



**SEEC REPORT TO THE JOINT
COMMITTEE ON GOVERNMENT
ADMINISTRATION AND
ELECTIONS (GAE)**

CONCERNING

**PROGRESS OF THE STATE ELECTIONS ENFORCEMENT
COMMISSION TO IMPLEMENT THE PROVISIONS OF THE
COMPREHENSIVE CAMPAIGN FINANCE REFORM
LEGISLATION**

ENACTED BY THE CONNECTICUT GENERAL ASSEMBLY

**IN PUBLIC ACT NO. 05-5 OF THE OCTOBER 25, 2005
SPECIAL
SESSION, AND AMENDED BY PUBLIC ACT NO. 06-137**

October 15, 2006

**Jeffrey B. Garfield
Executive Director and General Counsel
Connecticut State Elections Enforcement Commission**



Table of Contents

Introduction	...	1
Staffing and Organization	...	4
Budget	...	7
SEEC Office Relocation	...	10
Establishment of Citizens' Election Fund	...	12
Components of the Campaign Finance Reform Legislation	...	15
Citizens Election Program	...	16
State Contractor Ban	...	20
Lobbyist Contribution Ban	...	29
Transfer of Function of Campaign Filing Repository to SEEC	...	30
Redesign and Implementation of New Electronic Campaign Finance Reporting System (E-Cris)	...	32
PAC and Party Committee Limits and Restrictions	...	32
Pilot Program for Municipal Public Financing	...	32
Application of Information Technology	...	34
Legislative Changes in 2006 Session	...	39
Pending Constitutional Challenges to Reform	...	40
Conclusion	...	41
Appendices		



I. Introduction

The passage of Public Act 05-5 of the October 25, 2005 special session of the Connecticut General Assembly was heralded by many experts as the most comprehensive campaign finance reform legislation in the country. On December 7, 2005, this major overhaul to the existing and traditional means of financing campaigns for statewide office and the General Assembly was signed into law by Governor M. Jodi Rell. As most of its provisions were to become effective only one year after its passage, the State Elections Enforcement Commission (“SEEC”) began working on its implementation immediately.

At each of the SEEC meetings held after enactment of the legislation, the Executive Director presented a progress report. The report that follows is a culmination and detailed summary of the progress made by the SEEC thus far, as well as a timeline for completing the major tasks that must be accomplished if this legislation is to be implemented correctly and on time.

The legislation provided the SEEC with the most formidable challenges it has faced since its inception in 1974. The sheer magnitude of the new law (123 pages), and the amendments in PA 06-137 required considerable study to comprehend. Within a week of its signing by the Governor, the Executive Director provided a detailed summary of its provisions, and a separate memo identifying the additional duties and responsibilities delegated to the SEEC. By mid December 2005, the Executive Director and Deputy Director were working the organizational structure of the new agency, budgeting requirements, and planning for additional office space to house the new staff and computer equipment that is necessary to implement the legislative mandates.

PA 05-5 included not only a new and comprehensive public financing system for candidates for the General Assembly in 2008, and for statewide candidates in 2010, but also restrictions on contributions by state contractors, prospective state contractors, lobbyists, political committees, a mandate to design a new electronic filing system for campaign reporting and the creation of a database that would include principals of state contractors and prospective state contractors doing business or seeking to do business with the State of Connecticut. This progress report will provide detail on each of the major components of this new legislation.

The Connecticut campaign finance reform legislation is clearly the most ambitious in the U.S. By contrast with the programs enacted by citizen initiative in Arizona and Maine, PA 05-5 contained many more mandates than the creation of a public financing program. As previously indicated, the SEEC was given a year to fully implement the legislation, and the amendments made to it by PA 06-137. By comparison, the Arizona agency was given two years,



and the Maine agency was given 4 years to do so. Neither agency was required to simultaneously develop a new electronic filing system for campaign reporting or implement the broad restrictions on pay-to-play that comprise Connecticut's heralded reform. In addition, these components could not be accomplished without the cooperation of, and coordination with a multitude of state agencies. The SEEC could not simply control its own destiny but was and continues to be reliant on other agencies and officials to facilitate implementation of the components of the legislation.

Moreover, it should be noted that neither the Arizona nor Maine campaign finance agencies have enforcement responsibilities for *all election laws*, as the SEEC does. In summary, the Arizona and Maine agencies could focus exclusively on implementation of their state's public financing programs over a longer period of time, while the SEEC's existing workload and oversight of all primaries, (town committees included), elections (municipals included) and referenda was to be accomplished simultaneously with the implementation of the comprehensive campaign finance reform. This was especially challenging, as we tried to establish new job classifications, recruit qualified candidates for new positions, and yet, at the same time, continue to be responsive to those filing election complaints or seeking advice concerning contemporaneous compliance issues. Although this proved to be a daunting task, the SEEC nevertheless was eager to respond to the formidable challenges.

There have been some bumps in the road since the legislation was enacted that have impeded progress toward implementation. Initially, since the agency was to expand its staff by 110%, the two senior executive management staff was required to spend considerable time and effort to acquire suitable space, and to plan and oversee the renovations necessary to ensure implementation. In addition, despite the fact that job descriptions were developed and submitted to DAS by early February, there have been delays in establishing positions, and in recruiting and hiring qualified candidates to fill these positions. Existing personnel rules, especially regarding SEBAC and re-employment rights, considerably slowed the SEEC's ability to recruit the best and brightest talent needed to tackle these challenges under severe time constraints. And of course, there have been other pressing matters; for example, the investigation and settlement of a major case involving improper solicitation of funds by commissioners and deputies, and that led to an investigation and hearings concerning how the case was handled.

Despite these bumps, the SEEC has made significant progress toward implementation, and has developed a realistic timetable for completion of all necessary tasks. The existing staff has been working very hard, and the newly hired staff is contributing significantly to the agency's goals and objectives.



The timeline included in *Appendix 1* provides a summary of the progress made to date on the many facets of the legislation and implementation efforts.

There is still much to do if we are going to succeed in establishing an operational public financing program for the real possibility that there will be some General Assembly vacancy elections in early 2007. However, we are making progress towards that goal, as well as the other major components of PA 05-5.



II. Staffing and Organization

A. Overview

The General Assembly added 15 new staff positions to the SEEC in order to implement the comprehensive Campaign Finance Reform, included in Public Act No. 05-5. These new positions are to be funded from the Citizens' Election Fund ("CEF"). After considerable study of other election agencies and the job classifications already established by DAS for use by state agencies, the Executive Director decided on a blueprint for an organizational structure of the new agency, and submitted it to the Commissioner of DAS on January 19, 2006. Subsequently, as the details of the implementation of the legislation became more clear, the organizational structure was reevaluated, revised, and resubmitted. The current organizational structure of the SEEC can be found in *Appendix 2*,

The SEEC has organized into three separate units, each supervised by a director. Each of the directors has been hired. The Executive Director and General Counsel is responsible for the overall management and executive oversight for the SEEC, and the Deputy Director and Associate General Counsel is the second in command and assists the Executive Director with the day-to-day management of the operations of the entire agency. In January 2006, we determined that the magnitude of the responsibilities to implement this legislation coupled with the compressed time line for its completion demanded the full attention of these 2 senior level executives. Accordingly, we decided that these 2 senior level executives would no longer be involved in the management of investigations and enforcement functions upon the hiring of a Director of Legal Affairs and Enforcement. This job classification was submitted to DAS in early February and after considerable negotiations and delays, the position was finally filled in late September.

B. Organization of the SEEC

The **Legal Affairs and Enforcement Unit** is responsible for investigations of complaints, initiating enforcement actions, settlement of cases, and currently, rendering legal advice and opinions concerning compliance with election laws. There are five staff reporting to the Director of Legal Affairs and Enforcement: three (3) staff attorneys, one lead legal investigator (on military leave) and a paralegal. Salaries of these positions are paid from the General Fund. This unit will also handle enforcement actions relating to the public financing program, and the new restrictions contained in PA 05-5, as well as the investigations and enforcement actions arising from the SEEC's broad jurisdiction over all elections, primaries and referenda. As the SEEC has been inundated with requests for legal advice and opinions concerning compliance with the new restrictions, as well as legal questions



concerning its existing scope of authority, we have recommended the creation of a **Legal Opinions and Compliance Unit**, managed by a director, with two staff attorneys and a paralegal. The SEEC has submitted a budget request to OPM which include the additional staffing. (See Section III. of report). The creation of such a unit will enable the **Legal Affairs and Enforcement Unit** to handle *its* increased workload and be responsive to the expedited review and appeal procedures within the public financing provisions, and simultaneously to ensure that candidates and campaigns obtain prompt and accurate advice concerning the many new laws within the SEEC's jurisdiction. The separation of these units and functions, as already exists in the Office of State Ethics, will also afford elected officials and candidates a greater level of comfort that their requests for compliance advice will not be used to initiate an enforcement action.

The **Campaign Disclosure and Audit Unit** is responsible for administering the campaign finance information systems and maintaining public access to campaign reports, both in electronic and paper form. Its personnel will advise treasurers concerning how to complete campaign finance statements, and its audit personnel will audit the campaigns of municipal candidates, candidates for the General Assembly and statewide office that do not participate in the public funding program, PACs and party committees. In addition, this unit will have front line responsibility for ensuring that statements are filed completely and on time, notify and assess the mandatory late fees for missing treasurers' statements or committee registration statements, and prepare cases concerning noncompliance for the enforcement unit. This unit will also be responsible for prescribing forms and instructions for the traditionally funded candidates and other committees, and for conducting workshops on the privately financed campaign requirements. The unit will also maintain lists of lobbyist and state contractor controlled PACs, and the database of principals of state contractors, in coordination with the IT services subdivision. In addition to the Director, the unit is staffed by two accounts examiners (auditors), an elections officer (from the Secretary of the State), and an administrative person.

The **Public Financing Unit** ("PFU") is responsible for the administration of the Citizens' Election Program that provides public grants to qualified candidates for nomination or election to the General Assembly in 2008 and to qualified candidates for nomination or election to statewide offices (Governor, Lt. Governor, Attorney General, State Treasurer, State Comptroller and Secretary of the State) in 2010. The legislation provides that qualified candidates in vacancy special elections for the General Assembly that are held in 2007 can also participate in the public funding program. The unit is responsible for drafting regulations to implement the program, preparing educational materials for candidates and treasurers, ensuring prompt and accurate payments from the CEF, monitoring spending of participants and nonparticipants, and independent expenditures, developing and conducting post election audits to ensure public funds are used properly, and encouraging



participation in the program. This unit will develop forms and instructions required for the program.

The Director of the Public Financing Unit began at the end of September. She is the former Deputy General Counsel of the NYC Campaign Finance Board, and has 3 years of experience enforcing a successful public financing program. The staff of the PFU will include a Fiscal Administrative Manager, who will have direct supervisory responsibility for maintenance of the CEF, will develop the audit procedures in consultation with the Director, and supervise the audit and fiscal staff of the unit. The Fiscal Administrative Manager will directly supervise the fiscal administrative supervisor, who has responsibility for payroll, purchasing and business functions of the SEEC relating to both the General Fund and CEF. The unit will also be staffed with five (5) accounts examiners who will verify eligibility for public funds and supplemental grants, conduct audits, and assist treasurers to comply with program requirements. The unit will also have a staff attorney to assist the Director with the regulations and other legal aspects of the CEP, and will coordinate with the Legal Affairs and Enforcement Unit staff concerning violations of the provisions relating to public funding. The unit will also have an elections officer whose primary responsibilities will include preparation of educational materials, conducting workshops, and assisting in compliance efforts.

The Public Financing Unit also has an **Information Technology Services** subdivision managed by a Data Processing Manager. This subdivision will not only support the PFU but also all of the other units of the SEEC. The IT Services subdivision is responsible for developing and maintaining applications to support the public financing program, designing and maintaining the new electronic campaign finance reporting system administered within the Campaign Disclosure and Audit Unit, and designing, developing and maintaining the database of prohibited principals of state contractors and prospective state contractors. This subdivision will also support the Legal Affairs and Enforcement Unit by designing applications to manage information concerning case dispositions and legal opinions in a more efficient and effective manner. In addition to the manager, there are five other technical analysts and developers who are described more fully in the IT component of this report. (See Section VII). All of these positions are funded from the CEF account.



III. Budget

A. FY 06

PA 05-5 provided \$ 2 million from the Citizens' Election Fund account to the SEEC for start up administrative costs and salaries for the 15 new positions as contained in the fiscal note prepared by the Office of Fiscal Analysis. These are nonlapsing funds pursuant to Section 9-701, General Statutes, and are carried forward to the succeeding fiscal years if unused by the SEEC. In each succeeding fiscal year, the SEEC is provided \$1 million, which is for the salaries of the staff necessary to implement the legislation. Fringe benefits costs owing to the new staff, as indicated in the fiscal note, will be paid from the Comptroller's reserve account for such purposes, and the Comptroller and OPM have agreed to that. According to the fiscal note, the SEEC's other administrative costs are expected to be comprised largely of computer hardware and software expenses to implement the various information technology mandates in the legislation.

Due to delays in establishing and filling positions, the SEEC expended only \$65,008 in FY 06. These expenditures consisted primarily of the part year salary of the Agency Data Processing Manager, and some computer equipment and furniture costs for new staff anticipated to be hired. Inasmuch as the CEF funds available to the SEEC did not contemplate the additional day-to-day operational costs of an agency that more than doubled in the size of its staff, the Executive Director submitted a mid year budget adjustment request to OPM and the General Assembly for \$98,813 in "other expenses" to augment its FY 07 General Fund budget to ensure that the new staff could perform its duties and responsibilities. Such funding was provided by the General Assembly. In addition, the SEEC sought and received additional funding to cover the cost of an increase in the per diem rate to SEEC commissioners from \$50 to \$200, due to the significant increase in workload and length of time since the last increase in the per diem rate.

B. FY 07

The SEEC has hired several new staff since July 1, 2006 and expects to fill all 15 authorized positions from the CEF account by February 1, 2007. The aggregate yearly salary expenses of the 15 positions will be approximately \$1 million. It is anticipated that the staff of the IT services subdivision will be required to work overtime in order to meet the deadlines established by the legislation. The SEEC also expects to outsource certain scanning and data entry tasks to enable its IT staff to dedicate their time and energy to the three major IT components contained in the legislation. Additional administrative costs for computer software, hardware and furniture



will be expended in FY 07. The SEEC may have to hire seasonal accountants in the event that there are special elections for which public financing is made available to candidates.

C. FY 08-09

1. Administrative Costs of the SEEC to be Paid from the CEF

The SEEC projects that the funding available in the CEF account will be sufficient to cover its computer related and salary expenses to implement PA 05-5 for the next biennium. Inasmuch as the legislation does not address salary increments resulting from managerial and collective bargaining increases, or promotions or upgrades, it will be necessary to address this issue in the 2009 legislative session. Since the SEEC is required to adjust the grants available to candidates by increases in the CPI, some similar concept should be added to Section 9-701 for administrative costs of the SEEC. Again, this will not be necessary to consider before 2009. The SEEC has no means of knowing, at this time, the number of candidates who intend to participate in the CEP in 2008. If a substantial number of candidates elect to participate in the CEP, the SEEC will need to increase audit staff to ensure that payments are made promptly and comprehensive post election audits can be conducted to monitor proper campaign use of public funds.

2. Public Grants to be Paid from CEF.

While we make no prediction at this early date concerning the sufficiency of the funding within the CEF to pay all grants and supplemental grants to participating candidates at the levels anticipated by PA 05-5 for the 2008 elections, the SEEC intends to survey incumbents in the General Assembly during 2007 to determine likely participation rates, as well as study the experience in other jurisdictions such as Maine and Arizona to arrive at a fair and reasonable prediction. In accordance with Section 9-716, General Statutes, the SEEC will report to the General Assembly by January 1, 2008 whether the amount in the CEF account will be sufficient to carry out the purposes of the CEP.

3. General Fund Budget Request

The SEEC has submitted its General Fund budget request to OPM for the next biennium. Funding for five (5) new staff positions is requested, four (4) of whom will comprise the new **Legal Opinions and Compliance Unit**, discussed in Section II of this report. The fifth position is a clerical/administrative position that is necessary due to the division of the agency into two locations, on the first and third floors of 20 Trinity Street, and the need for coverage on telephones in each location, as well as increased public reception as a result of the campaign records being transferred here



from the Office of the Secretary of the State. The salary costs for these new positions total \$286,747 in FY 08.

There is also funding for temporary workers to do data entry from hard copy campaign reports in order for the Public Financing Unit to efficiently monitor spending by nonparticipants and independent expenditures. In addition, there is some funding for temporary accounting staff to verify applications for grants within the three business day time constraints prescribed by the legislation, as we anticipate that most applications will be submitted in the same concentrated time period and the full time accounting staff will be insufficient to ensure prompt processing and payment of these grants. If a substantial number of candidates elect to participate in the CEP in 2008, it is anticipated that these additional temporary accountants would be sufficient for the prompt payment review process but would not be sufficient for the comprehensive post election audit process. Accordingly, additional accountants would be required to perform post election audits of campaign expenditures by participating campaigns.



IV. SEEC Office Relocation

The SEEC's existing office space on the first floor of 18-20 Trinity Street, across from the State Capitol was woefully inadequate to accommodate the 15 additional staff and computer related requirements of PA 05-5. Accordingly, one of the initial tasks facing the two senior level SEEC executives after passage of the legislation was to plan for additional space, and work with DPW. After several weeks of planning, we submitted a "Request for Space" form to DPW requesting 14,150 square feet of net usable office space. This process must adhere to the requirements set forth in the DPW "*Statewide Space Standards Manual*". The SEEC's request included base workspace for 14 *existing* SEEC staff as well as projected workspace requirements for the 15 *additional* persons authorized to be hired under the legislation. The request included necessary hearing rooms, training rooms, hallways, public space areas for physical or computer-assisted inspection of campaign finance documents, other storage and file space requirements, as well as secure space for test file servers integral to the operation of an electronic filing system.

The SEEC urged the DPW to consider keeping the SEEC's offices at 18-20 Trinity Street because of its proximity to the State Capitol, which facilitates communication by the SEEC to statewide and General Assembly candidates and their agents who are both significant users of the current campaign finance system and many of whom are expected to be future participants in the Citizens Election Program. Occupying a single floor at 18-20 Trinity Street was described to DPW as optimal because it would enhance the SEEC management's ability to facilitate the integration of staffing functions with respect to private and public funding of political campaigns, external and internal audit functions, and law enforcement and compliance functions with respect to regulatory oversight and assistance under the Connecticut Campaign Finance law. In a state election year, the separate laws relating to the private and public financing of campaigns and the electronic and hard copy campaign filing requirements bear a close relationship to each other, requiring a staff with specialized functionalities to understand each other's respective roles in close communication and dialogue.

The Department of Public Works met the SEEC's request by assigning 6,100 square feet of office space to the SEEC on the 3rd floor of 20 Trinity Street *in addition to* the existing 6,200 square feet of 1st floor space that has been occupied by the SEEC since September 1997. This expansion space substantially met the SEEC's immediate space needs and requirements. It also met the SEEC's internal space design requirements for professional offices, filing rooms, hearing rooms, computer and phone rooms, public inspection stations, etc. and its goal of having close proximity to the State Capitol. This space assignment fell short of the goal of integrating SEEC operations through assignment of full occupancy of an entire floor at 20 Trinity Street because of the constraint that DPW is now facing concerning the planned staged renovations of 18-20 Trinity Street over a period of three years. The



SEEC hopes that this goal can be realized in the future. This assignment of less than one-half of the 1st and 3rd floors also imposes a constraint on SEEC operations by providing it with insufficient room for staff growth or future onsite training needs. Nevertheless, given the time constraints involved, the SEEC is very satisfied with the solution proposed and acted upon quickly by DPW.

The SEEC gratefully acknowledges Commissioner Fleming and his staff, Bob Cody and Marilyn Bantz, for their quick and thorough response to our space needs. Renovation of the assigned 3rd floor space is almost complete; and the SEEC's only remaining material issue is the requirement of introducing climate controls, through air coolant mechanical systems, in the small IDF Room (Intermediate Data Facility) that houses the SEEC's test file servers for its e-file function and one medium sized conference room, adjacent to the IDF room, in which joint application development (JAD) sessions are being conducted. DPW has acknowledged the need for the air coolant requirements in this area as it is foreseeable that the room will overheat and that service vulnerability to the campaign financing filing system poses a risk to the program. We are confident that this issue will be resolved satisfactorily.



V. Establishment of the Citizens' Election Fund

In accordance with Section 9-701, Conn. Gen. Stats., the SEEC met with the senior executive staff of the State Treasurer in January 2006 to establish the CEF, and to assess when funds would be deposited into the account for the purposes authorized by PA 05-5. The Office of the State Treasurer was cooperative and expeditiously created the CEF soon after the meeting. Funding of the CEF is derived primarily from proceeds from the sales of abandoned property in the state's custody (escheats) pursuant to Conn. Gen. Stats. Section. 3-69a. The State Treasurer is required under the Citizens Election Program (CEP) to deposit into the CEF account \$17 million in the Fiscal Year (FY) ending June 2006, \$16 million for FY 2007, and \$16 million for each FY thereafter adjusted in accordance with changes to the consumer price index (CPI) for all urban consumers. The SEEC is allocated \$2 million dollars for administering the program in FY 2006 and \$1 million in each year thereafter with no CPI adjustments.

Other sources of potential revenue to the CEF account include voluntary contributions from individuals, businesses, organizations, labor unions, party committees and political committees as well as distributions of surpluses from committees that terminate. (Conn. Gen. Stats. Section 9-751) The CEF will also grow through investment earnings that remain in the fund. Grant funds awarded to a committee under the CEP may also be required to be returned to the CEF during, or at the conclusion of, the candidate's campaign. For example, a participating candidate committee may be required by the SEEC to return to the CEF excess expenditures (Section 9-711). In the State Comptroller's accounting system known as Core-CT, this type of return of monies from a state vendor is coded as a "refund" and not revenues because the same money that originates in a state fund is being returned. Also, P.A. 05-5 requires a participating candidate committee to return any unspent grant dollars to the CEF after withdrawing from a campaign or becoming ineligible or within 90 days after a primary or election. (See Conn. Gen. Stats. Sec. 9-706(b) (8)).

The SEEC is also required to establish a CEF "reserve account" consisting of the first \$25,000 deposited in the fund by the State Treasurer during any FY. (Conn. Gen. Stats. Sec. 9-716(c)). The reserve account is to be used only during the seven day period prior to a primary or election for specified purposes.

It was abundantly clear to the management of the SEEC that the foregoing requirements, including its reporting requirements under Conn. Gen. Stats. Sec. 9-716(a) required an absolute segregation of that portion of the CEF account that was allocable to the SEEC's overhead costs, including salaries, capital equipment, etc. for administering the CEP, and that portion of the fund representing the fund's principal grant account and its reserve account. Conn. Gen. Stats. Sec. 9-716(a) also requires an accounting of the various types of grant recipients (candidates for Statewide office,



State Senate and State Representative). The SEEC began formalized discussions with the State Comptroller on March 3, 2006 in order to ensure that its reporting requirements to the General Assembly with respect to use of the CEF would be satisfied.

With all of the above taken into consideration, the following *Core-CT SID (special identification) account structure* has been established, with the assistance of State Comptroller employees Elaine Pelletier, John Clark, Mark Aronowitz, and with the cooperation of the State Comptroller Nancy Wyman, as part of the implementation of the CEP:

1. SID 35333 represents that portion of the CEF allocable to the SEEC's administrative and overhead costs. The current balance is \$1,680,424.27;
2. SID 35339 represents that portion of the CEF allocable to the initial grant account. Its current balance is \$15,212,577.28 and it is expected to grow to twice that size by June 30, 2007;
3. SID 30422 represents that portion of the CEF allocable to the reserve account available for supplemental grants in the event of spending in excess of the expenditure limits by a nonparticipating candidate. The current balance is \$50,000, representing \$25,000 deposits for FY 2006 and 2007.

Because of the need to differentiate among various revenue sources outside of the State Treasurer's escheats program (i.e. voluntary contributions from individuals, businesses, organizations, labor unions, party committees and political committees) the following *revenue account codes* have been developed as CEF revenue sources:

1. 45510 contributions for individuals;
2. 45520 contributions from privately funded candidate, political and party committees;
3. 45530 contributions from businesses and other entities.

Because Conn. Gen. Stats. Sec. 9-716(a) requires an accounting of the various types of recipients of the CEF grant dollars, the following *expenditure account codes* have been developed for the CEP:

1. 55051 State Representative;
2. 55052 State Senator;
3. 55053 Statewide offices.

Lastly, the infrastructure is being developed with the State Comptroller and Core-CT developers within DOIT to make any candidate committee of participating candidate in the CEP a vendor of the state using the TIN (taxpayer identification number) also known as FEIN (Federal Employer Identification Number) that they use for their campaign checking account as their business identification. These vendor



numbers will not be accessible to other state agencies in order to rule out the possibility of an accidental payment of funds outside of the qualifying grant funds.



VI. Components of the Campaign Finance Reform Legislation

A. Overview

Not since the reaction to the U.S. Supreme Court decision in *Buckley v. Valeo* has the Connecticut General Assembly enacted such broad sweeping reform of the State's Campaign Finance Laws. In general terms, PA 05-5 (and the amendments made in PA 06-137) significantly revise the manner in which campaign funds are to be raised and spent for elections to Statewide office and the Connecticut General Assembly.

The legislation creates the Citizens' Election Program to be administered and enforced by the State Elections Enforcement Commission. This program offers public funds in the form of grants to qualified candidates who raise an aggregate threshold amount and a specified number of small contributions from individuals who are neither lobbyists nor principals of state contractors, provided the qualified candidates agree to adhere to campaign spending limits. These participating candidates are eligible for supplemental grants if their nonparticipating opponents exceed the established voluntary spending limit. Additional grants are provided to match independent expenditures which target the participating candidate under prescribed conditions. The program establishes more rigorous reporting and disclosure to enable the SEEC to monitor compliance with the program requirements and ensure prompt and accurate payments of grant dollars.

Traditional or privately financed candidates will be subject to new prohibitions on contributions by communicator lobbyists and principals of state contractors and prospective state contractors, as well as political committees (PACs) established or controlled by them. Nor will these candidates be permitted to solicit the restricted class of donors for contributions on behalf of *any candidate for public office*. For the first time, there are contribution limits by other PACs to candidates, and by party committees to candidates. There are also provisions which restrict an individual to controlling one PAC, and therefore the contribution limits in the law will not be easily evaded.

In addition, SEEC is responsible for designing and implementing a new electronic campaign information system for reporting financial activity, and the paper filings will be transferred from the Office of the Secretary of the State and subsequently housed and administered by the SEEC effective December 31, 2006.

The SEEC is also responsible for establishing and overseeing a pilot program for municipal public financing of elections campaigns in 2007.



The foregoing is a general description of the most significant components of the legislation.

B. The Citizens' Election Program ("CEP")

In accordance with Section 9-702 (a), Connecticut General Statutes, the CEP is available to qualifying candidates who compete in any special election for a covered office held after December 31, 2006. Connecticut's recent experience suggests that there is a likelihood of several vacancy elections in early 2007. Accordingly, the Public Financing Unit must move forward quickly and efficiently to establish the basic legal and accounting framework required for the implementation of the relevant sections of Sections 9-700 et. seq. of the Connecticut General Statutes. Although the 2007 special elections are not expected to include many candidates, the SEEC must get it "right" the first time in order to maintain public confidence in the recently enacted public financing laws, and in order to protect the public fisc. The SEEC's new Director of Public Campaign Financing, Beth Rotman, is confident this challenge can be accomplished during the very short lead time, and that the special elections are an opportunity to see what the main components of the 2008 CEP will start to look like.

Delays in establishing appropriate job classifications coupled with difficulties in recruiting qualified applicants with necessary experience have adversely affected the timing of the implementation of this program for 2007. The SEEC Executive Director's blueprint for implementation, as developed in December 2005, included the hiring of the Director of Public Campaign Financing by April 1. Ms. Rotman did not begin until September 30, and is working as quickly as possible to hire other staff of the Public Financing Unit ("PFU"). We expect to hire a fiscal administrative manager in November, who will have many responsibilities, including the development of the accounting procedures necessary to ensure prompt payments to candidates, and the audit procedures designed to ensure public confidence in the program. This manager will also function as the chief auditor and directly supervise the accounting and audit staff of the PFU. Until we are able to hire the necessary accounting/audit personnel for the PFU, we will utilize existing audit staff of the Campaign Disclosure Compliance and Audit Unit, and will augment staff resources, if necessary, by hiring temporary workers. For the 2008 General Assembly campaigns, we project that we will need additional workers to ensure prompt payment of grants and continuous monitoring of campaign spending as the law requires, as well conducting post election audits of campaigns receiving public funds to ensure that these were spent properly. The PFU requires a staff attorney to assist the Director in establishing the legal structure for the program, and to assist in the drafting of regulations. We have recently interviewed candidates for this position and expect to fill it



in November. DAS has approved a position which we will utilize for candidate and campaign training on public financing, and an existing SEEC employee will be promoted to fill that critical position. As we do not expect the PFU to be fully staffed with all the accounting personnel required until February 1, the General Assembly may wish to consider imposing a limit on the number of special elections in 2007 for which the competing candidates could be eligible for public funds.

The major components of the public financing implementation plan are summarized as follows.

1. Legal Structure

- a. Regulations on Permissible Uses of Public Funds- Pursuant to Sec. 9-706(e) of the Conn. Gen. Stats., the PFU will draft regulations on permissible uses of public grant dollars by participating candidates. This process will include drawing upon outside resources, including relevant models from other jurisdictions and public financing experts. Draft regulations are expected to be issued for public comment by December 1, 2006. All regulations must be approved by the Attorney General and the Legislative Regulations Review Committee of the General Assembly in accordance with the Uniform Administrative Procedure Act., Chapter 54 of the Connecticut General Statutes.
- b. Other Regulations- The PFU will also draft regulations to clarify the following aspects of the legislation: (i) “de minimus” excess expenditures by a participating candidate which will not result in a determination by the SEEC that the participating candidate shall be deemed a “nonparticipating candidate”, *see* Sec. 9-711(a); (ii) the “expeditious review procedure” for complaints by participating candidates concerning unreported excess expenditures made by nonparticipating opponents close in proximity to the election, *see* Sec. 9-713(f); and (iii) a similar procedure for “expeditious review” of last minute independent expenditures, *see* Sec. 9-714(b). For the 2008 General Assembly primaries and elections, the SEEC will consider other regulations deemed necessary or desirable to provide greater clarity of the CEP, and legally binding guidance to those seeking to comply.
- c. Public Financing Forms- The PFU is already drafting necessary public financing forms, including, the participant certification form, *see* Sec. 9-703(a) (intent to abide), the application for public funds, *see* Sec. 9-706(a), the candidate declaration of “excess expenditures”, *see* Sec. 9-712(b), the participant withdrawal form, *see* Sec. 9-703(c), and the certification form



for contributors of \$50 or more to a participating candidate, *see* Sec. 9-704(b). These forms are expected to be completed by December 1, 2006.

2. Audit and Compliance

- a. Payment Review Process- Recognizing the crucial importance of verifying the validity of qualifying contributions, the PFU will develop the key processes for verifying eligibility for initial payments from the Citizens' Election Fund ("CEF"). The PFU will also develop the process for verifying eligibility for supplemental payments from the CEF. This will involve comprehensive review of qualifying contributions, disclosure statements, required "backup documentation" (discussed below), and independent expenditures. Processes for use in the 2007 special elections are expected to be drafted by December 1, 2006.
- b. "Backup Documentation" Review Process- The PFU will design processes for review of documentation submitted to substantiate reporting (*i.e.*, copies of contribution cards, checks, money orders). Processes for use in the 2007 special elections are expected to be drafted by December 1, 2006.
- c. Expenditure Limit Review- The PFU will draft processes to monitor campaign compliance with expenditure limits in order to maintain a level playing field. Processes for use in the 2007 elections are expected to be drafted by December 1, 2006.
- d. Coordination with Comptroller's Office- Ongoing discussions with the Comptroller's Office have occurred with the goal of developing the process to ensure the issuance of prompt initial and supplemental grant payments from the CEF to eligible participating candidates. Candidate committees of participating candidates will be treated in the same manner as vendors under the state CORE- CT accounting system, and purchase orders shall be issued in accordance with established accounting procedures to back up and initiate payments directly into the committees' depository accounts.
- e. Post-Election Audit- The PFU will design procedures for post-election audits to ensure overall compliance with program requirements. This will include the creation of processes for the review of expenditure documentation in order to monitor uses of public dollars to ensure they are expended for proper campaign related purposes in accordance with the regulations of the SEEC.



Campaigns will be required to submit contemporaneous detailed expenditure documentation to the SEEC after the 2007 special elections.

3. Candidate Services and Training Materials

The PFU will prepare candidate friendly printed materials explaining the importance of joining the public funding program. The PFU staff will also assist candidates and treasurers in compliance with the new law by development of training materials. In advance of the 2008 elections for the General Assembly, tutorial training on program requirements is expected to be made available on line.

4. Information Technology (“IT”)

- a. The PFU will coordinate with IT staff to develop the necessary applications and support to monitor disclosure and compliance by participating candidates. It will also develop the business rules to assist IT staff in its development of computerized reports to monitor program requirements, including payment eligibility, public funds payments and overall compliance with program requirements. The SEEC will consult with the IT staff of other jurisdictions, including the New York City Campaign Finance Board and Washington Public Disclosure Commission, to assist in the development of these essential applications. These computerized applications will not be ready for use in special elections in early 2007, and therefore the PFU will utilize a manual system to verify eligibility, monitor spending and conduct audits.
- b. The PFU will facilitate IT development meetings with neighboring jurisdictions with sophisticated computerized systems to gain insight into best practices for structuring public funds payment and public financing tracking systems.

5. Legislative Changes

The public financing law should include stronger audit provisions (which should not having timing limitations like those found in Sec. 9-7b (a) (5)). The audit provision should specifically require that participating campaigns (i) maintain and furnish all records required by the SEEC and the CEP, (ii) fully participate in the post-election audit process to keep any funds received, and (iii) repay to the CEF any funds not documented as properly used (as determined by the SEEC’s post-election audit).



Also, the failure to repay surplus funds should result from a failure to repay or enter a payment plan to repay the funds 60 days *after the SEEC determines* such funds must be repaid (and not 90 days after the election). This allows time for audits leading to SEEC determinations that funds must be repaid, including funds which were not documented as properly spent. Additionally, the legislation should clarify that the participating candidate would be liable for any repayment obligation, including the repayment obligation resulting from the campaign's maintenance of inadequate or incomplete documentation of otherwise permissible expenditures. *See* Sec. 9-703.

C. Implementation of Ban on Contributions by State Contractors and Prospective State Contractors

1. Overview

Effective December 31, 2006 Section 9-333n (g) of the General Statutes prohibits “principals” of state contractors and prospective state contractors, who meet certain statutory financial thresholds, and including those contractors who hold a valid prequalification certificate issued by the Commissioner of the Department of Administrative Services (DAS), from making or soliciting contributions in connection with legislative or statewide election campaigns. The ban is effective on December 31, 2006, and the SEEC has responsibility for publishing and maintaining, on a quarterly basis, a list of all such “principals” on its website at www.ct.gov/seec. The published list will enable the treasurers of those candidates, political and party committees restricted from receiving or soliciting contributions from the principals to identify these restricted donors, and thus facilitate compliance with Sections 9-333n (g) of the General Statutes. These pay-to-play restrictions are clearly the strongest in the U.S.

The SEEC was given the significant responsibility of informing state agencies, quasi public agencies, and the contractors of the prohibitions, and developing the process for collecting information concerning the names of these prohibited principals in order to create the necessary database. The SEEC has had to coordinate with each state agency to implement this process. Since PA 05-5 (Section 9-333n (h)) imposed an effective date of July 1 to begin to collect this information from contractors who were not subject to the prohibition at that time, the process has been met with resistance on several levels. It has also proven to be labor intensive. As sufficient new staff was unable to be hired for the planning of this project, we were compelled to use existing staff to implement this aspect of the legislation.



Existing audit and legal staff resources were dispatched to begin implementation. The SEEC's audit program for the 2004 General Assembly campaigns was therefore required to be suspended. It became evident early on in the process that there was no single database that contained the information necessary to successfully implement this law. The SEEC therefore had to obtain information from various sources which required significant coordination and cooperation. Nevertheless, the SEEC has made strong progress despite the obstacles and difficulties. The senior executive staff of the SEEC met with the Co-Chairmen of GAE on August 21 to review the progress made at that time, and to discuss the many inquiries we received for legal interpretations and to gain clearer insight on the legislative intent of this prohibition.

2. Scope of Project

During 2006, SEEC staff has coordinated with numerous state agencies in both the Executive and Legislative branches of government, such as the Office of Legislative Management, DAS, OPM, DOT and the State Attorney General, Comptroller and Treasurer to implement the requirements of Sections 9-333n (g) and (h), General Statutes. The SEEC staff was required to become familiar with established contracting practices and procedures and spent considerable time studying the existing laws to determine how best to implement the contractor ban. In particular, the SEEC has worked very closely with staff from the Office of Attorney General to develop and implement standard contract language consistent with the statutory requirements of Section 9-333n (g), the Office of State Comptroller (OSC) to design and implement a standard query to identify the state vendors through Core-CT, and the Department of Administrative Services (DAS) to identify and collect information concerning the state contractors that have received contract awards and the prospective state contractors holding a valid prequalification certificate. Each of the offices has been especially cooperative in these coordinated efforts.

The SEEC is implementing the project in the following stages:

- Notification Process (i.e. - State Agencies and State Contractors)
- Collection of "Principal" Information pre December 31, 2006
- Disclosure of "Principal" Information on December 31, 2006
- Development and Deployment of On Line Application for
- Collection of "Principal" Information post December 31, 2006



a. Notification Process

Accomplished:

The SEEC has prepared and sent memoranda to state agencies during the months of July, August and September notifying each agency of its requirements under Section 9-333n (h) , and providing explanations of the prohibitions and the process proposed for collecting the required information. These memoranda were also published on the SEEC website for ease of reference and access. In addition, pursuant to Public Act 06-137, the SEEC offered state agencies within the Executive and the Legislative branches of government, the opportunity to designate the SEEC, as its authorized representative, to collect the required “principal” information from state contractors. This legislative change was requested to eliminate redundancies (multiple state agencies sending requests to the same contractor for the same principal information). The SEEC was designated as the authorized agent by more than 60 agencies (or approximately 70% of all state agencies). Due to insufficient staff resources, the SEEC was compelled to decline the designation as authorized agent from other state agencies, including quasi-public agencies and institutions of higher education that do not use the Core-CT system.

The SEEC staff also conducted several informational meetings with representatives of various state agencies during 2006, including the quasi-public agencies and the institutions of higher education. For these agencies, the state vendor/contractor identification process is even more challenging as each such agency processes vendor payments individually and does not use the centralized Core-CT accounting system at the OSC. A second progress meeting with this group has been scheduled for October 27, 2006 at which time SEEC staff will distribute agency specific lists for those state vendors who have been identified as meeting the statutory financial threshold.

The SEEC has also conducted informational meetings for groups of state contractors such as the CT Association of Non Profits and the Connecticut Hospital Association.

The SEEC has responded to a significant volume of questions concerning interpretation of the state contractor ban. These questions were generated from both the informational workshops and meetings with state agencies, and received directly from contractors via telephone and e-mail. More than 300 questions were received and responded to by letter or e-mail. The SEEC staff has developed a series of Frequently Asked Questions (FAQ's) which are posted on the SEEC website under the index “State Contractor Contribution Ban”. This type of feedback has been well received by the state contractor population.



b. Collection of “Principal” Information pre December 31, 2006

1. Overview: Section 9-333n (h) (1), General Statutes, requires state agencies to forward to the SEEC by no later than July 1, 2006 a list of the state contracts for which the agency is a party and the list of principals of state contractors, and prospective state contractors who had issued bids or responses to solicitations or requests for proposals, and to provide the SEEC with monthly updates to the list of principals. Since the statutory ban on solicitation and donation of contributions by principals of state contractors and prospective state contractors does not take effect until December 31, we experienced considerable reluctance by contractors to provide information concerning their principals *prior* to the effective date of the ban. The SEEC is also without explicit statutory authority to require the contractors and prospective state contractors to provide state agencies or the SEEC with such information, and some contractors and their legal representatives have identified that omission to us. Nevertheless, in conformity with the apparent legislative intent and mandate of the statute, we instituted a process for collection of the “principal” information for contractors which met the financial threshold (\$50,000 in value to a single state agency, or \$100,000 in value in the aggregate to multiple agencies) based upon the value of contracts or payments to state vendors in FY 06. A copy of the “Principal Collection Form” in excel format, is included as **Appendix 3**. The SEEC IT Services staff is currently developing an application that will allow State contractors to file their names of principals electronically on line. As of this date, the SEEC has received the names of 3129 principals of 250 contractors.

“Principal” information is currently being collected for the following contractors:

Prospective state contractors issued a Prequalification Certificate by the Commissioner of DAS under Section 4a-100.

State vendors issued payments either through Core-CT or by the Quasi-Public agencies or Institutions of Higher Education (not on the Core-CT system).

State contractors with active contract awards issued by DAS or who have been identified as such within the Core-CT system or with Quasi-Public agencies or Institutions of Higher Education (not on the CORE-CT system).

Prospective state contractors who have responded to bid solicitations or requests for proposals.



2. Prospective State Contractors Issued a Prequalification Certificate by the Commissioner of DAS

Accomplished:

The SEEC has worked with the DAS to obtain a current list of all prospective state contractors who have been approved and issued a prequalification certificate. DAS provided the SEEC with contact information for these contractors. More than four hundred (400) state contractors were identified; all have been notified by the SEEC via e-mail of the requirement to provide the names of their principals, and were provided the collection form, prescribed by the SEEC as required by Sec. 9-333n (h) (1). To date, the SEEC has received responses from more than eighty (80) contractors and has created a preliminary database of “principal” information containing approximately one thousand (1000) records from these prospective state contractors.

In process:

The SEEC has recently received an updated listing from DAS and is currently sending follow-up e-mail notification to those state contractors who have failed to respond to previous notifications and those newly qualified state contractors. Again, we reiterate that the absence of statutory legal consequences for noncompliance by contractors with the reporting provisions is an impediment that should be corrected by the General Assembly. We have advised that it is in their best interest to identify the principals subject to the ban to prevent the loss of a contract by a disqualifying contribution made by a principal. The SEEC is currently coordinating with the Attorney General and OPM to revise standard contract, bid solicitation and RFP language to include a duty on the part of those availing themselves of these processes to report principals under Sec. 9-333n (g). These agencies have been cooperative in these efforts.

3. State Vendors Who Have Received Payments

This information is being collected in two separate procedures:

Payments processed through the Core-CT system at the Office of the State Comptroller (OSC)

Payments processed directly through the Quasi-Public agencies or the Institutions of Higher Education.



Accomplished: (Core-CT)

The SEEC has worked closely with Elaine Pelletier* of the OSC to produce a report (based on FY 2006) indicating vendors payments processed through Core-CT across agency lines. The SEEC then filtered the report to identify those state vendors who met the statutory financial threshold (\$50,000 or \$100,000 in the aggregate) and identified more than four thousand (4000) such vendors for FY 06.

After creation of this report and data, the SEEC began notifying the state vendors in July requesting disclosure of “principal” information. Inasmuch as the Core-CT system does not contain e-mail addresses in order to contact the appropriate person within the business or organization of the state contractor, the SEEC was faced with the challenge of gathering such information from the state agencies directly. This has also proven to be labor intensive, and the results have not been what we hoped for. To date the SEEC has contacted approximately one thousand (1000) of the four thousand (4000) state vendors and received “principal” information from only one hundred (100), a 10% return rate.

* Although SEEC staff has received cooperation from many state officials and employees in this process, we wish to especially thank and acknowledge the efforts of Elaine Pelletier, and to the Comptroller, Nancy Wyman, for graciously loaning Ms. Pelletier’s time to assist the SEEC on a voluntary basis.

In process: (Core-CT)

The SEEC has received a report from the OSC for the first quarter of the current fiscal year (07). The SEEC will continue to notify those vendors who have met the threshold for inclusion in the ban based on current state fiscal year payments, and will conduct follow-up as needed. In cases where we have been unable to collect an e-mail address for a state vendor, we will notify such vendor by U.S. mail at the business mailing address identified through Core-CT. The OSC is currently compiling the file of business mailing addresses, and the SEEC expects to begin mailing notification to these vendors the week of October 23, 2006. Agencies that are noncooperative in providing contractor/vendor contact information or fail to exercise due diligence to obtain principal information will be reported by the SEEC to the Governor.

In process: (Quasi-Public Agencies and Institutions of Higher Education)

The SEEC has also coordinated with the Quasi-Public agencies and the Institutions of Higher Education to produce a report (based on the previous state fiscal year) listing all state vendor payments processed by these state agencies. The SEEC then filtered the report to identify those state vendors and contractors who met the statutory financial threshold and is in the process of preparing agency specific lists of these vendors. These lists will be distributed at the scheduled October 27, 2006 meeting with these agencies along with Instructions and the prescribed SEEC Form entitled “State Contractor Principals Collection Form”.



In addition, the SEEC has requested that each such agency provide expenditure information for the first quarter of the current state fiscal year . Identification of state vendors/contractors meeting the statutory financial threshold, notification to the agencies, subsequent notification to these vendors/contractors and collection of “principal” information is, and will continue to be labor intensive.

4. Active State Contract Awards Issued through DAS

Accomplished:

DAS has provided the SEEC a list of currently active state contracts issued. There were approximately one thousand (1000) state contractors identified. During July and August, the SEEC sent notification to these contractors along with the “principal” information form .To date the SEEC has received responses from approximately one hundred (100) of these contractors.

In process:

The SEEC has recently received an updated listing from DAS and will begin in the next week, sending follow-up e-mail notification to those state contractors who have failed to respond to previous notifications and those newly identified state contractors.

5. Active State Contractors in Core-CT

In process:

The OSC and SEEC are continuing to analyze the information from Core-CT, and believe more time is needed to properly identify those state contractors who should be included in the “prohibited” class. The determination of the value of the contract when no payments are made, as distinguished from actual payments made pursuant to a contract, is a separate challenge, based upon existing data from Core-CT.

6. Active State Contractors with Quasi-Public Agencies and Institutions of Higher Education

This data is being compiled directly from these agencies as they are not on Core-CT and, as previously indicated, will be reviewed at a meeting on October 27, at which time notification to state contractors covered by the ban will be sent requesting principal information on the SEEC prescribed form.

7. Prospective State Contractors who respond to bids or RFPs



Accomplished:

The senior executive staff of the SEEC has worked cooperatively with the Office of the Attorney General to draft language that is now included in all standard invitations to bid (ITB), requests for proposals (RFP) and request for quotations (RFQ) that notifies the prospective state contractor of the prohibitions on solicitation and donation of campaign contributions in Section 9-333n (g) (2), advises of the statutory legal consequences for violations by its principals during the consideration of the bid or proposal, and includes other mandated language in Section 9-333n (g) (2) (D). We wish to especially acknowledge the efforts of Attorney Jose Salinas in this regard.

In process:

The senior executive staff of the SEEC is currently working with the Office of the Attorney General and the Office of Policy and Management to include additional language in standard ITB, RFP and RFQ documents issued by the state that will impose a duty to report principals by the prospective state contractor at the time that the bid or proposal is made, and to update its list of principals on a monthly basis as required by law during the time that the bid or proposal is being considered by the agency. The language will include a "right to cure" provision allowing omissions by prospective state contractors to be corrected expeditiously and without consequences to the bid or proposal. Similar language will be inserted into standard contract language to ensure that the policy underlying this legislation is not frustrated, and that contractors can be held accountable for not reporting or updating their principals.

Due to the effective date of the prohibition, the SEEC will not begin collecting principal information from these prospective state contractors until December which should coincide with the inclusions of the additional language in standard ITB, RFP and RFQ documents.

c. Disclosure of "Principal" Information on December 31, 2006

In process:

The SEEC will cull together all of the information collected, and extract from the databases it has created (based on FY 07 information) and publish the following three lists on the SEEC website (www.ct.gov/seec) by December 31, 2006:

List One-Principals of State Contractors Prohibited from Contributing to Both Statewide and General Assembly Candidates:

A listing of the names of "principals" of state contractors and prospective state contractors prohibited from soliciting for or contributing to candidates for either Statewide Office or the General Assembly, political committees authorized to make contributions to any such candidates, or party committees.



List Two- Principals of State Contractors Prohibited from Contributing to Statewide Office Candidates

A listing of the names of “principals” of state contractors and prospective state contractors prohibited from soliciting for or contributing to candidates for Statewide Office, political committees authorized to make contributions to any such candidates, or party committees.

List Three- Principals of State Contractors Prohibited from Contributing to General Assembly Candidates

A listing of the names of “principals” of state contractors and prospective state contractors prohibited from soliciting for or contributing to candidates for the General Assembly, political committees authorized to make contributions to any such candidates, or party committees.

The SEEC will also publish lists of principals for the treasurers of PACs and party committees that will identify those from whom they cannot accept contributions. Our IT staff will also, in the future, develop a searchable database of principals that will enable these treasurers to enter a name to determine whether he or she is a prohibited contributor.

d. Development and Deployment of On Line Application for Collection of “Principal” Information post December 31, 2006

In process:

The Campaign Disclosure Compliance and Audit Unit and the IT Services staff of the SEEC have been working to create the business rules and application coding for an on- line application which will:

Send an automatic e-mail notification to any state contractor who meets the statutory financial threshold as prescribed in Section 9-333n (g).

Direct the state contractor to the SEEC website to create an account and obtain a secure user id/password.

Request the state contractor to provide or update its “principal” information.

Provide a process for state agencies to check for state contractor compliance.



3. Legal and Other Issues Concerning Implementation of State Contractor Contribution Ban

As previously noted, the SEEC staff has responded to a large volume of inquiries from state agencies and contractors concerning the application of these provisions of the comprehensive campaign finance reform legislation. The SEEC has decided to issue a declaratory ruling on the application of the ban in Section 9-333n (g) in order to provide binding legal guidance to those seeking to comply and to clear up any misconceptions that exist concerning the breadth of the ban. The declaratory ruling will also hopefully aid the Court in assessing the constitutionality of the ban. The SEEC will post a draft ruling on its website following its October 25, 2006 meeting, and will provide Constitutional statewide officers, legislative leaders and members of the Government Administration and Elections (GAE) Committee with its proposed draft ruling for review and comment. The SEEC is scheduled to consider the adoption of a final ruling at its November 15 regular meeting.

The SEEC is experiencing significant reluctance by contractors regarding the disclosure of principals' spouses and dependent children for publication on the SEEC website. We have received letters and phone calls indicating refusal to comply citing privacy and security concerns. Again, the SEEC has no explicit statutory authority to sanction contractors who fail to provide such information. The General Assembly may wish to revisit this issue when it convenes in January 2007. The SEEC also expects to recommend various technical revisions to facilitate implementation of the ban, and ensure that it can be properly enforced.

As indicated, state contractor contribution and solicitation ban is the subject of a constitutional challenge in a lawsuit filed in federal court. The State Elections Enforcement Commission is represented by the Attorney General in the litigation, and we are actively assisting in the defense of the new law.

D. Implementation of Lobbyist Contribution Ban

Beginning in early 2006, the SEEC staff made presentations and also responded to a large number of inquiries concerning the application of the ban on solicitation and contributions by communicator lobbyists as contained in Section 9-333l (h) and (i), Connecticut General Statutes. Inasmuch as the ban also applies to political committees established or controlled by a communicator lobbyist, the SEEC is revising the registration forms for the PACs, and each existing PAC will be required to re-file with the SEEC by January 1, 2007 and include in their registration form whether the PAC was established or is controlled by a communicator lobbyist, and whether the PAC makes contributions for only statewide candidates or the General Assembly. The SEEC will maintain a listing of PACs that would be covered by the ban for easy reference by treasurers of campaigns seeking to comply. The SEEC is presently required to compile a list of PACs established by or on behalf of



any lobbyist (client or communicator) for purposes of the sessional ban on contributions. Since PA 05-5 did not repeal the sessional ban which is still applicable to client lobbyists, the SEEC will continue to perform that duty by compiling the appropriate lists prior to each regular session of the General Assembly and posting them on its web site.

The Office of State Ethics handles registration of communicator and client lobbyists, and is in the process of re-establishing a computer database that will also facilitate compliance with the contribution ban within the election law.

As in the case of the state contractor ban, the SEEC will consider a draft declaratory ruling concerning the application of the lobbyist solicitation and contribution ban at its October 25 meeting. The lobbyists have certain misperceptions concerning the breadth of the prohibitions, the ruling is intended to eliminate them and provide clearer guidance to those seeking to comply with the new provisions which take effect December 31, 2006. A copy of the draft ruling is included as *Appendix 4*.

As in the instance of the state contractor contribution ban, the lobbyist contribution and solicitation ban is also the subject of a constitutional challenge in a federal lawsuit. A preliminary injunction has been filed and is expected to be heard sometime in December. The SEEC is represented by the Attorney General in the litigation, and we are actively assisting in the defense of the new law.

E. Transfer of Function of Campaign Filing Repository to SEEC

1. Overview

In accordance with Section 9-333e (d), Connecticut General Statutes, the duties of the Secretary of the State concerning the administration of campaign finance reporting shall be transferred to the SEEC on December 31, 2006. Discussions have already occurred to make this transition a smooth one. The primary duties performed by the Secretary of the State are as follows: (a) receiving and maintaining campaign finance committee registration and treasurer disclosure statements in paper form; (b) prescribing the forms and written instructions for using the campaign finance forms; (c) advising the treasurers of the filing dates, and maintaining a calendar of filing dates; (d) receiving electronic campaign reports, and maintaining the CFIS "Campaign Finance Information System" and (e) assessing late fees against candidates and treasurers who fail to file statements on time.



2. Transfer of Campaign Finance Records

SEEC staff is working closely with Barbara Sladek, Records Administrator, and Nancy Staniewicz, Elections Officer, from the SOTS to coordinate the transfer of past records. This involves approximately 600 boxes of records housed at both the SOTS and in an offsite storage facility at Iron Mountain. Approximately 400 boxes of records currently on site at the SOTS will be moved to the SEEC on December 29, 2006. In addition, the SOTS will arrange for the transfer of custody of campaign finance related records, currently in storage at Iron Mountain, to the account of the SEEC.

These records cover the period 1979 to the present. With the exception of the period 1992 – 1999, the earlier records have been stored on micro-fiche. Beginning in 2000, the SOTS changed from micro-fiche to scanning as a storage medium. Records for the period 2000 to 2003 have been scanned.

The SEEC will prepare a detailed inventory of the contents of each box, scan all records not yet available on either micro-fiche or in scanned version and arrange for the transfer of records to off site storage at Iron Mountain. The SEEC will revise the Records Retention Schedule and submit it to the Records Administrator, Eunice DiBella for approval.

3. Prescribing Forms and Instructions for Campaign Finance Reports

The SEEC staff has already made significant progress towards designing all of the new registration forms to be used to establish the various committee types permitted under the revised campaign finance laws. The new registration forms will capture all of the information required by law. The SEEC is also redesigning the form of the campaign finance report used by treasurers to comply with the disclosure requirements. Our goal is to make the forms more user friendly, and consistent with the form used by candidate's campaigns for filing electronically. The SEEC will continue to send reminder notices to treasurers but will incorporate electronic transmission as much as possible. The new forms will be introduced for use in connection with the April 2007 filing date.

4. Late Filing Enforcement

The new law provides the SEEC with the combined duties of assessing late fees and commencing enforcement actions when reports remain unfilled. This combination of functions will result in a more efficient system than the present one in which the Office of the Secretary of the State assesses the late fee and refers to the SEEC if it cannot collect the report. Nancy Staniewicz, Elections Officer of the Secretary of the State, who has administered the records there for many years, will be joining the SEEC staff, and will facilitate



the transitioning of these functions.

F. Redesign and Implementation of a New Electronic Campaign Finance Reporting System

A very significant component of the new legislation is to require the SEEC to design and implement a new electronic campaign finance reporting system for treasurers. Under current law, only treasurers of statewide candidates who raise or spend more than \$250,000 are required to file in electronic format, and the rest of the filers can continue to file paper reports. See Section 9-348ee, Connecticut General Statutes. The SEEC is committed to building a new system that is both user friendly and contains a searchable database. Our goals and timetable for implementation are more specifically addressed in the section entitled “Application of Information Technology.” The new system will be known as **eCris (Electronic Campaign Reporting System)**.

There are various issues that must yet be resolved between the two agencies concerning the timing of transfer of personnel, continuation of the current CFIS system, administered by the SOTS to allow post election reporting by statewide candidates in the 2006 election, and the like. We have a meeting scheduled with the Deputy Secretary of the State on October 24 to resolve the remaining issues.

G. PAC and Party Committee Limits And Restrictions

PA 05-5 contains new restrictions and limits for certain PACs and all party committees. The SEEC is redesigning the campaign finance registration and disclosure forms to capture necessary information concerning PACs that will be subject to the new restrictions and contribution limitations. Each PAC will be required to re-register with the SEEC by January 1, 2007 to ensure compliance with the laws. Instructional materials will be developed to aid the treasurers of these committees in compliance with the new laws. The staff has already made presentations to various groups concerning these requirements, and will continue to do so. The SEEC publications will be updated in the first quarter of 2007 to reflect these significant revisions to the law.

H. Pilot Program for Municipal Public Financing

Pursuant to Section 9-760, Connecticut General Statutes, the SEEC was required to establish a pilot program for the public financing of campaigns of candidates for municipal offices. The SEEC created the application and program criteria at its January 11, 2006 meeting, and in coordination with the Conference of CT Municipalities, distributed these materials encouraging participation in late January. A copy of these materials is attached as **Appendix 5**. The consent by the legislative body of the municipality was required to be eligible for participation and selection by the SEEC. We organized and conducted a workshop to discuss the pilot



program with interested municipalities, and to explain the features of a public financing program. The agenda for that workshop is attached as *Appendix 6*. Representatives from Norwalk and New Haven attended the workshop. The SEEC staff prepared an analysis of campaign spending for the previous two municipal election cycles to aid those municipalities in the preparation of their applications for participation. In the final analysis, only New Haven completed the entire process, and the SEEC voted to grant preliminary approval for their participation at the April 19 special meeting. New Haven was then required to draft a proposed ordinance implementing their proposal and submit it to the SEEC by July 1. After receipt of the proposed ordinance, the SEEC Executive Director analyzed it, and issued a letter asking a series of questions in advance of the SEEC meeting on September 20, at which time the SEEC was expected to take final action on the plan. At the request of the President of New Haven's Board of Alderman, the SEEC postponed its consideration until its October 25 meeting. The President of the Board of Alderman is expected to make a presentation and answer questions at that meeting. The SEEC will then take final action on the matter.



VII. Application of Information Technology

A. Overview

In late April 2006, the SEEC began the formation of the new Information Technology (IT) Services subdivision for the agency in order to complete the initiatives imposed by the new campaign finance legislation. The major components of PA 05-5 which require considerable IT expertise and development include (1) redesign and implementation of a new electronic campaign finance reporting system as required by Section 9-348ee, General Statutes, (2) creation and ongoing maintenance of a database of principals of state contractors and prospective state contractors, as required by Section 9-333n (h), General Statutes, and (3) computer applications for the support of the Citizens' Election Program established by Section 9-700, General Statutes, including eligibility for payments, monitoring spending of all candidates, audit support and the like.

Although the SEEC blueprint called for hardware and a software manager, DAS and OPM approved the creation of a position for one manager utilizing the existing Data Processing Manager 1 job classification. The SEEC was fortunate to recruit an individual to fill this critical position with a previous DOIT employee with proven experience in building and architecting the infrastructure for many web based applications. The DP manager began in late April and reviewed the SEEC IT staffing blueprint, and recommended the additional level of IT technical positions that were proposed to DAS. Given the compressed timeline, complexity and scope of the statutory mandates, the task to design and create the many intricate computer applications from scratch required building a team with very experienced senior and high level positions. The SEEC IT staff was required to have complete knowledge of server, storage, network design, as well as, software application architecture, database modeling and facilitators to meet with other managers and high level staff throughout the state in order to gather and process the requirements needed.

Although the job classifications approved by DAS were somewhat lower than what we required in terms of senior level IT experience, the SEEC agreed to establish the mid-level positions in order to recruit a staff to move forward and satisfy the compressed statutory timeline. Since we were unable to hire the higher level staff we desperately needed, the SEEC negotiated a MOU (memorandum of understanding) with the Department of Information Technology (DOIT) to lend one of their senior level developers, a DP Technical Analyst 4, on a partial work week. He started in late May, and has since led the application design and development initiatives for the SEEC. The IT unit moved as quickly as possible to establish, recruit and hire three new mid-level IT staff in August 2006. They immediately began to work on the initial requirements, design and development for the new web based applications.



In order to meet the statutory mandates in PA 05-5, the SEEC intends to supplement the other senior development and design work for the applications with outside consultants.

B. Project Profile and Network Capacity

In June 2006, the SEEC submitted an IT project profile to DOIT which included a high level design and direction of our plans for the new application systems. The proposed infrastructure architecture, security, network and application design was approved by DOIT in July and the SEEC agreed to place our production servers for the new applications at the 101 East River data center when they are completed.

The IT manager determined that the current network capacity from the 18-20 Trinity ST. Facility to the DOIT 101 East River Drive was insufficient to accomplish the goals of the SEEC and the requirements of the legislation. DAS has also recognized the need for increased network capacity at 20 Trinity Street, and joined with the SEEC to attempt to resolve this critical situation with DOIT. With OPM's assistance, we are now confident that sufficient network capacity (Man line) will be installed by end of November.

C. Hardware

By September, the development software and hardware arrived and was then setup and configured by the IT manager at the SEEC office in order to support the initial and ongoing application development of the new IT unit. See *Appendix 7*.

Since the hardware software configuration has been completed and proven in the development area, we are procuring the final staging/production environment. This hardware infrastructure will be at a higher capacity with much more processing power than the development environment. It will also address security through distinct firewalls and redundancy through server virtualization. The SEEC expects the hardware to arrive at the end of October and the IT staff expects to complete the configuration of the staging/production environment by mid-November. See *Appendix 8*.



D. Application Development Projects

1. State Contractor Contribution Ban Database and Reporting System

a. Project Deliverables--

Finalize and submit project plan to Senior Executive management by 10/20/2006.

Design the CT Contractor Principal Database to be completed by 11/24/2006.

Design a secure interactive web portal for state agencies and state contractors/vendors to electronically report their principals, to be completed by 2/28/2007.

Design login process to allow state contractors/vendors to update their principals as required.

Generate monthly notices via-email to contractors/vendors that meet the contribution ban threshold of Section 9-333n (g).

Confirmation of updates by contractors/vendors.

Design login process to allow state agencies to upload their vendor expenditures data monthly

Design process for state agencies to check for their contractors/vendors compliance with Section 9-333n (g).

b. Project Reports Due by 12/31/2006:

Lists for Candidates in Statewide Office races

List of contractor's business names (that meet the ban threshold as of 09/30/06)

List of contractor's business & principals names (that meet the ban threshold as of 09/30/06) and have complied with Section 9-333n (h)

List of contractor's business & principals names (DAS Pre-qualified as of 09/30/06)

Lists for Candidates in General Assembly Office races

List of contractor's business & principals names (data to be provided by Legislative Management)

List of contractor's business & principals names (DAS Pre-qualified as of 09/30/06)

c. Project Deliverables Time Line Diagram: See *Appendix 9*



2. eCRIS (Electronic Campaign Reporting System)

a. Project Overview:

SEEC is implementing an Electronic Campaign Reporting Information System (eCris) to register, file, disclose, audit, and monitor activities related to private and public financing of political campaigns. The Secretary of the State is currently using CFIS, a legacy system, which was developed by and is maintained by the vendor. The existing system does not meet the requirements under the new legislation, and lacks the business functionality needed to support public financing. The new eCris will be developed using DOIT approved technologies. The new eCris will also include business functionality to support public financing of political campaigns and integrate a replacement to the existing FILE-IT (scanned images of hard copy reports) system. The existing FILE-IT system is not integrated with the CFIS system.

b. Project Deliverables:

System Design:

- Design login and user account creation process by 11/17/2006.
- Design the hard copy forms of the new eCris system by 11/24/2006
- Design the eCris database by 12/24/2006
- Design campaign committees' registration process by 1/5/2007.
- Design the hard copy filing scan-to-PDF and integrate with eCris by 2/1/2007.
- Design campaign committees' disclosure filing process by 3/23/2007.
- Design public reports/views of committees' registrations and disclosure data by 3/23/2007.

Migration path from CFIS and File-IT:

- Data load for parallel testing
 - Test data migrations of committee registration information to new database by 12/15/2006
 - Test data migration of File-IT PDFs and search index information to SEEC web site for integration with eCris by 12/22/2006.
 - Test data migration of campaign committees' disclosure information by 1/10/2007.



Pilot/Parallel testing

Test the new hard copy scan-to-PDF process on 12/26/2006 with migrated data from the old File-IT system

On 1/1/2007 parallel test the committee registration process with 6 selected committees.

On 2/7/2007 parallel test the Committees disclosure filing process with the same 6 committees.

Go Live

Live data migration of File-IT PDFs and search index information after 1/10/2007 filing period is completed.

Scan-to-PDF in production for the filing date 2/7/2007 ready by 2/1/2007.

Live data migration of CIFS data after 2/7/2007 filling period is completed.

eCris in production for the filling period 4/10/2007 ready by 4/1/2007

- c. Project Deliverables Time Line Diagram: See *Appendix 10*



VIII. Legislative Changes in the 2006 Session

The SEEC began reviewing the provisions of PA 05-5 immediately after its enactment in December, and during the two months preceding the opening of the 2006 session of the General Assembly. As a result, the SEEC submitted suggestions for revising some of its provisions. Of major concern to the SEEC were the nonseverability clause, exemption for “organization expenditures,” and treatment of minor and petitioning parties in the public financing program. The SEEC submitted HB 5610, a nineteen (19) section proposal, which was heard by the GAE Committee at a public hearing on March 13 in conjunction with other campaign finance proposals. Many of its recommendations were included in some form in the final bill, PA 06-137, that was enacted on the last night of the session in dramatic fashion. The SEEC’s Executive Director spent considerable time working with the Governor’s office, legislators and reform advocates to secure passage of the legislation.

The SEEC continues to be concerned that verification of qualifying contributions for purposes of participation in the public financing program will be difficult and labor intensive due to the fact that any individual may contribute, rather than the SEEC’s proposal to limit qualifying contributions to registered voters that can be more easily cross checked within the time constraints provided in PA 05-5 (3 business days). The SEEC hopes that the General Assembly will revisit that issue and revise the standard prior to the 2008 campaigns. In summary, the General Assembly did improve upon the original legislation, and we believe such improvements will be very helpful in the defense of the constitutional challenges filed in the Courts.



IX. Pending Constitutional Challenges in Court

The SEEC is a defendant in two separate lawsuits filed recently in U.S. District Court challenging the constitutionality of the public financing provisions as they relate to minor and petitioning party candidate participation, and the ban on contributions and solicitation of them by communicator lobbyist and principals of state contractors and prospective state contractors. The lawsuits are docketed as: 1) Green Party of Connecticut, et al v. Jeffrey Garfield, et al, Civil Action No. 306CV01030; and 2) Association of CT Lobbyists, LLC and Barry Williams v. Jeffrey Garfield, et al, Civil Action No. 306CV01360, challenging the lobbyist and state contractor contribution and solicitation bans, and the public financing system as it applies to minor party candidates. A motion for preliminary injunction has been filed with respect to the lobbyist and state contractor contribution and solicitation bans, and is expected to be heard prior to the effective date of the bans, December 31, 2006. The SEEC is represented by the Attorney General in the litigation, and we are actively assisting in the defense of the new law.

Representatives of the Office of the Attorney General have met with the SEEC members and legal staff concerning strategy for defending the laws. We have participated in assembling a legal support defense team, and are confident that these laws can be successfully defended against the claims made by the plaintiffs.



X. Conclusion

These past several months have been a period of great intensity and challenge for the SEEC. Despite the compressed timeline for implementation and other factors that have made this challenge even more formidable, the SEEC is moving forward and making significant progress towards implementation of the strongest and most comprehensive campaign finance reform laws in the U.S. We appreciate the confidence that the Governor and the General Assembly has placed in us, and will continue to work diligently to retain and strengthen that confidence.



Appendix 1.1 Implementation of Legal Aspects of PA 05-5 and PA 06-137 Time Line

December 2005

- Studied legislation to determine specific new mandates and additional new duties imposed on SEEC.
- Discussed public financing programs with representatives of Maine, Arizona and NYC to gain insight on staffing, budget and other implementation needs.
- Proposed budget adjustments for FY 07 and new organization of SEEC to OPM.
- Began identification of issues in PA 05-5 that may need revision in 2006 session of GA.
- Meeting with State Treasurer's Office to discuss formation of CEF.

January 2006

- Established the Citizen Election Fund, with cooperation of State Treasurer's Office
- Drafted municipal public financing pilot program application procedures and criterion for selection of participants which were approved at SEEC meeting on 1/11/6.
- Organized workshop for municipalities interested in participation in pilot program.
- Began dialogue with OSC regarding processes for payments to candidates from CEF.
- Conducted research, meetings and drafted SEEC's recommendations to revise PA 05-5.
- Analysis of legal expert's opinions on constitutionality of PA 05-5.

February 2006

- Meetings with Governor's office personnel and other groups regarding revisions to PA 05-5.
- Meeting with GAE to discuss progress on implementation of PA 05-5 and other SEEC activities.
- Prepared analysis of municipal campaign financing expenditures for towns with interest in participation in pilot program.
- Continued progress on establishing sub accounts within CEF to ensure SEEC could properly account for funds received and spent.
- Prepared materials for, and conducted workshop on pilot program for public financing of municipal campaigns on 2/28.

March 2006

- Worked with GAE and others on revisions to PA 05-5. Preparation for 3/13/ hearing before GAE.
- Reviewed application from New Haven for participation in pilot program. Recommended approval to SEEC.
- Reviewed contractor ban and discussed implementation with staff.
- Continued coordination with OSC, established account codes for CEF, and discussed other logistic issues concerning payments to candidates.

April 2006

- Working with OSC, we create initial report showing state vendors who meet financial thresholds for inclusion in contractor ban. Considerable staff time spent with OSC representatives to understand CORE-CT and how it could assist us in the implementation of the contractor ban.



Appendix 1.1 Implementation of Legal Aspects of PA 05-5 and PA 06-137 Time Line

- Began receiving and responding to questions concerning statutory interpretation of contractor ban.
- Began response to questions concerning statutory interpretation of contractor ban
- SEEC preliminarily approves New Haven's application for participation in pilot program.

→ **May 2006**

- Actively work to secure passage of PA 06-137, which General Assembly passes on 5/3.
- Prepared summary of contractor ban provisions.

→ **June 2006**

- Existing audit staff workload priorities were reassessed and revised to meet increasing challenges to implement CFR, especially the contractor contribution ban. Due to July 1 effective date to begin collection of principals of state contractors, the demands for labor, lack of additional staff, and the immediate need to coordinate with agencies and contractors to collect information for database, we were compelled to move forward using existing SEEC audit staff. Accordingly, the 2004 General Assembly campaign audits were therefore suspended temporarily.
- Finalized and disseminated memoranda to agency heads and contractors explaining new prohibition and process envisioned for collection of principals of contractors.
- Met with representatives of Attorney General's Office to discuss legal issues relating to ban, and the need to revise standard forms for state contracts, RFPs and ITBs to include notification of the statutory ban.
- Received preliminary draft from Attorney General's Office on 6/26 revising standard state contract forms to include notification of contractor contribution ban. Began review of draft documents.
- Conducted various meetings with representatives of DAS, Legislative Management, DOT, State Treasurer, QPAs and Higher Education institutions to discuss implementation of contractor ban. As a result of these meetings many issues were raised concerning the application of law to particular contractual arrangements.
- Sent memo 6/26 establishing 7/10 deadline for agencies to confirm contractor information, and supply contact for each contractor.

→ **July 2006**

- Received notice of lawsuit challenging public financing provisions and other provisions of CFR legislation. Preliminary meeting with attorneys in Office of Attorney General to discuss legal strategy for defense.
- Continued to receive and answer questions concerning applicability of contractor ban and lobbyist ban.
- Continuing dialogue with Attorney General's Office concerning revisions to standard contract forms.
- Developed and disseminated form for the collection of names of principals of state contractors.
- Disseminated forms to all prospective state contractors that are on the prequalification list issued by DAS and who are explicitly covered by contractor contribution ban.
- Organized workshop for Nonprofits Association to explain contractor ban. Workshop scheduled for 8/3.



Appendix 1.1 Implementation of Legal Aspects of PA 05-5 and PA 06-137 Time Line

- Due to large number of questions received concerning interpretation of contractor ban, staff member was assigned to cull questions together for purposes of further discussion
- New Haven Board of Alderman submits draft of proposed ordinance to implement pilot program for public financing of 2007 mayoral election on 7/27. Requested and received comments from expert on municipal public financing program on 7/31.

→ **August 2006**

- Conducted workshop for Nonprofits Association on 8/3 to discuss application of contractor ban to nonprofit entities doing business with state. Many questions were sent in following that workshop.
- Met with GAE co-chairs on 8/21 to discuss progress in implementation of contractor contribution ban.
- Completed drafting FAQ's for contractor contribution ban.

→ **September 2006**

- Prepared budget request for next biennium FY 08-09 and submit to OPM.
- Sent letter to Secretary of the State requesting meeting to discuss transition of records repository function to SEEC.
- Reviewed new lawsuit filed by Lobbyist Association challenging constitutionality of contribution ban, and scheduled meeting for 9/18 to discuss with AG's Office.



Appendix 1.2 Staffing and Work Environment Time Line

December 2005

- Reviewed existing personnel job classifications at DAS.
- Interviewed candidates for new Director of Public Disclosure and Compliance to fill vacancy.

January 2006

- Hired the new Director of Public Disclosure.
- Provided timeline for hiring new staff to DAS, and proposed organization structure. Emphasized that Director of Public Financing and IT Managers needed by 4/1/06.
- Work with our DAS human resources liaison to implement requirements.
- Negotiated with OPM and DAS for hiring of 2 IT managers, one for architecture and hardware needs and the other to supervise development of software applications needs .
- Began drafting new job classification and descriptions for staffing needs

February 2006

- Completed and submitted to DAS proposed job descriptions on 2/6 for Director of Public Campaign Financing, Associate Director of Public Campaign Financing, Director of Legal Affairs and Enforcement, Training Officer for new SEEC.
- Planned, prepared and submitted detailed analysis for DPW of additional space needs for new SEEC staff. Regular and frequent meetings with DPW staff to ensure adequate space on third floor of building, Oversight of new facilities plan.
- Submitted further justification to DAS for high level DP Tech Analyst positions in IT unit since SEEC was provided with one IT Manager's position, and has huge IT mandates in CFR.

March 2006

- Continued to work with DPW on build out of 3rd floor additional space needs.
- Began informal recruitment of Director of Public Financing although DAS still considering proposed job class.
- Reviewed and determined office furniture, equipment needs for new 3rd floor office space and staff. Vendor discussions and proposal for new telephone system.
- DAS posts job opening for IT Manager on 3/7 with closing date of 3/21. Review resumes and conduct interviews on 3/31.

April 2006

- Offered IT manager position to B. Clonan on 4/5. IT Manager start date is 4/28.
- Submit additional justification for creation of other IT positions to DAS on 4/28.
- DAS propose redrafts of certain managerial job descriptions.



Appendix 1.2 Staffing and Work Environment Time Line

May 2006

- The IT Chief Software Development Architect started on 5/12 under 1 year MOU with DoIT
- Posted job announcements for 5 IT positions, reviewed resumes and schedule interviews

June 2006

- Conduct interviews for IT staff .

July 2006

- Existing IT staff (2) and Audit staff (4) moved to third floor. Ongoing dialogue with DPW to address relocation facilities issues.
- Complete interviews for IT staff, and hiring decisions made.

August 2006

- Three new IT staff began working on 8/4.
- Office Assistant begins working on 8/4.
- Interviews for Director of Public Campaign Financing Unit conducted on 8/7.
- All offices for staff on third floor have been set up, and equipped with necessary furniture.
- Interviewed applicants for the position of Director of Legal Affairs and Enforcement Unit.
- DAS approves hiring rate for Director of Public Campaign Finance Unit on 8/25 and offer is accepted.

September 2006

- Hired new director of Legal Affairs and Enforcement Unit with starting date of 9/15.
- New director of Public Financing Unit start date on 9/28.



Appendix 1.3 IT Business Solution Time Line

→ December 2005

- Research IT needs with various representatives of other jurisdictions that have electronic campaign reporting systems

→ April 2006

- Initiated discussions with DOIT on upgrading existing building wiring.

→ May 2006

- Coordinate with DOIT to obtain IT Chief Application Developer through MOU.
- Ongoing discussions with 2 person IT unit to determine how to establish database of principals of state contractors and prospective state contractors.
- Several meetings with OSC regarding CORE-CT and its use to implement contractor ban. Identified redundancies in use of common vendors across government, as well as incomplete information available through CORE-CT with respect to (a) determining values of contract awards where no payments had been made, (b) certain state agencies and quasi-public agencies for which no vendor payments were reflected in CORE-CT.
- Developed and sent agencies form to designate SEEC as the collecting agent for their contractors.
- Initial draft of IT Plan developed to identify projects needed to be accomplished to successfully support implementation of CFR.
- Computer Hardware needs assessed by IT Manager, and equipment ordered. Software needs assessed. Wiring/network needs assessed. Telephone system ordered.
- Begin development of project profile for campaign finance reporting application.

→ June 2006

- Using CORE-CT information, we identified state vendors who met the financial threshold for inclusion in the ban, and extracted vendor information for each agency for subsequent dissemination and confirmation.
- Provide detailed progress report on implementation of PA 05-5 to SEEC at 6/14 meeting.

→ July 2006

- Began to compile e-mail distribution list for contractors based upon responses.
- Determined, ordered and received shipment of workstations for new staff on third floor.
- Conducted interviews for DP Tech Analyst 3 positions in IT Unit and Office Assistant position.
- Hiring decisions are made, with IT staff to begin early August.
- Staff began gathering business requirements of proposed electronic filing system, and public financing system based upon legal requirements imposed in legislation.
- Began negotiations with PCC Technologies to determine what services we would consider purchasing from them to expedite IT implementation of CFR.



Appendix 1.3 IT Business Solution Time Line

→ August 2006

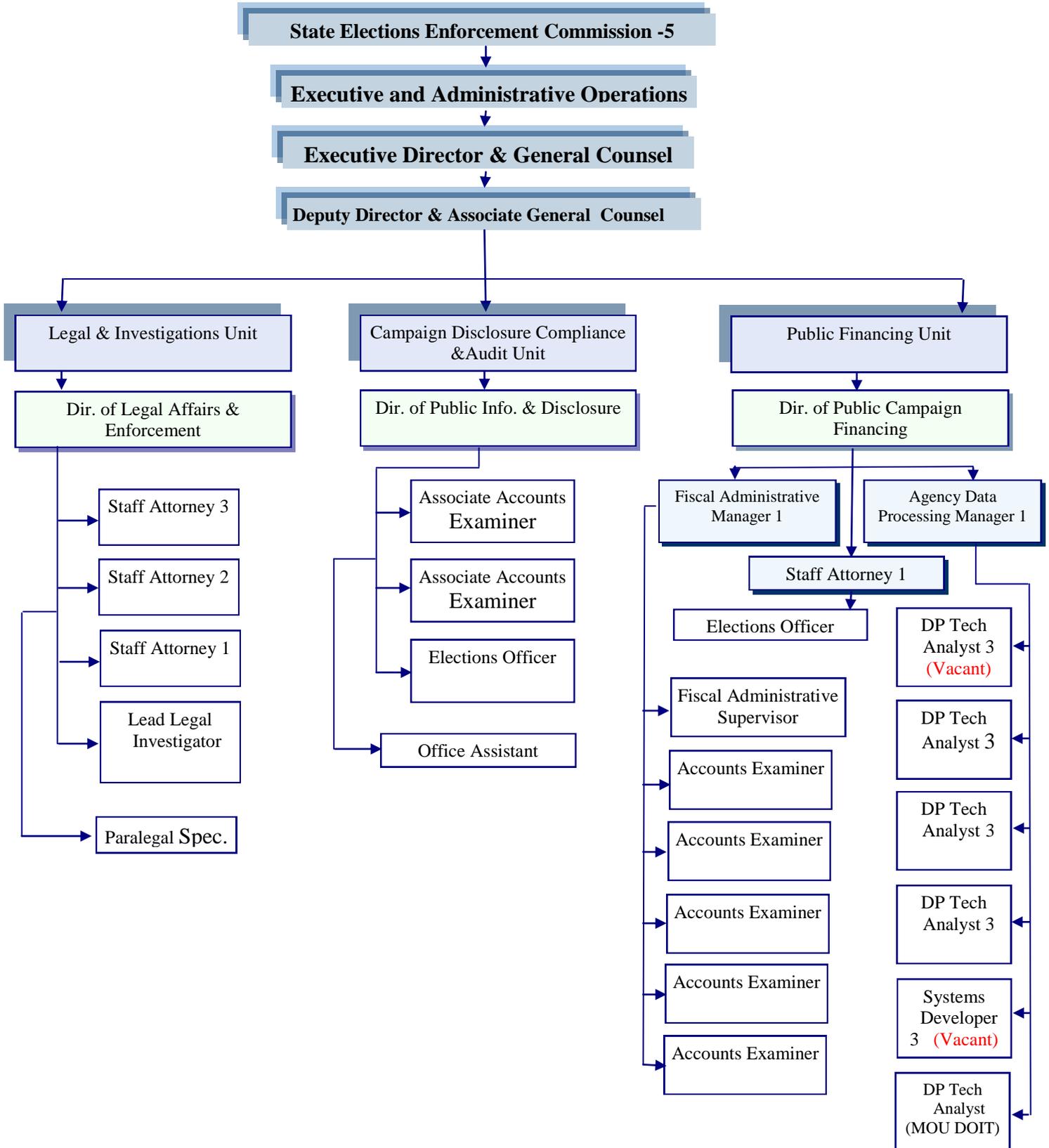
- DOIT approves our IT Project Profile for computer system architecture and application design in early August.
- Computer equipment is received for application design, and assembled and configured.
- All wiring for both voice and data circuits for third floor completed. Additional capacity for data network is needed and negotiations with DOIT undertaken with estimated install date of late September.
- IT staff travels to New Hampshire to view electronic campaign filing system developed by PCC Technologies for that jurisdiction.
- Conducted JAD (Joint Application Development) sessions to develop business rules for public and privately funded campaigns, and for electronic campaign finance disclosure requirements to devise necessary forms and applications to successfully implement CFR.

→ September 2006

- DoIT approves the upgrade to the data line speed from T1 to OC3 for the 18-20 Trinity street facilities.
- Continue conducting JAD sessions to develop business rules for public and privately funded campaigns, and for electronic campaign finance disclosure requirements to devise necessary forms and applications to successfully implement CFR.
- Publish the FAQs for contractor ban on SEEC website.
- IT unit developing a secure web portal to allow state contractors to maintain their list of principals with SEEC up-to-date as required by law. IT also is developing a web portal to allow treasurers to check list of principals of state contractors to facilitate compliance with the prohibition.



Appendix 2





Appendix 4

PROPOSED DECLARATORY RULING 2006-1 LOBBYIST CONTRIBUTION AND SOLICITATION BAN

At its Special Meeting on September 20, 2006, the Commission voted to initiate a declaratory ruling concerning the application of Conn. Gen. Stat. **Sec.** 9-3331(h) and 9-3331 (i), as amended by October 25 Special Session, Public Act No. 05-5, *An Act Concerning Comprehensive Campaign Finance Reform for Statewide Constitutional and General Assembly Offices*, and Public Act 06-137, *An Act Concerning the Campaign Finance Reform Legislation and Certain Election Law and Ethics Provisions* (hereinafter collectively referred to as “the Act”), to the political activities of lobbyists on and after December 31, 2006, the effective date of the Act and amendments thereto.

The Commission has received many questions concerning the applicability of the ban, particularly the solicitation ban, which indicate very common and widely held misperceptions about the scope and application of the ban. The Commission decided to issue this ruling to correct those misperceptions and provide guidance to those subject to the ban regarding the Commission’s interpretation and prospective enforcement of the ban.

Pursuant to Conn. Gen. Stat. §4-176(h) a declaratory ruling shall have the same status and binding effect as an order issued in a contested case and shall be a final decision for purposes of appeal in accordance with the provisions of section 4-183. No one is on file with the Commission pursuant to Conn. Gen. Stat. §4-176(c) as having requested notice of declaratory ruling petitions on this subject matter.

The relevant statutory sections encompassing the lobbyist contribution ban were enacted in Section 29 of October 25 Special Session, Public Act 2005-5, as follows:

Sec. 29. Section 9-3331 of the general statutes is amended by adding subsections (h) and (i) as follows (*Effective December 31, 2006, and applicable to elections held on or after said date*):

(NEW) (h) No communicator lobbyist, member of the immediate family of a communicator lobbyist, or political committee established or controlled by a communicator lobbyist or a member of the immediate family of a communicator lobbyist shall make a contribution or contributions to, or for the benefit of (1) an exploratory committee or a candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, State Treasurer, Secretary of the State, state senator or state representative, (2) a political committee established or controlled by any such candidate, (3) a legislative



Appendix 4

caucus committee or a legislative leadership committee, or (4) a party committee.

(NEW) (i) (1) No communicator lobbyist, immediate family member of a communicator lobbyist, agent of a communicator lobbyist, or political committee established or controlled by a communicator lobbyist or any such immediate family member or agent shall solicit (A) a contribution on behalf of a candidate committee or an exploratory committee established by a candidate for the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, State Treasurer, Secretary of the State, state senator or state representative, a political committee established or controlled by any such candidate, a legislative caucus committee, a legislative leadership committee or a party committee, or (B) the purchase of advertising space in a program for a fund-raising affair sponsored by a town committee pursuant to subparagraph (B) of subdivision (10) of section 9-333b, as amended by this act.

(2) The provisions of subdivision (1) of this subsection shall not apply to the campaign of a communicator lobbyist, immediate family member of a communicator lobbyist or agent of a communicator lobbyist who is a candidate for public office.

(3) Any person who violates any provision of this subsection shall be subject to a civil penalty, imposed by the State Elections Enforcement Commission, of not more than five thousand dollars or twice the amount of any contribution solicited in violation of this subsection, whichever is greater.

The relevant amendments to those sections, made by Public Act 06-137, are as follows (brackets indicate deletions, underlines indicate new language):

. . . (i) [(1)] No communicator lobbyist, immediate family member of a communicator lobbyist, agent of a communicator lobbyist, or political committee established or controlled by a communicator lobbyist or any such immediate family member or agent shall solicit (A) a contribution on behalf of a candidate committee or an exploratory committee established by a candidate for the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, State Treasurer, Secretary of the State, state senator or state representative, a political committee established or controlled by any



Appendix 4

such candidate, a legislative caucus committee, a legislative leadership committee or a party committee, or (B) the purchase of advertising space in a program for a fund-raising affair sponsored by a town committee pursuant to subparagraph (B) of subdivision (10) of section 9-333b.

[(2)] (j) The provisions of [subdivision (1) of this subsection] subdivision (1) of subsection (h) of this section and subsection (i) of this section shall not apply to the campaign of a communicator lobbyist, immediate family member of a communicator lobbyist or agent of a communicator lobbyist who is a candidate for public office or to an immediate family member of a communicator lobbyist who is an elected public official.

[(3)] Any person who violates any provision of [this subsection] subsections (h) and (i) of this section shall be subject to a civil penalty, imposed by the State Elections Enforcement Commission, of not more than five thousand dollars or twice the amount of any contribution donated or solicited in violation of [this subsection] subsection (h) or (i) of this subsection, whichever is greater.

The threshold question in any analysis is who is subject to the ban. Those subject to the contribution and solicitation ban are *communicator lobbyists*, as distinct from client lobbyists. The term “lobbyist” is defined for purposes of the state campaign finance laws (Chapter 150 of the Connecticut General Statutes) in Conn. Gen. Stat. §9-333a (16), as amended by Oct. 25 Special Session Public Act 05-5, to mean lobbyist as defined in the State Ethics Code, Conn. Gen. Stat. §1-91, and “communicator lobbyist” means a communicator lobbyist as defined in Conn. Gen. Stat. §1-91. The term “lobbyist” includes both client lobbyists, who make expenditures for lobbying, and communicator lobbyists, who are compensated for lobbying, over the threshold amount of \$2,000 in any calendar year. “Communicator lobbyist” is further defined in Conn. Gen. Stat. §1-91(v) as “a lobbyist who communicates directly or solicits others to communicate with an official or his staff in the legislature or executive branch of government or in a quasi-public agency for the purpose of influencing legislative or administrative action.” This is commonly understood and applied by the Office of State Ethics to include individuals, members of business organizations, or in-house lobbyists, such as employees of a client lobbyist.

A covered communicator lobbyist cannot contribute or solicit a contribution for the covered candidates and committees. The ban also applies to such lobbyist’s immediate family, and political committees established or controlled by a



Appendix 4

communicator lobbyist. The types of committees that a communicator lobbyist, his or her immediate family and political committees established or controlled by them cannot contribute to are:

- 1) Candidate committees for statewide office or general assembly or exploratory committees for those offices;
- 2) Political committees established or controlled by those candidates;
- 3) Legislative leadership and legislative caucus committees, or
- 4) Party committees (state central and town committees).

“Immediate family” is defined in Conn. Gen. Stat. §9-333a (24), as amended by the Act, to mean the spouse or dependent child of an individual. Spouse includes partners to a civil union, pursuant to Conn. Gen. Stat. §46b-380o. It is also worth mentioning that minor children under the age of 16 who are not subject to the ban are already limited to contributing \$30, pursuant to Conn. Gen. Stat. §9-333m(e).

“Legislative caucus committee” is defined in Conn. Gen. Stat. §9-333a(22), as amended by the Act, as a committee established under subdivision (2) of subsection 9-333g by a majority of the members of a political party who are also state representatives or state senators, and “Legislative leadership committee” is defined in Conn. Gen. Stat. §9-333a(22), as amended by the Act, as a committee established under subdivision (3) of subsection 9-333g by a leader of the General Assembly.

There is no statutory definition of “establish” or “control,” so we look to the ordinary meaning of the words. In the construction of the statutes, words and phrases shall be construed according to the commonly approved usage of the language. Conn. Gen. Stat. §1-1. Dictionary definitions are an appropriate source to determine the ordinary meaning of words. See Caldor v. Heffernan, 183 Conn. 566, 440 A.2d 767 (1981). The plain meaning of the verb “establish” in the context of political committees has to do with the organization, origination, formation or foundation of the political committee. A dictionary definition of establish is as follows: 1. a. To set up; found. b. To bring about; generate: *establish goodwill in the neighborhood*. Dictionary.com. *The American Heritage® Dictionary of the English Language, Fourth Edition*, Houghton Mifflin Company, 2004. <http://dictionary.reference.com/browse/establish> (accessed: October 17, 2006).

The prohibition applies to all political committees organized or founded by a communicator lobbyist, or in which a communicator lobbyist had a substantial or significant role in the political committee’s formation. Such a determination will be viewed by the Commission as a question of fact based upon such factors as whether:



Appendix 4

- (1) one or more of the individuals serving as officers of the committee at the time of its formation were communicator lobbyists;
- (2) whether the business entity or organization that established the committee was a registered communicator lobbyist with the Office of State Ethics or its predecessor, the State Ethics Commission;
- (3) whether a business or organization that is, or was, a registered communicator lobbyist with the Office of State Ethics or its predecessor, the State Ethics Commission at the time of the committee's creation made the initial disbursement or contribution to the committee pursuant to Conn. Gen. Stats. §§9-333o(b) and 9-333p(a), as amended by Oct. 25 Special Session P.A. 05-5;
- (4) whether a business entity political committee received its initial contribution or donation from an individual communicator lobbyist who is or was an officer, director, owner, limited or general partner or holder of stock constituting 5% or more of the total outstanding stock of any class of the business entity that established the committee; and
- (5) whether a communicator lobbyist had an active or significant role in the formation of the PAC. (Taken from Opinion of Counsel 2006-03 to Paul McCormick by Albert Lenge).

If these questions are answered in the affirmative, then the political committee may not solicit or make contributions to any party committee, legislative caucus or leadership committee or any committee established by or controlled by candidates for statewide office or the General Assembly.

Establish or control is also utilized in the Act for purposes of political committees established or controlled by candidates for statewide office or General Assembly. Communicator lobbyists are also barred from contributing to these types of committees. Committees will be deemed established by candidates for statewide or General Assembly if:

- (1) one of the individuals serving as an officer of the committee at the time of its formation is a candidate for a covered office;
- (2) a candidate for a covered office made the initial disbursement or contribution to the committee ; and/or
- (3) a candidate for a covered office had an active or significant role in the formation of the committee.

The Act similarly does not include a definition of control. "Control" has been defined as: To exercise authoritative or dominating influence over; direct. . . . Dictionary.com. *The American Heritage® Dictionary of the English Language, Fourth Edition*, Houghton Mifflin Company, 2004.
<http://dictionary.reference.com/browse/control> (accessed: October 17, 2006). The



Appendix 4

Commission, in making a fact-based determination of whether an individual controls a political committee, may consider such factors as whether the individual:

- (1) Has substantial involvement or influence in the decision-making concerning how the committee solicits or makes contributions;
- (2) Directs or participates in the appointment or selection of the committee's officers; and/or
- (3) Serves as a committee chairperson, treasurer or other officer.

The next issue concerns the application of the prohibition to a committee which *is controlled but not established* by a communicator lobbyist or member of a communicator lobbyist's immediate family at any time prior to January 1, 2007 *if* there is a divesture of such control prior to January 1, 2007 and no further control exercised thereafter. December 31, 2006 is the effective date of the prohibitions set forth in Conn. Gen. Stats. §9-3331, as amended. The Commission concludes that the statutory prohibitions involving a political committee controlled by a communicator lobbyist do *not* apply when control of the political committee by the communicator lobbyist does not exist on or after December 31, 2006. Unlike the verb *establish*, which relates back to facts as they existed at the time of the formation of a political committee, *control* may only be understood in light of facts as they exist at the time that the issue of "control" is before the Commission in the context of an allegation that a prohibited contribution or solicitation was made by a political committee controlled by a communicator lobbyist or member of the communicator lobbyist's immediate family, or whether a political committee was controlled by a candidate for a covered office such that communicator lobbyists may not contribute to or solicit for such committee.

"Contribution" is broadly defined as "anything of value," therefore, in kind contributions are also barred, unless specifically exempted under Conn. Gen. Stat. §9-333b(b), such as volunteering for a candidate and unreimbursed travel for driving a candidate, up to \$200. For reasons stated below, related to the solicitation ban, lobbyists could not utilize the exemptions from the definition of contribution that apply to fundraisers.

October 25 Special Session Public Act 05-5 also amended the definition section of the state campaign finance laws, Conn. Gen. Stat. §9-333a, to add the following definition of "solicit:"

- (26) "Solicit" means (A) requesting that a contribution be made, (B) participating in any fund-raising activities for a candidate committee, exploratory committee, political committee or party committee, including, but not limited to, forwarding tickets to potential



Appendix 4

contributors, receiving contributions for transmission to any such committee or bundling contributions, (C) serving as chairperson, campaign treasurer, deputy campaign treasurer or any other officer of any such committee, or (D) establishing a political committee for the sole purpose of soliciting or receiving contributions for any committee. "Solicit" does not include (i) making a contribution that is otherwise permitted under this chapter, (ii) informing any person of a position taken by a candidate for public office or a public official, or (iii) notifying the person of any activities of, or contact information for, any candidate for public office.

Under the new lobbyist contribution ban, no communicator lobbyist can request that a contribution be made to one of the covered candidates or committees.

No communicator lobbyist can participate in any fundraising activity for a covered candidate or committee under the new ban. Participate is not defined in the act, so we rely on the common understanding of the word, as utilized in dictionary definitions. "Participate" has been defined as: 1) To take part in something: *participate in the festivities*; 2) To share in something: *If only I could participate in your good fortune*. Dictionary.com. *The American Heritage® Dictionary of the English Language, Fourth Edition*, Houghton Mifflin Company, 2004.
<http://dictionary.reference.com/browse/participate> (accessed: October 11, 2006).

Using the ordinary meaning of the word, the Commission concludes that a lobbyist cannot attend a fundraiser for a covered candidate or committee, even if someone else pays for their ticket, as such attendance would constitute participation in the fundraiser within the common meaning of the word, by taking part in the fundraiser.

Participating in any fundraising activities is also specifically defined to include, but is not limited to:

- 1) Forwarding tickets;
- 2) Receiving contributions; and
- 3) Bundling contributions. Conn. Gen. Stat. §9-333a (26).

In the campaign finance context, bundling is commonly understood as the practice of collecting several contributions for forwarding or delivery to a campaign, generally so as to receive credit or good will for their collection.

Holding certain positions within a campaign or committee are also considered soliciting, pursuant to Conn. Gen. Stat. §9-333a (26). Any individual who is serving as the chairperson, campaign treasurer, deputy treasurer or other committee officer is considered "soliciting" *ex officio* and a communicator lobbyist, his or her immediate



Appendix 4

family member or agent also cannot serve in any such capacity for a covered candidate or committee.

“Agent” is defined in Conn. Gen. Stat. §9-333a (27) as any person acting at the direction of an individual.

Lobbyists, immediate family members, agents or their political committees cannot solicit a contribution for any of the following:

- 1) Candidates for statewide office and General Assembly
- 2) Committees established or controlled by such candidates
- 3) Legislative leadership or legislative caucus committees
- 4) Party committees

Lobbyists, immediate family members, agents or their political committees also cannot solicit an advertising purchase for a program booklet prepared for a town committee’s fundraising affair. The advertising purchases exemption from the definition of contribution has been eliminated for all but candidate committees for candidates for local office and town committees by another section of the Act, but lobbyists may not make such purchases from town committees pursuant to Conn. Gen. Stat. §9-333b(b)(10)(B).

The statutory definition of “solicit” also provides examples of what does not constitute soliciting, including “informing any person of a position taken by a candidate for public office of a public official.” Consequently, communicator lobbyists may inform their clients (or anyone else, for that matter) that a certain legislator or public official has been helpful, or not, on an issue that they are concerned about.

The statutory definition of “solicit” also provides that solicit does not mean “notifying the person of any activities of, or contact information for, any candidate for public office.” A lobbyist subject to the ban can provide anyone with a candidate’s website, phone number or other contact information. A lobbyist subject to the ban could even inform someone that the candidate was having a fundraising event, but would have to avoid suggesting that they should attend or contribute.

The Commission, as a matter of policy, might prefer that the law did not permit a lobbyist to come so close to the line as to inform someone of a fundraising event, but feels constrained by both the language of the statute and the surrounding legislative history, which includes an explicit discussion of how this provision weakens the ban. In addition, the Commission suggested clarifying language to exclude fundraising activities from the activities a lobbyist could inform any person of, which was rejected by the General Assembly.



Appendix 4

A lobbyist or other person subject to the ban still has many avenues of political campaign participation available to them. For example, a communicator lobbyist is still permitted to:

- 1) Volunteer for a covered candidate's political campaign (except as chairperson, treasurer, deputy treasurer or other officer, or in any fundraising capacity);
- 2) Put a sign on his or her lawn;
- 3) Make get out the vote calls;
- 4) Express support for a candidate or his or her views;
- 5) Advise someone whether a candidate is likely to be elected;
- 6) Communicate his or her evaluations of a legislator or candidate to his or her clients or anyone else;
- 7) Contribute to a political committee that is not established or controlled by one of the covered candidates (but could not contribute to one committee with the direction to pass through to another, otherwise known as laundering, earmarking or giving in the name of another);
- 8) Contribute to candidate committees for candidates for Judge of Probate, municipal office and referendum committees;
- 9) Make independent expenditures on behalf of a covered candidate (no coordination, as defined in Conn. Gen. Stat. §9-333a (19));
- 10) Provide advice to a candidate for public office;
- 11) Run for office;
- 12) Be the spouse or dependent child of someone running for office;
- 13) Attend campaign events for covered candidates that do not involve fundraising, such as debates or meet and greet events where fundraising is not involved;
- 14) Serve as chairperson, treasurer, deputy treasurer or other officer for a candidate committee of a candidate for municipal office.

It has been suggested that the lobbyist solicitation ban prevents a communicator lobbyist from making a statement to any person that could conceivably lead that person to conclude that they should consider making a political contribution. Any determination of whether a solicitation was made would be based upon the facts and circumstances surrounding the alleged solicitation, and not solely on the subjective belief of the individual communicating with the lobbyist. In other contexts, the Commission uses objective tests, and will also use such an objective test here to determine whether a reasonably prudent person would believe that they were being solicited to make a contribution.

Although there are exemptions from the definition of contribution that include home fundraisers and donation of items valued at under \$50 for fundraisers, Conn. Gen. Stat. §§9-333b (b) (5) and (9), they would be inapplicable with respect to the covered committees because holding a fundraiser at your home or donating something for the



Appendix 4

purpose of fundraising, would constitute participating in fundraising, and meet the statutory definition of solicitation.

The effective date of the lobbyist contribution and solicitation ban is December 31, 2006. Events occurring prior to that time are not subject to the ban. If, for example, at a Christmas party held before December 25, 2006, a lobbyist explicitly urges someone to contribute to a particular campaign, no violation of Conn. Gen. Stat. §9-333l(i) will have occurred, even if the event they were requested to contribute in connection with were not held until after December 31, 2006.

Pursuant to Conn. Gen. Stat. §9-333x (10), it is illegal to make, receive or solicit a prohibited contribution. Since these lobbyist contributions are prohibited, candidates or anyone associated with a candidate's campaign are similarly prohibited from soliciting lobbyists for contributions.

This constitutes a declaratory ruling pursuant to Conn. Gen. Stat. §4-176 as to the applicability of Conn. Gen. Stat. §9-333l(h) and (i), as amended by October 25 Special Session Public Act 2005-5 and Section 24 of Public Act 06-137.



Appendix 5

Pilot Program for Public Financing of Municipal Elections

Introduction

In accordance with Section 48 of newly enacted Public Act 05-5 of the October 25, 2005 Special Session of the General Assembly, the State Elections Enforcement Commission is required to establish a pilot program for public financing of municipal elections in as many as three municipalities. The Commission is required to establish an application process and criteria for the selection of the municipalities. Participation in the pilot program is purely voluntary, and a municipality must consent to such participation by its legislative body, provided if the legislative body is a town meeting, consent must be manifested by the board of selectmen.

Although the legislation does not explicitly specify, the Commission will seek applications from interested municipalities for the 2007 municipal elections. In order for there to be sufficient time to implement the necessary procedures so that qualified candidates can receive public funds for their election campaigns, the following schedule is established:

Deadline to submit application materials– April 1, 2006

Deadline to submit fully drafted plan---July 1, 2006

Commission makes final decision on selection of municipalities– September 15, 2006

The remainder of this document will explain the application process and the criterion that the Commission will utilize to select the participants. It should be noted however, that the legislation provides no state funding for the administration of the municipal public financing program, including payments to qualifying candidates. Nor is the State Elections Enforcement Commission charged with the administration or enforcement of the new program. The Commission's role is defined carefully in the legislation creating this pilot program, and is confined to providing technical and legal assistance to ensure that the drafted plan submitted by the municipality is voluntary, workable, fair, comports with constitutional principles, contains the necessary administrative and legal structures to implement and monitor compliance with program requirements, and provides sufficient funds to qualifying candidates to encourage them to participate in the program.

Application Process

In order to apply for participation in the pilot program, the legislative body must adopt a resolution by at least a majority thereof signifying its consent to participate. The likelihood of success of a public financing program in a municipality is dependent upon the support it receives from its chief executive and legislative body. Accordingly, the Commission may consider the degree of support and interest these critical officials have in participation. The resolution must be submitted to the State Elections Enforcement Commission by April 1, 2006, along with the other



Appendix 5

application materials described herein. The resolution must be accompanied by a cover letter which includes a local contact person who will be responsible for answering questions concerning the application and proposed plan of the municipality.

In addition to the resolution and cover letter, a designee of the legislative body of the municipality, on behalf of such body, shall provide answers to the following questions concerning the proposed plan of public financing of municipal elections.

How will the public campaign financing system be funded by the municipality?

How much funding will be set aside for payments to candidates participating in the program?

What local governmental agency will be responsible for verifying candidates' qualifications for the program ?

What local governmental agency will be responsible for payments to qualifying candidates?

How will the program provisions be enforced? By which local government agency?

Will candidates' participation in the public financing program be voluntary?

Which offices will be covered under the program?

Will there be public funds available to candidates who qualify for primaries as well as elections?

Will the public financing program be a grant system, such as the state system created by the legislation, or a matching funds system?

How will candidates qualify for public funds?

How much will each candidate qualify for?

How will the influence of special interests be curtailed in the qualifications for the program?

How will minor party and petitioning party candidates qualify for public funds for their campaigns?

Will all candidates who participate in the public financing program be required to limit their campaign spending to certain levels?

What will be the spending limits for each office covered under the program?

Will there be additional funds available to a participating candidate whose non participating opponent exceeds the voluntary spending limits?

How much?

Will there be additional campaign finance reporting requirements, beyond what is currently required by state law, to monitor compliance with spending limits?



Appendix 5

Will there be special prohibitions or limitations on the use of public campaign funds?

How will the program address the possibility that independent expenditures

may be made by other groups to oppose a candidate in the public financing program?

Will the program requirements and provisions be enacted as an ordinance?

What other measures will be taken to instill public confidence in the public financing program?

Upon receipt of the application materials, the Commission will review them to determine whether the municipality meets the threshold standards, and will notify the municipality of its determination. The Commission shall advise each municipality which meets the threshold standards to submit a fully drafted plan, and the staff of the Commission shall lend technical and legal assistance provided that an attorney designated by the municipality shall be responsible for the drafting of the plan, which shall be approved by the legislative body before it is submitted to the Commission for final approval.

Criteria Used by the State Elections Enforcement Commission in its Determination of whether to Approve a Municipality for Participation in the Pilot Program

The Commission shall consider the following criteria in determining whether to grant preliminary approval to a municipality to participate in the pilot program:

The level of support demonstrated by the legislative body of the municipality

The support of the chief elected official of the municipality

The level of support of the citizens of the municipality

Whether the proposed plan for public financing is voluntary

Is there an adequate and reliable funding mechanism to support the program

Are there local governmental structures in place, or proposed to be established, that will fairly and effectively administer and enforce the provisions of the program?

The extent to which the proposed plan is attractive to candidates by offering them sufficient incentives to participate, and yet not coercive

Are the qualifying levels fair and reasonable, and do such levels treat all candidates fairly

Do the qualifying levels require a showing of support within the municipality or district

Does the proposed plan effectively address the financial influences of special interests in a political campaign



Appendix 5

wage an effective campaign

Will the program requirements encourage greater competition in the electoral process

Are the spending limits imposed on participating candidates as a condition for receiving public financing fair and reasonable, and will such limits operate to attract candidates to participate

Does the proposed plan adequately address overspending by non participating candidates who are opposed by a participating candidate

Does the proposed plan address the possibility of independent expenditures

Does the plan satisfy constitutional requirements

Are the verification and qualification procedures adequate to deter fraud and abuse

Are there other mechanisms and procedures proposed, including special reporting and disclosure requirements, that will ensure compliance with spending limits or other program requirements

Are there enforceable penalties or other sanctions that will encourage compliance by candidates

Are there adequate resources in place or proposed to support the governmental structures designated to administer and enforce the program

The overall likelihood that the program will be successful and enhance the confidence of the public in the electoral process

In determining whether to grant final approval to a municipality which has been given preliminary approval, the Commission shall consider whether the fully drafted plan for implementation satisfies the criteria described above and if more than one municipality having substantially the same population was given preliminary approval, which plan has the best chance to be successful. The Commission shall notify all municipalities which had been given preliminary approval of its final selections by September 15, 2006.

Approved by the State Elections Enforcement Commission
January 11, 2006



Appendix 6

WORKSHOP ON PILOT PROGRAM FOR PUBLIC FINANCING OF MUNICIPAL ELECTION CAMPAIGNS

February 28, 2006
10 AM – Noon
Office of the Connecticut Conference of Municipalities
New Haven, CT

Sponsored by:

The Connecticut State Elections Enforcement Commission in
cooperation with the Connecticut Conference of Municipalities

AGENDA

Welcome– Jeffrey Garfield, Executive Director and General Counsel, CT State
Elections Enforcement Commission

Joel Cogen, Executive Director and General Counsel,
CT Conference of Municipalities

II. Establishment of Pilot Program for Public Financing of Municipal
Campaigns– background and purpose of Public Act 05-5

Senator Donald DeFronzo, Senate Chairman,
Joint Committee on Government Administration and Elections

Municipal Election Public Financing Programs in the U.S.
Lessons Learned, A Guide to Formulating a Successful Program

Robert Stern, President of the Center for Governmental Studies

The Connecticut Pilot Program
Selection Process and Considerations for Participation

Jeffrey Garfield, Executive Director and General Counsel,
CT State Elections Enforcement Commission

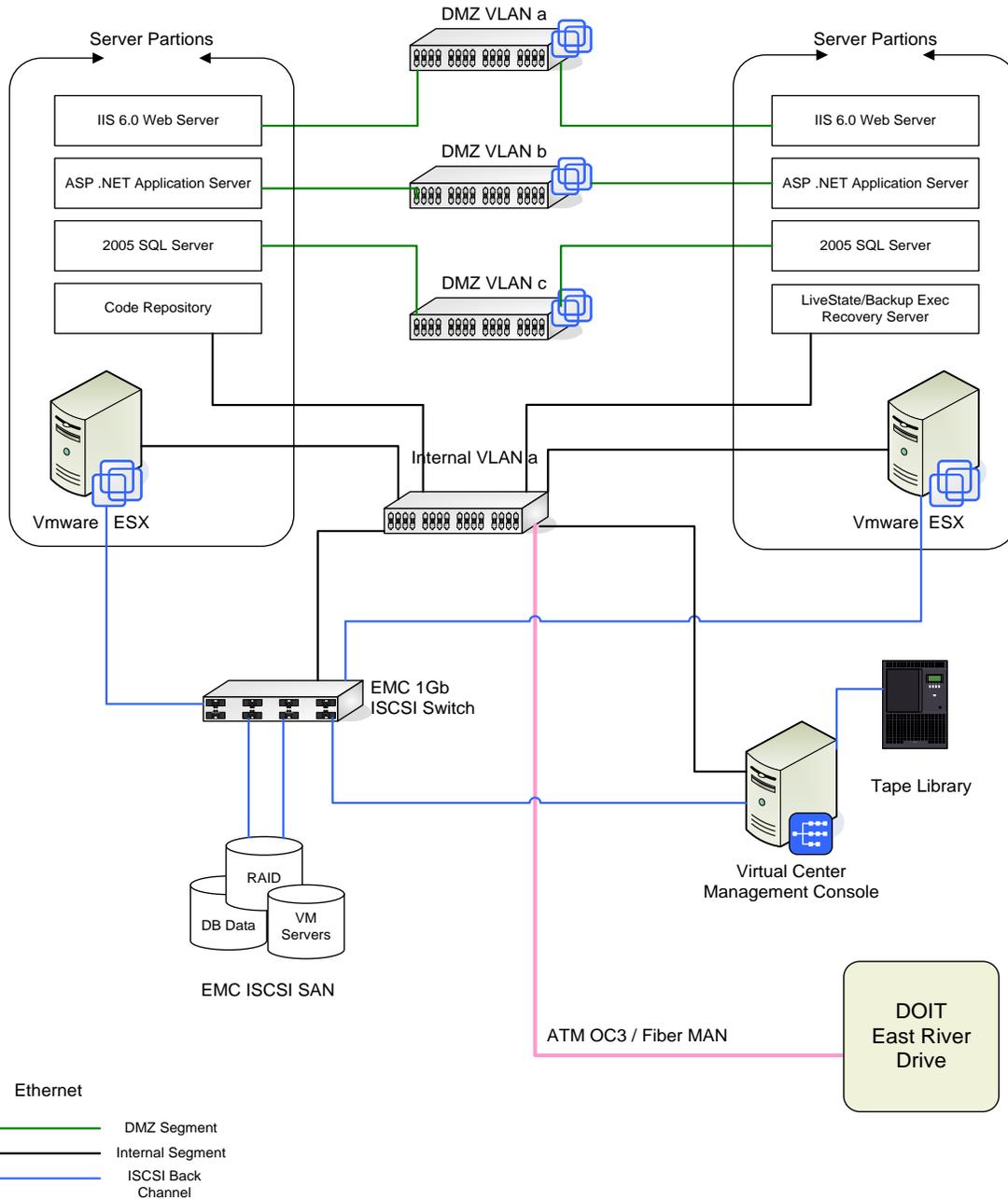
Questions and Answers



Appendix 7



Campaign Finance Application Development Environment
20 Trinity Street

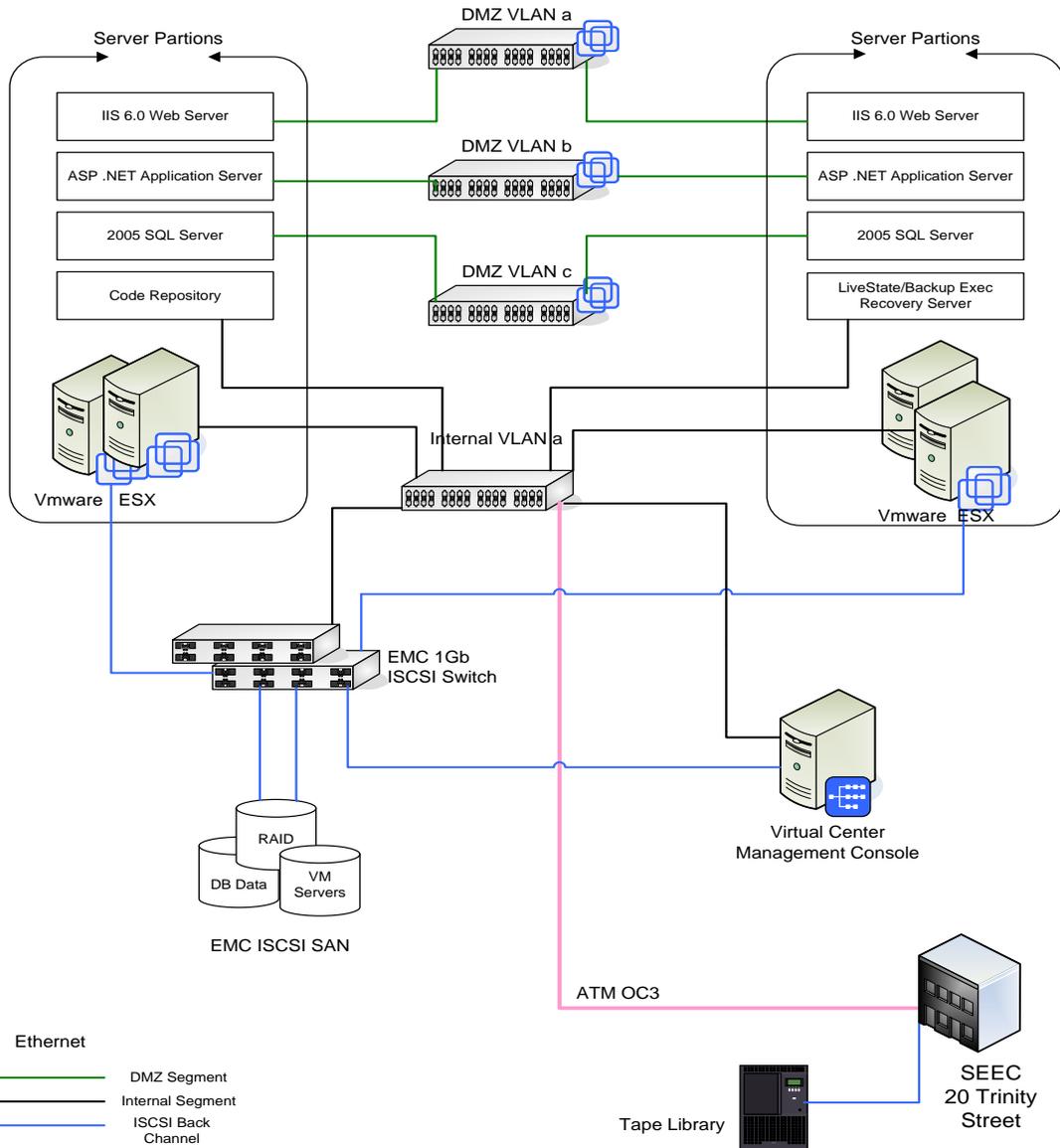




Appendix 8

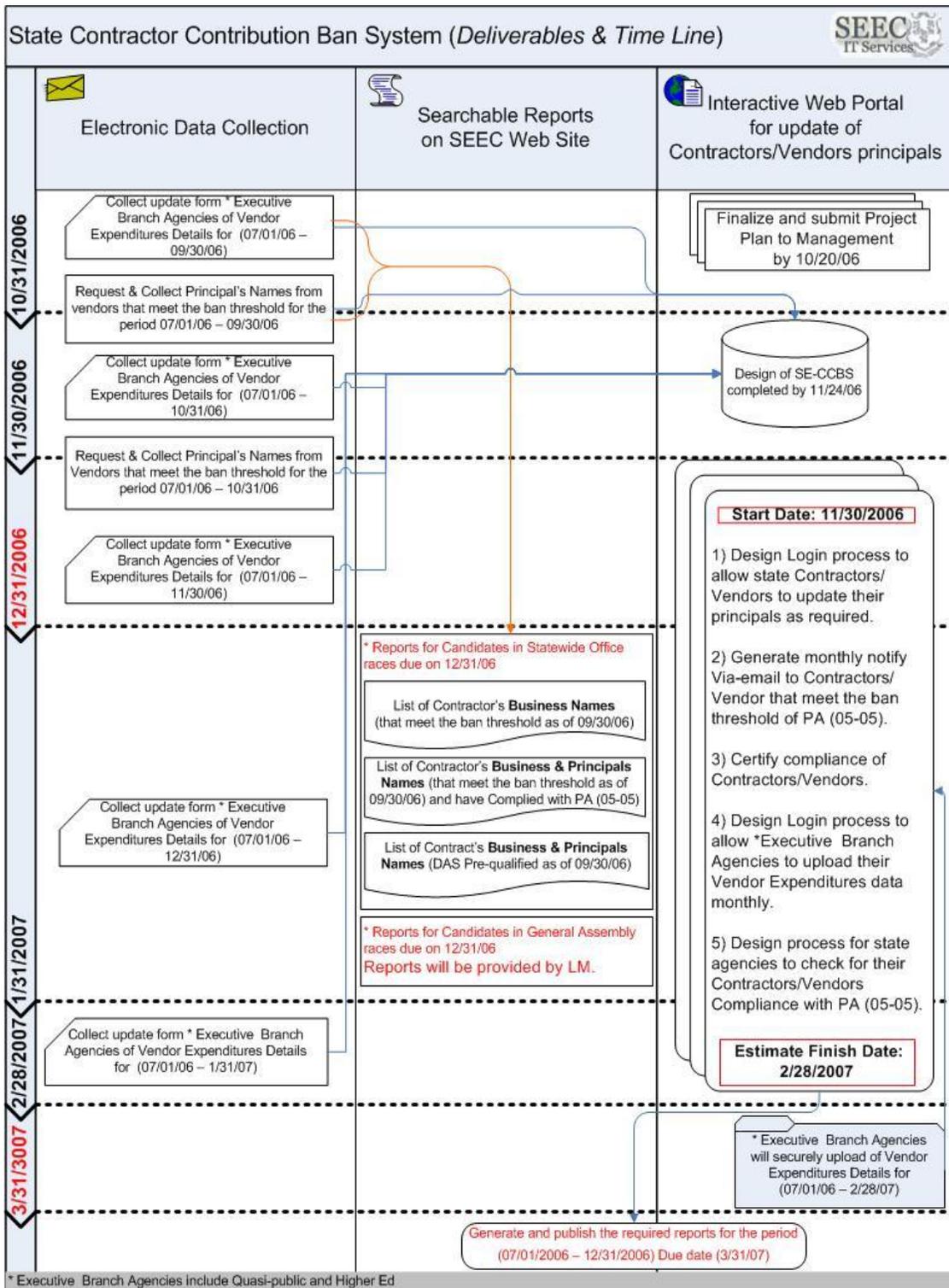


Campaign Finance Application / Staging & Production Environment
101 East River Drive





Appendix 9



SEEC REPORT TO THE JOINT COMMITTEE ON GOVERNMENT ADMINISTRATION AND ELECTIONS (GAE)



Appendix 10

eCris 1.0 system (Deliverables & Time Line)			SEEC IT Services
	Scan-to-PDF	CFIS/File-It Data Migration & Pilot/Parallel testing	eCris 1.0
11/30/2006	Design a process to replace File-It the hard copy scan system	Request monthly update of CFIS and File-It data from PCC	Design the hard copy forms of the new eCris Deploy in test logins and user account creation process
12/31/2006	Test the new hard copy scan system (scan-to-pdf)	Test data migration of committee registration information to new database Test data migration of File-It pdfs and search index information to SEEC web site for integration with eCris database	Design of SE-eCris SEEC Web server
1/31/2007	Live migration of File-It data from PCC & deploy the hard copy filing process scan-to-pdf after 1/10/2007 filing period is completed.	Test data migration of campaign committee's discloser information	Test campaign committee's registration process Test the hard copy filing process scan-to-pdf integration with eCris
2/28/2007	Take File-It off Line on 2/7/2007 Scan-to-pdf in production for the filing date 2/7/2007	On 1/1/2007 parallel test the committee registration process with 6 selected committees for filing period 1/10/2007. On 2/7/2007 parallel test the Committees discloser filing process with the same 6 committees	
3/31/2007		On 3/16/2007 live migration of CFIS data after 2/07/2007 filing period is completed. disallow committees from updating their data on the old system CFIS as of 3/16/2007	
4/30/2007			eCris 1.0 in production for the filing period 4/10/2007 ready by 4/1/2007