



*The Sufficiency of the Citizens' Election Fund
&
Projected Levels of
Candidate Participation
for the 2012 Citizens' Election Program*

*A Report of the
Connecticut State Elections
Enforcement Commission*

March 14, 2012

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Summary

At the beginning of each calendar year in which a regular election for Connecticut statewide or General Assembly offices is scheduled, the State Elections Enforcement Commission (the "Commission") is required by General Statutes § 9-716 (b) to determine whether the Citizens' Election Fund ("CEF") contains sufficient funds to provide public grants to eligible candidates participating in Connecticut's landmark public financing program, the Citizens' Election Program (the "Program").¹

The Commission has a responsibility to act if it determines that the funding in the CEF will be inadequate for the upcoming election cycles. The combination of the recent cuts to the CEF due to budget deficit mitigation (a total of \$58,500,000 has been swept from the CEF between 2009 and 2011) and the high cost of statewide elections (as compared to General Assembly-only elections) makes the task of assessing the long-term sufficiency of the CEF particularly challenging.

Nonetheless, the Commission believes that, as of this date, the CEF has adequate resources for all plausible scenarios for the 2012 election cycle, and has, for that reason, determined that the CEF is sufficient for at least the 2012 General Assembly election cycle.

¹ Section 9-716 (b) provides that "[n]ot later than January first in any year in which a state election is to be held, the commission shall determine whether the amount in the fund is sufficient to carry out the purposes of sections 9-700 to 9-716, inclusive. If the commission determines that such amount is not sufficient to carry out such purposes, the commission shall, not later than three days after such later determination, (1) determine the percentage of the fund's obligations that can be met for such election, (2) recalculate the amount of each payment that each qualified candidate committee is entitled to receive under section 9-706 by multiplying such percentage by the amount that such committee would have been entitled to receive under sections 9-700 to 9-716, inclusive, if there were a sufficient amount of moneys in the fund, and (3) notify each such committee of such insufficiency, percentage and applicable recalculation."

Section I. Background

The Citizens' Election Program

In December 2005, the Connecticut General Assembly passed, and Governor M. Jodi Rell signed, the most sweeping reform of the State's campaign finance laws since the Watergate era. Public Act 05-5 of the October 25th Special Session, and the amendments made in Public Act 06-137, incorporate these vast revisions to the manner in which the State's political campaigns are financed, especially with respect to statewide and General Assembly candidates. These revisions are codified in Connecticut General Statutes Chapters 155 (traditional private campaign funding) and 157 (the public financing program).

The Program allows qualified participating candidates for statewide offices, state senate and state representative to receive public grants to finance their campaigns. Among other achievements, public financing lessens even the appearance of undue influence of special interests on elected officials, as well as ending candidate reliance on wealthy individuals or entities.

To qualify for a public grant, candidates must be on the ballot for a primary or general election, raise a threshold amount of small contributions from individuals who are also their constituents, and agree to abide by spending limits and other Program requirements. Participation in the Program is entirely *voluntary*.

The 2008 elections were the first regularly scheduled election cycle in which Connecticut candidates could join the Program. In its inaugural run, 250 candidates, or 73% of all candidates running for the General Assembly, participated in the Program. This astonishing level of participation resulted in 78% of the legislators having come to office using the Program.

In 2010, the Program's success was repeated and magnified. The 2010 election marked the Program's first run for statewide candidates. Candidates seeking 193 different state offices could participate in the Program during the 2012 election cycle – 6 statewide candidates (Governor, Lt. Governor, Attorney General, Secretary of the State, State Treasurer, and Comptroller), 36 state senate seats, and 151 state representative seats.

The 2010 elections showed us that the high participation rate in 2008 was not an aberration. In 2010, another extraordinarily high number of candidates running for the General Assembly – approximately 70 percent of the total number of candidates –

elected to use the Program. Again, the high participation level lead to an astonishing 74% of the currently sitting legislators having come to office using the Program. In the 2010 inaugural run of the statewide Program, 100% of the candidates elected to statewide offices participated in the voluntary Program.

Several substantial changes to the law have impacted the sufficiency of the CEF. First, throughout the 2010 primaries for General Assembly and statewide candidates, the Program contained two supplemental grant provisions. Through that time, the Program permitted participating candidates facing high-spending opponents, as well as participating candidates who were the target of an independent expenditure promoting their defeat, to receive additional public grant money from the CEF. In response to a federal court decision issued during the midst of the 2010 election season, our legislature amended the statute to eliminate both supplemental grant provisions for all offices and adjusted the gubernatorial grant amount in light of this loss of expected (potential) funds.² Subsequently, the CEF sufficiency analysis no longer needs to consider the possibility of supplemental grants.

The second series of significant law changes are the continued sweeps of the CEF and reduction to the annual allocation to the CEF. These actions significantly affect the CEF's long-term sufficiency. Public Act 8-1 transferred \$5,000,000 from the CEF to the state's General Fund. Public Act 9-1 transferred \$7,500,000 from the CEF to the General Fund. Public Act 9-1 (Dec. Sp. Sess.) transferred \$5,000,000 from the CEF to the General Fund. Public Act 9-2 transferred \$1,000,000 from the CEF to the General Fund. Public Act 9-7 (Sept. Sp. Sess.) transferred \$25,000,000 from the CEF to the General Fund. Public Act 10-3 transferred \$10,000,000 from the CEF to the General Fund. Public Act 10-179 transferred an additional \$5,000,000 from the CEF to the General Fund.

To date, \$58.5 million have been swept from the CEF.

In addition to all of these sweeps, 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 means a reduction of \$7,955,086 from \$18,555,086 to \$10,600,000. Absent a statutory change, this drastically reduced funding will continue and it is completely foreseeable that this will ultimately result in an insufficiency of the fund.

² Sections 3 and 15 of Public Act 10-1 (July Special Session) (amending General Statutes § 9-705 (a) (2) and repealing General Statutes §§ 9-713 and 9-714, effective August 13, 2010).

The Citizens' Election Fund

The Program is financed by the CEF. The CEF is a separate, non-lapsing fund within the State's General Fund. *See* General Statutes § 9-701. The primary source of the CEF's deposits is money gained from the sale of property deposited in the State's Special Abandoned Property Fund, which is administered by the State Treasurer. *See* General Statutes § 3-69a. In addition to the sale of abandoned property in the State's custody, the CEF is comprised of voluntary contributions, as well as interest earned on the CEF's assets.

The Commission is required by statute to report by January 1, 2012 as to whether the CEF contains enough funds to distribute public grants to all potential Program participants during the 2012 election cycle.

Participating Public Offices

The Program will cover all seats in the 2012 General Assembly. There are 36 state senate districts, each represented by one state senator. There are 151 state assembly districts, each represented by one state representative. Therefore, the 2010 General Assembly elections will be comprised of 36 election contests for state senator and 151 election contests for state representative. The Program also offers grants to candidates involved in primary contests.

Additionally, the Program offers grants to candidates involved in special elections. A special election is held on a date other than the scheduled date in November if a vacancy occurs more than 125 days from the date of the next scheduled general election for such office. Therefore, the Commission would issue grants to qualifying candidates in a special election for any vacancy that occurs before July 3, 2012 and after November 6, 2012. *See* General Statutes § 9-215 (b).

Initial Grants

The following charts set forth the initial full public grants that eligible participating candidates may receive. The initial grant amount that minor party and petitioning candidates may receive depends upon the number of votes that the minor party candidate in the same race in the prior election received or the number of petition signatures received. Eligible minor party or petitioning candidates may receive full or partial grants. The 2012 public grants for General Assembly candidates are adjusted based on the Consumer Price Index ("CPI") as reported by the Department

of Labor, Bureau of Labor Statistics. General Statutes § 9-705 (h). The CPI adjustment for the period beginning December 31, 2007 and ending December 31, 2011 results in an increase in grant amounts equal to 7.4%.

Grants for General Assembly Candidates				
Office Sought	Primary for Nomination	General Election Nominated Candidate with Major Party Opponent	General Election Nominated Candidate with No Opposition	General Election Nominated Candidate With Limited Minor or Petitioning Party Opponents
State Senator	\$37,590	\$91,290	\$27,387	\$54,774
State Representative	\$10,740	\$26,850	\$8,055	\$16,110
State Senator – Party Dominant District	\$80,550	-	-	-
State Representative – Party Dominant District	\$26,850	-	-	-

Section II. Projection Methodology & Analysis

The Commission has gathered statistical data from the 2008 and 2010 General Assembly elections to examine rates of Program participation by General Assembly candidates as well as the frequency with which candidates qualified for public funds. This research has formed the foundation upon which the Commission has formulated estimates of participation for General Assembly candidates in the 2012 election cycle. The following projections and corresponding cost obligation of the CEF assume General Assembly participation levels in 2012 will remain constant with those in 2010. All cost estimates reflect grant amounts which incorporate a CPI adjustment, as described above

2012 General Assembly Projections—Primary

State Representative Primary

In 2010, 19 state representative districts had primaries. Of the 19 primaries in 2010, 10 primaries were in party dominant districts — districts in which the percentage of active electors enrolled in one major party exceeds the percentage of active electors enrolled in the other major party by at least twenty percentage points.

The estimated cost of the 2012 state representative primaries will be \$730,320.

State Senate Primary

In 2010, two state senate districts had primaries. Of the two primaries, one was party dominant.

The estimated cost of the 2012 state senate primaries will be \$236,280.

2012 General Assembly Projections – General Election

State Representative General Election

The general election projections for 2012 are as follows:

- 197 candidates will apply for grants;
- 6 grants would be at the 30% level;
- 6 grants would be at the 60% level; and
- 185 grants would be at the 100% level.

Using this analysis, the estimated cost of the 2012 state representative general election will be \$5,112,240.

State Senate General Election

The general election projections for 2012 are as follows:

- 48 candidates will apply for grants;
- 5 grants would be at the 30% level;
- 1 grants would be at the 60% level; and
- 42 grants would be at the 100% level.

Using this analysis, the estimated cost of the 2012 state senate general election will be \$4,025,889.

Section III. Cost of the 2012 Election Cycle and Overall Status of the Citizens' Election Fund

Our analysis projects an estimated \$10,104,729 will be utilized from the CEF for grants awarded for the 2012 election cycle. The funds currently remaining in the CEF are sufficient to carry out the purposes of the Program this year.

Projections and estimates, given the amount of variables inherent in the election cycle, are, of course, inexact. The Commission must anticipate a variety of situations, including those that will test the limits of the CEF. Under any circumstances, the Commission is confident that the CEF has sufficient funds to operate during the 2012 legislative elections. Absent intervention, however, current funding levels put the CEF in danger of not having sufficient funds to operate during the 2014 statewide elections.

To date, \$58.5 million has been swept from the Program to mitigate the State's budget deficit. Candidates intending to participate in the *entirely voluntary* Program must have confidence that the public grants will be available to them when they reach the required Program thresholds. For this confidence to exist, it is essential that the Program remain fully funded.

The Commission urges the Governor and the General Assembly to stand behind the Citizens' Election Program and ensure that the Program is fully funded going forward. The Commission strongly maintains that the State should refrain from further reductions to the CEF. If adequate funding is not available for the 2014 Program, the Commission could be forced to declare an insufficiency. As a consequence of any such declared insufficiency, candidates would be compelled to return to their reliance upon special interests and other traditional funding sources. See General Statutes § 9-716 (b). This would inevitably result in the Program's demise, despite its early success at diminishing the role of these same special interests in the election process. The Commission remains committed to working with the General Assembly and the Governor to ensure that this does not occur.

