

The Status of the Citizens' Election Fund
as of December 31, 2020



A Report of the
Connecticut State Elections
Enforcement Commission



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I. INTRODUCTION

In December 2005, the Connecticut General Assembly enacted, and Governor M. Jodi Rell signed, the most sweeping reform of the State's campaign finance laws since the post-Watergate era. Public Act 05-5 of the October 29 Special Session, and the subsequent amendments to that Act, incorporate vast revisions to the manner in which political campaigns are financed, especially with respect to the statewide offices and the General Assembly. These revisions have been codified in Chapter 155 (traditional private campaign funding) and Chapter 157 (public campaign financing) of the General Statutes, hereinafter referred to as the Citizens' Election Program.

In general terms, the comprehensive campaign finance reform legislation contained several major components:

- Creation of the voluntary Citizens' Election Program ("CEP"), whereby qualified candidates for statewide offices, state senate and state representative may receive public grants of campaign funds if they raise a threshold amount from individuals in small denominations and agree to abide by spending limits and other program requirements;
- Limitations on contributions by communicator lobbyists, their spouses and dependent children, and prohibitions on bundling contributions by such individuals, as well as strict prohibitions on contributions from principals of state contractors and prospective state contractors, their spouses and dependent children;
- New contribution limits on PACs and political parties to candidates;
- New restrictions on the number of PACs that an individual can establish or control;
- Development and oversight of a pilot program for public financing of municipal campaigns (the City of New Haven implemented the Democracy Fund, for mayoral campaigns);
- More frequent campaign disclosure reporting requirements;
- The centralization of all campaign finance related functions, including the filing of reports, issuing of advice, auditing and verification, compliance and enforcement in a single agency—the State Elections Enforcement Commission (hereinafter the "SEEC"); and
- Development, design and implementation of a new electronic campaign reporting information system, eCRIS, to replace the system administered by the Office of the Secretary of the State.

The CEP is dependent upon funding from the Citizens' Election Fund ("CEF" or the "Fund"). The CEF was established to provide public campaign grants to participating candidates who qualify under the CEP's requirements. The CEP became available to qualified candidates in any special election for the General Assembly held after December 31, 2006, and to qualified statewide and General Assembly candidates in primaries and regular elections thereafter.

Section 9-716 (a) of the Connecticut General Statutes provides, in relevant part, as follows:

Not later than June 1, 2007, and annually thereafter, the State Elections Enforcement Commission shall issue a report on the status of the Citizens' Election Fund during the previous calendar year.

Such report shall include the amount of moneys deposited in the fund, the sources of moneys received by category, the number of contributions, the number of contributors, the amount of moneys expended by category, the recipients of moneys distributed from the fund and an accounting of the costs incurred by the commission in administering the provisions of sections 9-700 to 9-716, inclusive.

As required by this law, this report addresses the financial status of the CEF, as of December 31, 2020. The SEEC used a modified accrual basis to prepare the financial statements in this report. Such accounting practice is consistent with GAAP, also known as “generally accepted accounting principles.”

II. THE CITIZENS' ELECTION FUND (CEF)

A. Purpose and Statutory Authority

The CEF, which was created pursuant to section 9-701 of the Connecticut General Statutes, is a non-lapsing account within the General Fund. It is comprised primarily of funds derived from the sale of abandoned or unclaimed property in the state's custody (escheats) pursuant to section 3-69a of the Connecticut General Statutes. The State Treasurer has administrative responsibilities for the escheats. See generally, Part III of Chapter 32 of the Connecticut General Statutes. The unclaimed property program is explained on the State Treasurer's website <https://portal.ct.gov/ott>. Such abandoned property typically includes funds left in savings or checking accounts, stocks, bonds or mutual fund shares, travelers' checks or money orders, life insurance policies, and safe deposit box contents. In addition, the CEF receives funds from voluntary contributions and interest on the Fund's assets. In the event the CEF does not have adequate monies to cover qualified grants, monies will be deposited from the revenues from the taxes imposed under chapter 208 pursuant to section 9-750 of the Connecticut General Statutes.

B. Deposits into the CEF

Escheats

In each fiscal year, the State Treasurer is required by section 3-69a (a) (2) of the Connecticut General Statutes to deposit into the CEF the same amount as in the prior fiscal year, adjusted in accordance with any change in the consumer price index for all urban consumers in the preceding fiscal year.

Public Act 11-6 made a reduction in the escheats amount deposited into the CEF, effectively reducing the amount to be deposited into the account every year going forward by approximately forty percent. In fiscal year ending June 30, 2012 alone, this meant a reduction of \$7,955,086 from \$18,555,086 to \$10,600,000. This drastically reduced funding will continue indefinitely, and ultimately could result in an insufficiency of the Fund.

For the calendar year ending December 31, 2020, the State Treasurer deposited \$17,928,291.31 into the CEF. That amount was for the payment of campaign grants to candidates. **Schedule A** contains a breakdown of the total deposits into the CEF for the year ending December 31, 2020.

Establishment of Reserve Account

Pursuant to section 9-716 (c) of the Connecticut General Statutes, the SEEC established a reserve account within the CEF. Each year, the first \$25,000 of funds deposited into the CEF must be deposited into this account. If the CEF is insufficient to make payments, the reserve account can be used to make certain payments to participating candidates; however, it is available solely during the week prior to any election or primary.

This account was drained in 2016 pursuant to Public Act 16-1, with \$275,000 in sweeps taking the account to a zero balance in March, 2016.

The \$25,000 required to be deposited into the reserve account for the 2020 calendar year was deposited in May, 2020. The reserve account had a balance of \$125,000 as of December 31, 2020. Use of the reserve account was not necessary during the period covered by this report.

Interest Earnings

In accordance with section 9-701 of the Connecticut General Statutes, “investment earnings credited to the assets of the fund shall become part of the assets of the fund.” Accordingly, the CEF earns interest on the deposits to the Fund. As reported in **Schedule A**, a total interest of \$269,539.52 was earned in this calendar year.

Corporate Taxes

Section 9-750 of the Connecticut General Statutes prescribes that if the sale of abandoned property (escheats) by the State Treasurer leads to insufficient funds to produce the statutory amount required to be deposited in the CEF, the difference is made up from corporate tax revenues. This was not necessary during the period covered by this report.

Additional Over-Draft Protection from Corporate Taxes

During the 2014 legislative session, the legislature acted to ensure that the CEF would be sufficient to pay grants to all qualified candidates during an election cycle through the passage of Public Act 14-78. This Act expanded the protections for the Fund provided in section 9-750 of the Connecticut General Statutes. Pursuant to the Act, if the CEF is insufficient during an election cycle to provide grants to each qualified candidate committee, then the amount necessary to pay the grants shall be deposited into the Fund from corporate tax revenues.

Following an election in which such deposits from the corporate tax account have been necessary, the amount deposited into the Fund from the corporate tax account during the election cycle will be deducted from the Fund under section 3-69a for the following fiscal year. Use of the statutory over-draft protection was not necessary during the period covered by this report.

Voluntary Contributions

Any individual, committee or other entity may make voluntary contributions to the CEF. As reflected in **Schedules B** and **C**, there were two contributors who made voluntary contributions, and the aggregate amount of their contributions was \$1,513.70.

Refunds of Surplus Grant Funds

Grant recipients are required to return any surplus funds to the CEF after the election. The amount of refunds received and deposited into the CEF during the 2020 calendar year was \$133,775.87.

Total Deposits into the CEF

The aggregate amount deposited into the CEF from all sources was \$18,732,331.22 which is reported in **Schedule A**.

C. Expenditures from the CEF

Grants to Qualified Candidates

During the period covered by this report, the total amount distributed by the SEEC from the CEF for all candidate grants was \$13,537,602.82. This covered the 2020 regular elections; there were no special election grants given during this timeframe.

D. Administrative Costs of the CEP

Prior to the passage of Public Act 09-3, section 9-701 of the Connecticut General Statutes permitted the State Elections Enforcement Commission to deduct and retain up to \$2.3 million per fiscal year from the CEF for costs incurred by the Commission in administering the Citizens' Election Program. The statute permitted amounts from each allocation that were not expended to be carried over to succeeding fiscal years.

Effective September 8, 2009, Public Act 09-3 of the June special session amended section 9-701 of the Connecticut General Statutes and repealed the provision. The monies to cover the administrative costs for the CEP were no longer deposited into the CEF and then removed at the request of the SEEC to the CEP Administrative Account. The administration of the CEP is no longer funded from the CEF. Rather the CEP Administrative Account began to be funded from the General Fund from appropriations approved by the Legislature, like most other state agency accounts, and, like most other accounts of state agencies, that account lapses at fiscal year's end.

Effective July 1, 2011, Public Act 11-48 significantly altered the structure of the SEEC. The budget was reduced by almost 40% and the staff was reduced from 53 to 35. Since then, some positions have been replaced and a massive effort has been undergone to redesign the agency. Staff has been utilized for maximum efficiencies, units have been broken down and realigned to allow freer workflow, and processes have been automated, when possible, and redesigned to alleviate man-hours needed to complete tasks. As a result, at this point in time, the costs for administering the CEP are fully integrated with the costs of administering the SEEC.

III. CONCLUSION

On December 31, 2020, the Citizens' Election Fund balance was **\$22,085,867.22**, as shown in **Schedule A**.

IV. ACKNOWLEDGEMENTS

The SEEC gratefully acknowledges State Comptroller Kevin Lembo for the generous assistance he and his staff provided to us throughout 2020. The cooperation of the Office of the State Comptroller and the use of Core-CT is critical to the timely distribution of grant payments to candidates who participate in the Citizens' Election Program.

The SEEC also acknowledges State Treasurer Shawn Wooden, and his capable senior staff, for their cooperation throughout the year regarding the administration of the CEF.

V. APPENDICES

Schedule A – Status of the CEF

Schedule B – Voluntary Contributions to the CEF

Schedule C – Contributors to the CEF

Schedule D – Grant Recipients

Schedule E – Grants from the Fund

STATUS OF THE CEF – SCHEDULE A
For Year Ending December 31, 2020

BALANCE OF THE FUND 1/1/2020				\$16,891,138.82
BALANCE AVAILABLE 1/1/2020 FOR GRANTS TO PARTICIPATING CANDIDATE COMMITTEES				\$16,791,138.82
DEPOSITS- 2020				
Escheats				
For Candidate Grants				\$17,903,291.31
For Reserve Account				\$ 25,000*
Corporate Taxes				\$ 0
Interest Earnings				\$ 269,539.32
Refunds of Surplus Grant Funds				\$ 133,775.87
Candidate Committees-Excess Qualifying Contributions (Buffer)				\$ 390,023.91
Candidate Committees-Prior Asset Return & In-Kind				\$ 5,359.41
Forfeitures				\$ 3,827.50
Miscellaneous Contributions				\$ 1,513.70
Number of Contributors:	2			
Number of Contributions:	2			
TOTAL DEPOSITS- 2020				\$ 18,732,331.22
EXPENDITURES- 2020				
GRANTS to Participating Candidate Committees				
Statewide Office				\$ 0
Number of grants	0			
State Senator				\$ 6,222,915
Number of grants	65			
State Representative				\$ 7,314,688
Number of grants	262			
Total Grant Expenditures				\$ 13,537,602.82**
TOTAL EXPENDITURES- 2020				\$ 13,537,602.82
BALANCE OF THE FUND- 12/31/2020				\$ 22,085,867.22
BALANCE AVAILABLE 12/31/2020 FOR GRANTS TO PARTICIPATING CANDIDATE COMMITTEES				\$21,960,867.22

*\$25,000 was also deposited into Reserve Account for 2019 calendar year payment.

** Amount reflects minor adjustments to grant amounts made at issuance due to buffer variances.

VOLUNTARY CONTRIBUTIONS TO THE CEF - SCHEDULE B
For Year Ending December 31, 2020

Contributions	Number of Contributions	Amount of Contributions
Statewide Office.....	0	\$ 0
State Senator.....	0	\$ 0
State Representative.....	2	\$ 1,513.70
Municipal office.....	0	\$ 0
Exploratory and Others	0	\$ 0
Party / Town Committees.....	0	\$ 0
Political Committees.....	0	\$ 0
Total Committee Contributions	2	\$ 1,513.70
 Corporate Entities	 0	 \$ 0
 Individuals	 0	 \$ 0
 Other Entities	 0	 \$ 0
 TOTAL CONTRIBUTIONS	 2	 \$ 1,513.70

CONTRIBUTORS TO THE CEF - SCHEDULE C
For Year Ending December 31, 2020

Committees	Office	Party	Contributions	Amount
Jesse 2020	SR	Maj	1	\$1,131
TK 20	SR	Maj	1	\$383
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Total Committee Contributions			2	\$1,131
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Corporations			n/a	n/a
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Total Corporate Contributors			0	\$ 0
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Individuals			n/a	n/a
<hr/>				
Total Individual Contributors			0	\$ 0
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TOTAL CONTRIBUTORS			2	\$1,131

Key

M = Municipal
SR = State Representative
SS = State Senate
Maj = Major Party
PAC = Political Action Committee

GRANT RECIPIENTS - SCHEDULE D
For Year Ending December 31, 2020

Grants	Number of Grants			Total Number of Grants
	Primary Elections	General Elections	Special Elections	
Committees				
Candidate Committees				
Statewide Office	0	0	0	0
State Senator	6	59	0	65
State Representative	21	241	0	262
TOTAL GRANTS	27	300	0	327

GRANTS FROM THE FUND - SCHEDULE E
For Year Ending December 31, 2020

GRANTS	Primaries	General Election	Special Election	Total Grants
Statewide Offices	\$ 0	\$ 0	\$ 0	\$ 0
State Senate	\$ 451,298	\$ 5,771,617	\$ 0	\$ 6,222,915
State Representatives	\$ 475,409	\$ 6,839,288	\$ 0	\$ 7,314,697
TOTAL GRANTS	\$ 926,707	\$ 12,610,905	\$ 0	\$ 13,537,612