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**TESTIMONY OF CONNECTICUT DEPUTY SECRETARY OF THE STATE JAMES F.
SPALLONE BEFORE THE MORELAND COMMISSION TO
INVESTIGATE PUBLIC CORRUPTION**

October 28, 2013

Co-chairs Rice, Fitzpatrick and Williams, commissioners and special advisors, good evening. My name is James Spallone and I am the Deputy Secretary of the State of Connecticut.

Thank you for the opportunity to speak this evening about Connecticut's experience with public financing of state elections.

By way of background, I served for 10 years in the Connecticut General Assembly from 2001-2011. I was a member, House vice-chair and House chairman of the Government Administrations and Elections Committee. I worked on our comprehensive campaign finance bill in 2005 and as chair I led the response to the *Citizens United* case and to an adverse court decision that struck down part of our law. When I ran for reelection in 2008 and 2010, I participated in Connecticut's public financing program and was a volunteer adviser to a statewide participating candidate in 2010.

In 2005 Connecticut became the third state to enact public financing for state elections and the first to accomplish this by legislative action rather than by initiative and referendum. The day (and night) we passed that bill was among the proudest during my tenure in the General Assembly.

It was a long time coming. Advocates had pushed for fundamental campaign finance reform, including public financing, since Watergate with varying degrees of success. I had committed to work on the issue from my first election in 2000 and had refused to accept political action committee or lobbyist contributions in my campaigns.

While legislators and advocates worked diligently for decades, it took a series of scandals, culminating in the resignation of a sitting governor, in the face of an impeachment inquiry (he was later convicted by a federal court on public corruption charges), to finally bring about fundamental reform.

The law we passed has several key principles that have led to its success:

- It's voluntary, of course. Non-participating candidates may still raise funds privately or self fund, keeping in line with constitutional requirements.
- In exchange for the benefit of public money, participants must limit their spending to the amount of the public grant they receive.
- Candidates must raise small qualifying contributions in amounts of \$5 to \$100 to receive a grant. The vast majority of those must be raised in the district for legislative races or in the state for state-wide races.
- State contractors may not make contributions to participating or non-participating candidates.
- Lobbyists are limited to \$100 contributions whether contributing to a participating candidate or a non-participating candidate and they may not bundle contributions. (The outright ban on lobbyist contributions was struck down by the Second Circuit.)
- The grants are set at levels that permit candidates to run a credible campaign that can reach the voters.

- There is no additional fund-raising or supplemental grant after the grant has been awarded. The candidate is limited to the grant moneys and the qualifying contributions. (The original law had a supplemental grant program to make up for independent expenditures, but that was also struck down by the Second Circuit.)
- The grant amounts are adjusted biennially to reflect inflation.

The Citizen Election Program has been a tremendous success.

- All current statewide elected officials—the governor, lieutenant governor, secretary of the state, treasurer, comptroller and attorney general—were elected in 2010 as participating candidates. Half of their opponents participated.
- There were primaries for statewide office conducted under the program as well.
- The vast majority of sitting members of the General Assembly were elected under the program.
- The number of contested races for the General Assembly has increased.
- The number of primaries for General Assembly seats has increased.
- The program has widened the candidate pool by lowering the barrier to entry for candidates who do not traditionally have access to funding sources: younger candidates, women candidates and minority candidates.

Candidates can now spend more time connecting with their constituents, campaigning door to door, attending events and participating in forums and debates and less time raising money. My former colleagues have remarked about how liberating this is as a candidate. No one enters public service because they want to spend time dialing for dollars or trying to convince high level donors to contribute at glitzy fundraisers. Skeptics of reform and even opponents of the

original bill do not want to return to the old ways. Even incumbents who voted against the bill and still criticize public financing to this day participate in the program. In 2012, nearly two thirds of Republicans and almost eighty percent of Democrats were participating candidates.

Prior to reform, the fundraising model for most incumbents was pretty simple: solicit town committee members, friends, family and prior donors and hold one or more fundraisers in Hartford, in the shadow of the Capitol, and raise as much lobbyist and special interest money as possible. Lobbyists could host fundraising affairs, bundle contributions and solicit contributions from their clients. Political action committees—PACs—of two or more individuals could contribute unlimited amounts to campaigns. This was a loophole around the already rather high limits for other kinds of PACs. The list of interests was endless—business interests, insurance companies, utility companies, energy companies, liquor distributors and wholesalers, real estate developers and so forth. Then, in January or February, when the legislature reconvened, the same persons and entities that gave in September and October would be lobbying for their preferred legislation (or against legislation that would affect them). It's pretty simple for the voter to draw the conclusion that those who gave or raised a lot of money received access in return. Even the perception of this arrangement is incredibly corrosive to the democratic process and peoples' trust in their government. It is part of the reason why citizens are so skeptical of the United States Congress.

Campaign finance reform has changed the culture in the Capitol. Members of the legislature who were there before and after the 2008 election (the first under the program) will tell you they feel unfettered on account of reform. They will tell you that the influence of special interest lobbyists has diminished. In this new world, the arguments of lobbyists must rise and

fall on their merits, not on any actual or implied transaction. I feel this actually raises the standing of lobbyists.

By having to raise the small donations, candidates have to go into the community and request donations from people that may never have been asked before. A \$5.00 contribution to help meet the numerical or monetary threshold has real meaning in a clean elections campaign: it helps the candidate reach the goal of receiving the grant. Participating candidates have to raise 90% of the funds in state or in district meaning they really have to make connections with constituents. House parties and even door to door fundraising are common practices which double as inclusive campaign activities.

The program faced a real test in the last three years. Over the last five years Connecticut, like many states, has faced structural deficits in state budgets that must be balanced under law. A public financing program might seem to some like a luxury we could do without in a time of austerity. While a few legislators have proposed eliminating the Citizens Election Program or cutting grants, the bills and occasional floor amendments have not gone anywhere. And there has been no popular call to repeal the program. It has now survived its launch, court setbacks, the floodgate opened by *Citizens United* and a long fiscal crisis. It is becoming part of our political fabric and a model for the nation.

I sincerely hope the State of New York will adopt a similar program. A state with the size and influence of New York enacting a public financing law would send a strong message to other states and Congress that it's time to change our political culture.

Thank you.

SOME BASIC FACTS ABOUT THE CONNECTICUT CITIZENS ELECTION PROGRAM (CEP)

- Cost of CEP
 - 2008 (legislative races only) grants totaled \$9,238,775; administrative expenses totaled \$3,003,199. Total expenses were \$12,241,974.
 - This does not include \$5 million transferred to the General Fund for deficit mitigation.
 - 2010 (legislative and statewide races) grants totaled \$27,281,347; administrative expenses totaled \$3,082,695. Total expenses were \$30,364,042
 - This does not include \$2.15 million transferred to the General Fund for deficit mitigation.
 - 2012 (legislative races only) grants totaled \$10,785,371. Administrative expenses for 2012 have not yet been reported.
- Grant levels for 2014 election (to be adjusted for inflation in January, 2014)
 - Governor: \$1.25 million for primary; \$6 million for general election
 - Other Constitutionals: \$375,000 for primary; \$750,000 for general election (except for Lt. Gov, who is included in Governor's grant for the general election)
 - State senators: \$35,000 for primary; \$85,000 for general election
 - State representatives: \$10,000 for primary; \$25,000 for general election
 - Party dominant districts: For primary campaigns in districts where the percentage of active electors for one party exceeds the percentage of active electors in the other major party by at least 20%, state senate candidates are eligible for \$75,000 and state representative candidates are eligible for \$25,000.
 - Unopposed: Grant amounts for candidates nominated by a major party may be reduced to 30% of the full amount if the candidate is unopposed in the general election.
 - Opposed only by minor party: Grant amounts may be reduced to 60% of the full amount if the candidate faces only a minor party or petitioning opponent who has not raised an amount equal to the qualifying threshold for that office.
- Qualifying contribution requirements (all in amounts of \$5-\$100 from individuals):
 - Governor: \$250,000, including \$225,000 from in-state contributions
 - Other Constitutionals: \$75,000, including \$67,500 from in-state contributors
 - State senators: \$15,000, including from 300 residents of municipalities included in the district
 - State representatives: \$50,000, including from 150 residents of municipalities included in the district
- Participating candidates:
 - In 2008, 76% of candidates participated in the CEP
 - In 2010, 75% of candidates participated in the CEP

- In 2012, 68% of candidates participated in the CEP
- Winning candidates:
 - In 2008, 78% of winning candidates participated in the CEP
 - In 2010, 74% of winning candidates participated in the CEP
 - In 2012, 84% of winning candidates participated in the CEP
- Contested races & primaries for state office:
 - In 2006, the last election before the CEP was utilized, 7% of offices were contested in a primary; 78% of offices were contested in the general election.
 - In 2008, 10% of offices were contested in a primary; 71% were contested in the general election.
 - In 2010, 13% of offices were challenged in a primary; 81% were contested in the general election.
 - In 2012, 8% of offices were challenged in a primary; 81% were contested in the general election.

	Primary Election			General Election		
	Total seats	# contested	% contested	Total seats	# contested	% contested
2006	193	14	7%	193	150	78%
2008	187	18	10%	187	133	71%
2010	193	25	13%	193	156	81%
2012	187	15	8%	187	151	81%