio (Max contribution/ \$100 Contribution)
Current \$6:\$1 formula and contribution limit	\$100 + \$600 = \$700	\$4,950	7.3
Proposed \$8:\$1 formula, lower contribution limit	\$100 + \$800 = \$900	\$2,250	2.5
* \$100 is generally the most frequent contribution size to candidates for most offices—though the most frequent contribution size to 2017 mayoral candidates was \$10.			

3. INCREASE THE PUBLIC FUNDS CAP to 65 percent of the spending limit

Increasing the cap on public funds payments will further encourage candidates to rely on small-dollar contributions and public matching funds.

The public funds ceiling was last increased nearly 20 years ago. Prior to Local Law 48 of 1998, public funds payments were capped at 50 percent of the spending limit—except for payments to candidates for City Council, which were capped at \$40,000, about a third of the spending limit. LL48 (1998) transformed the Program and created the multiple-match framework we use today: it effectively increased the matching rate to \$4-to-\$1, lowered contribution limits across the board, and set the public funds cap to the current 55 percent of the spending limit for all offices.²

	2021 Expenditure Limit	Current Public Funds Cap	Proposed Public Funds Cap
Mayor	\$7,286,000	\$4,007,300	\$4,735,900
Public Advocate	\$4,555,000	\$2,505,250	\$2,960,750
Comptroller	\$4,555,000	\$2,505,250	\$2,960,750
Borough President	\$1,640,000	\$902,000	\$1,066,000
City Council	\$190,000	\$104,500	\$123,500

A modest increase in the public funds cap, to 65 percent, is a necessary component of the plan to increase small-dollar fundraising and limit the largest contributions. It would decrease candidates’ reliance on private funding, and further empower candidates who rely on small-dollar fundraising—while maintaining some flexibility for candidates to raise and spend private funds in advance of the mandated payment dates, which come very late in the election cycle.³

Together with the lower contribution limit and increased matching formula, this modest increase in the public funds payment cap will help create a more inclusive, effective Program for all candidates.

² Testimony of Amy Loprest to the New York City Council Committee on Governmental Operations, April 27, 2017. (<http://www.nycclf.info/media/testimony/testimony-of-amy-loprest-to-the-city-council-committee-on-governmental-operations/>)

³ Under the Act, most public funds are paid only after the ballot is set, only 35 days before the election. Local Law 168 of 2016 amended the Act to provide for a single, small payment to candidates no later than four business days after the deadline to certify as a participant in the Program, which is June 10 in a regular election year.

4. LOWER THRESHOLDS FOR CITYWIDE CANDIDATES

Making it easier to qualify for public funds will empower more small-dollar fundraisers to run viable, competitive campaigns for citywide office.

Candidates who qualify for public funds are provided with a baseline amount of resources to communicate with voters and get their message out. To qualify for public funds, candidates must meet a two-part fundraising threshold. Currently, the threshold for mayor is \$250,000 in matching claims, with 1,000 contributors of at least \$10. Candidates for public advocate and comptroller must raise \$125,000, with 500 contributors of at least \$10.

Cutting the thresholds to \$125,000 and \$75,000 will allow more viable candidates a voice, and the ability to qualify earlier.

To maintain the rigor of this lower threshold and help encourage candidates for citywide office to reach out to New Yorkers across the city, the Board proposes a new geographic requirement for citywide offices: in addition to meeting the two-part threshold, candidates for any citywide office must collect at least 50 contributions in each borough to qualify for payment.

5. LOWER THE MINIMUM CONTRIBUTION COUNTED TOWARDS THRESHOLD TO \$5

Another way to increase equity in the matching funds program and lower barriers to participation, especially for candidates in neighborhoods with less wealth, is to count contributions as low as \$5 towards the threshold to qualify for payment. Under the Act, only contributions of \$10 or more from New York City residents count towards the qualification threshold. A lower minimum contribution will allow more New Yorkers to help their favored candidates qualify for matching funds.