



**Testimony by Lauren George, Associate Director  
before the New York City Campaign Finance Board**

**RE: Proposed Rules Campaign Finance Disclosure Statements and Basis for Ineligibility determination**

My name is Lauren George, Associate Director of Common Cause/NY. We appreciate this opportunity to share our views on increased disclosure rules and eligibility for candidates to receive public matching funds. Common Cause fights to strengthen public participation and faith in our institutions of self-government and to ensure that government and political processes serve the general interest, and not simply the special interests. For more than 30 years, we have worked at both the state and municipal level to bring about honest, open and accountable government. We have been a long-standing advocate for innovative campaign finance and ethics laws in New York, as well as throughout the country. Common Cause is a leading supporter of comprehensive campaign finance reforms and public funding of elections throughout the country. We have been involved in helping craft, ultimately pass and help implement virtually all of the public funding of election systems that are functioning at the state and national level, as well as numerous municipal level systems. We are also actively engaged in Election Protection and election administration reform efforts across the country.

New York City's model public financing program has thrived for well over two decades now due to careful oversight by the CFB of public funds provided to campaigns. The CFB's rigorous auditing processes help ensure that public funds are provided to candidates all playing by the same rules and that campaigns are disclosing to the public fully and accurately.

The Board proposes to require that campaign disclosure statements be accompanied by all of the campaign committee's bank records and deposit slips. Requiring candidate committees to provide bank statements as part of their routine disclosures will assist the CFB in making timely determinations whether a candidate committee is following the rules to remain eligible to participate in the public matching funds program. This change will allow the CFB to inform campaigns of reporting and documentation discrepancies earlier in the election cycle. Because the chances of being audited are so high, this proposed rule would simply help candidates and their treasurers better prepare for the possibility of audit and preclude the post-election audit scramble. Though campaign treasurers should always follow best accounting practices and maintain all bank statements and records anyway, this rule change could also allow treasurers to utilize digital storage by submitting records up front.

As the CFB's early reviews in the 2013 campaign season showed, there were over \$1 million in unreported or misreported transactions. The CFB sent reconciliation reports to campaigns that led to amended disclosures. For some campaigns, the unreported transactions constituted significant percentages of their overall activity. Identifying these discrepancies early on may have prevented some of these campaigns from unwittingly exceeding the spending limit.<sup>1</sup>



Today's proposed rule seeks to address this need for timely resolution of discrepancies. It also mitigates bureaucratic burdens, making less work for all parties involved by allowing the CFB to provide campaigns with constructive feedback and the opportunity to take corrective action before it is too late.

This new rule would make New York City's program the most pro-active and rigorous in improving the quality of public disclosure of campaign spending. Other localities' public financing programs require campaigns to maintain all bank records, but a quick review showed that they do not require direct submission of bank statements. Montgomery County, Maryland's new program requires campaigns to submit bank records only upon request, as do many others. In Los Angeles, candidates must report bank account information in their statement of organization form to participate in the program, but are not required to disclose bank records with every financial disclosure statement.<sup>i</sup> Arizona's clean elections program requires that candidate committee treasurers maintain records of all bank statements for campaign accounts, preserve them for 3 years and be prepared to submit them upon request of the Attorney General, county, city or town attorney.<sup>ii</sup> Tucson candidates' filing reports must show cash on hand, surplus from previous campaigns, and total disbursements for each filing period. Similarly, in Connecticut's Citizen's Election program, participating candidates are required to maintain all bank and expenditure records and keep a copy set to give the Commission in preparation to be audited, as 50% of campaigns are audited.<sup>iv</sup>

Given the recent and ongoing corruption scandals that plague our city and state politics, the other proposed rule adding a new criterion for ineligibility determination is a sensible catchall provision that could assist the CFB in deeming a candidate ineligible for public funds if fraud or egregious conduct is brought to light. It is essential that the CFB maintain public trust in NYC's public program by rigorous ethical standards and strict accounting practices.

Common Cause New York appreciates the New York City Campaign Finance Board addressing this important issue. Given the high amounts of public money being allocated for this purpose (the Board paid \$38.2 million to 149 participating candidates in 2013), we encourage increased public disclosure of candidate campaigns. We are confident these rules will further strengthen the city's public financing system.

Thank you again for the opportunity to testify.

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<sup>i</sup> NYC Campaign Finance Board. *By the People: The New York City Campaign Finance Program in the 2013 Elections*, September 2014. [http://www.nyccfb.info/PDF/per/2013\\_PER/2013\\_PER.pdf](http://www.nyccfb.info/PDF/per/2013_PER/2013_PER.pdf)

<sup>ii</sup> Fair Political Practices Commission, California Form 410 Statement of Organization Recipient Committee. <http://prd.cdn.sos.ca.gov/forms/410.pdf>

<sup>iii</sup> Arizona Citizens Clean Elections Commission, Act and Rules Manual, 2014. <http://www.azcleelections.gov/>

<sup>iv</sup> Understanding Connecticut Campaign Finance Laws: A 2012 Guide for General Assembly Candidates Participating in the Citizens' Election Program. [http://www.ct.gov/seec/lib/seec/2012generalelection/2012\\_participating\\_candidate\\_guide\\_final\\_april\\_2012.pdf](http://www.ct.gov/seec/lib/seec/2012generalelection/2012_participating_candidate_guide_final_april_2012.pdf)