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Testimony of Andy Sauer
Executive Director, Common Cause in Connecticut
Before the Government Administration and Elections Committee

Monday, February 25, 2008

Good morning. My name is Andy Sauer, and I am the Executive Director of Common Cause in Connecticut. Common Cause in Connecticut is nonpartisan, nonprofit citizens' lobby that works to improve the way Connecticut's government operates. We have more than 5,000 members in Connecticut.

We would like to thank the co-chairs of the Government Administration and Elections Committee, Rep. Chris Caruso and Sen. Gayle Slossberg, and the members of the committee for holding a public hearing on ethics and campaign finance reform, two subjects that Connecticut Common Cause considers vital to democracy.

Connecticut Common Cause supports the following legislative proposals:

- H.B. No. 5505 — An Act Concerning the Citizens' Election Program.
- H.B. No. 5504 — An Act Concerning Municipal Lobbying.
- S.B. No. 334 — An Act Concerning Certain Recommendations
of the Office of State Ethics.
- S.B. No. 333 — An Act Concerning Comprehensive Ethics Reforms.
- H.B. No. 5506 — An Act Concerning a Municipal Ethics Pilot Program.
- H.B. No. 5507 — An Act Concerning Ethics.

H.B. 5505 — An Act Concerning the Citizens' Election Program

Connecticut Common Cause would like to thank the Government Administration and Elections Committee for raising this important legislation. The Citizens' Election Program, which provides public financing to political campaigns, was created in 2005 in the wake of a series of political scandals in Connecticut and is one of the most important reforms the state has seen. Although other states have enacted similar reforms through voter referenda, Connecticut is still the only state that has implemented the public financing of campaigns through the legislative process -- a testament to the level of dedication state leaders have to restoring the public trust in government. Since the creation of the Citizens' Election Program, Connecticut's leaders have demonstrated a commitment to the program, ensuring that it has the resources and the statutory authority to fulfill its state mandated duties.

In the past six months, there have been two special elections that have utilized the new program, and a number of concerns in the proper administration of the program have arisen. Although the State Elections Enforcement Commission in both races was able to navigate trouble spots efficiently and without problems, Connecticut Common Cause has concerns that when the Citizens' Election Program is faced with overseeing grant payments to 400 races it may be unable to properly carry out its duties. In House



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Bill 5505, “An Act Concerning the Citizens’ Election Program,” there are a number of legislative remedies that address these areas of concern and would help the State Elections Enforcement Commission ensure the integrity of the state’s new program.

Initial Grant Application Schedule

Although candidates can file statements on their intent to abide by the provisions of the Citizens’ Election Program and begin collecting qualifying contributions, they can only apply for election grant funds when they are officially on the ballot. For most, that will occur following state party conventions and could result in a flood of applications to the Citizens’ Election Program. State law currently states that the program has three days to approve or reject the application. This provision appears to be based on Maine’s public financing law, which states that their administrators of the program, the Maine Ethics Commission, also have three days to approve the application.¹ However, there is a major difference in the application process of Maine and Connecticut: the Maine Ethics Commission does not approve the hundreds of qualifying contributions from candidates, Connecticut’s State Elections Enforcement Commission does. In Maine, only registered voters can provide qualifying contributions to candidates and the responsibility of approving qualifying contributions falls to Maine’s registrars of voters. In Connecticut, the State Elections Enforcement Commission not only has to approve the hundreds of qualifying contributions, it has to convene a commission meeting to officially approve the applications.

In the special election held in Shelton last October, administrators of the Citizens’ Election Program kept in constant contact with both campaigns to know when they would be close to submitting their application so a commission meeting could be scheduled. It is unlikely that when the program is faced with hundreds of applications and checking the thousands of qualifying contributions that it will be able to individually contact each campaign as it did in the Shelton race. Additionally, the three day rule creates possible problems. What if a campaign submits an application on a Friday before a three-day weekend? Theoretically, that application would be rejected without review because by the time the SEEC could meet it would be beyond the deadline.

H.B. 5505 addresses this problem by creating a set schedule for application submissions and approval. First, it changes the application approval window from three to four days. This gives SEEC more time to review the qualifying contributions. Second, it prevents applications from being submitted on the last day of the work week. Lastly, it specifies that the SEEC have two meetings a week during the period when the most election grant applications are likely to hit.

Lower the Threshold for Mandatory Electronic Filing to \$10,000

The new electronic campaign reporting information system (eCRIS) is online and appears to be meeting all expectations of the new system. eCRIS is a vital tool for the effective administration of the Citizens’ Election Program. By law, campaigns must file timely campaign reports, and the SEEC must be able to as efficiently and as fast as possible approve qualifying contributions, disperse grants and monitor compliance. A stable and fully functional database such as eCRIS ensures such demands can be met.

Although eCRIS is expected to attract new users to the electronic reporting system, there will undoubtedly be campaigns that prefer to use paper forms for campaign reporting. To ensure that it will be able to carry out its state mandated duties, the SEEC will have to have the data on the paper forms manually inputted into the campaign finance database at a considerable cost to the state. Additionally, the time required to input data will undoubtedly drain precious time from the grant approval process.

¹ 21-A M.R.S.A. §1125 (5.) “Certification of Maine Clean Election Act candidates.”

In the past, the Connecticut General Assembly has been reluctant to pass mandatory electronic filing for campaigns because the previous system was notoriously unstable. However, the eCRIS is a significant improvement. It is not only stable, but it allows campaigns to upload data from whatever software they are using to build campaign finance filings. Given that having timely and accurate data is crucial in the proper administration of the Citizens' Election Program and that most major public financing jurisdictions mandate electronic filing, Connecticut Common Cause strongly urges the Legislature to lower the thresholds for mandatory electronic filing.

Enable Compliance Investigations of Campaigns Two Months Preceding an Election

This fall, as hundreds of thousands of public dollars will be spent presumably on campaign expenses, the SEEC will be unable to conduct spot checks on Citizens' Election campaigns. It seems ill-conceived, but current law prohibits any inspection or investigation of a campaign during a two month window preceding an election – the precise period when the people of Connecticut will be most interested in whether election grant money is being properly spent. It is hard to imagine any other branch of state government prohibited from seeing how Connecticut dollars are being spent, and such a blackout seems unreasonable for something as vital to the public trust in government as elections.

While the two-month blackout will not protect noncompliant campaigns from ultimately being investigated, the period of time voters will be most concerned with the conduct of campaigns is the period of time **before** the election. Connecticut Common Cause urges the General Assembly to remove this two-month blackout.

Supplemental grants

One of the key provisions in a successful program of public financing for campaigns is the ability to provide supplemental grants to CEP campaigns that are faced with an opponent that exceeds spending limits to which CEP candidates must adhere. Currently, in the event a non-participating candidate spends more money than the spending limit a CEP candidate has agreed to, the CEP candidate receives a matching grant, dollar for dollar for each expenditure. However, as a number of interested candidates have pointed out in SEEC trainings, it is possible for a nonparticipating candidate to amass funds in excess of the spending limit and unleash expenditures at the last possible moment, thus dulling the impact of any matching grants. HB 5505 would allow supplemental grants to be awarded to campaigns with opponents that have raised money in excess of the CEP spending limits.

Escrow Requirement

Connecticut Common Cause questions the necessity of the escrow requirement for supplemental grants in the Citizens' Election Program. First, a substantial amount of money is already in the Citizens' Election Fund and should be able to cover the need for supplemental grants. Second, it creates a situation where time and resources need to be spent by both the SEEC and the State Comptroller in securing the escrow. Lastly, the language of the law is inconsistent with how supplemental grants are awarded. An escrow is secured when 90 percent of the initial grant amount (e.g. \$22,500, for state representative race) is spent by a nonparticipating campaign. Supplemental grants are awarded when spending limits are exceeded (e.g. \$30,000, state representative).

H.B. No. 5504 — An Act Concerning Municipal Lobbying

Connecticut Common Cause supports House Bill 5504, "An Act Concerning Municipal Lobbying" and urges the Connecticut General Assembly to address this continuing problem in Connecticut's cities and

towns. Such a law will not be able to succeed, however, without an appropriate increase of staff at the Office of State Ethics, and input from that office should be sought to determine what resources are necessary.

As Connecticut Common Cause has pointed out for more than 10 years, municipal lobbying is a completely unregulated activity in Connecticut. It is obvious that clients of state registered lobbyists have been engaged in business at the local level, but it is not clear whether their communicator lobbyists have played any role in securing that business. Such a discrepancy erodes the public trust not only in state government for not addressing this inconsistency, but also in local government. It is illogical and unreasonable that Connecticut, which requires lobbyists to comprehensively disclose details of their business at the state level, gives the same lobbyists a free pass at disclosing their involvement at the local level.

As with state government, the governing bodies of Connecticut's cities and towns grapple with a host of issues ranging from education costs to increased development. These issues often have an immense impact on the average citizen with the common result being increased taxes and a strain on local resources. As citizens backtrack through the decision-making process of the most unpopular issues, questions begin to emerge regarding the nature of the relationship between local government and the businesses in question. Without information similar to the kind lobbyists provide to the state, citizens can only assume the worst.

This is an important sunshine provision that could help citizens learn about their local government and we urge your support – with the financial resources to make it successful. If a requirement for municipal lobbyists to register with the state were passed, Connecticut would finally be able to shed light on an activity that is rapidly taking a toll on the public trust in local government.