

Government's Thumb on the Election Scales

The Effect of Taxpayer Dollars on the 2010 Connecticut Election Campaigns



By Heath W. Fahle, Policy Director, Yankee Institute

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ABOUT THE AUTHOR:

Heath W. Fahle has been the Policy Director of the Yankee Institute for Public Policy since 2009. In October 2009, he authored the report *Slanting the Playing Field: Connecticut's Flawed Publicly-Funded Campaign System* analyzing the 2008 election cycle, Connecticut's first with CEP. Prior to his work at the Yankee Institute, Fahle was the Executive Director of the Connecticut Republican Party and on the staff of Congressman Rob Simmons.

EXECUTIVE SUMMARY:

Nearly half of all the money spent on campaigns for Connecticut state offices came from taxpayers in 2010, according to new research by the Yankee Institute for Public Policy. Unlike most states where office seekers raise funds from friends and supporters, Connecticut offers politicians taxpayer dollars to finance their campaigns. This system, known as the Citizens' Election Program (CEP), provided \$26.1 million (49%) of the \$53.5 million spent by candidates for state offices during the 2010 election cycle.

This policy briefing outlines campaign spending by candidates for statewide offices such as governor and for seats in the Connecticut General Assembly to highlight how much money was spent and the outsized role of public dollars in political campaigns.

Understandably popular with politicians, 67% of candidates for state offices received taxpayer dollars to finance their campaigns – including 74% of all incumbents, 67% of Republicans, and 83% of Democrats. At least one candidate for every state office on the ballot campaigned on the public dime and 95 contests featured only taxpayer-funded candidates.

Taxpayer-subsidized campaigns put the government's thumb on the election scales and forces the public to financially support candidates they otherwise would not. CEP should be ended to allow campaign activity to be financed with private, voluntary contributions.

Other key facts include:

- 67% of candidates for state office (279 of 419 candidates who ran for office in 2010) depended on public financing through CEP
- Excluding two self-financing gubernatorial candidates, taxpayer funds made up 79% of the total spent
- Incumbents were more likely to use tax dollars to run for re-election than challengers or candidates for open seats; Democrats were more likely to use them than Republicans
- The Republican primary for Attorney General was one of just a handful of races that were "free" to taxpayers
- CEP paid out a total of \$10.9 million (32%) of the total \$34.5 million spent by gubernatorial candidates
- Candidates for the state's four downballot constitutional offices received \$5.9 million (83%) from public funds of the \$7.2 million total expended
- In races for the Connecticut General Assembly, taxpayers provided \$8.4 million (77%) in public funds of the \$10.9 million spent in such contests
- 110 (89%) of the 124 incumbents who financed their campaigns with taxpayer dollars won
- Just one legislative challenger – Prasad Srinivasan of Glastonbury - did not participate in CEP and won his election
- CEP paid out more money than candidates needed, with \$1.1 million returned to the state as surplus funds

WHO PAID FOR THE 2010 CAMPAIGNS?

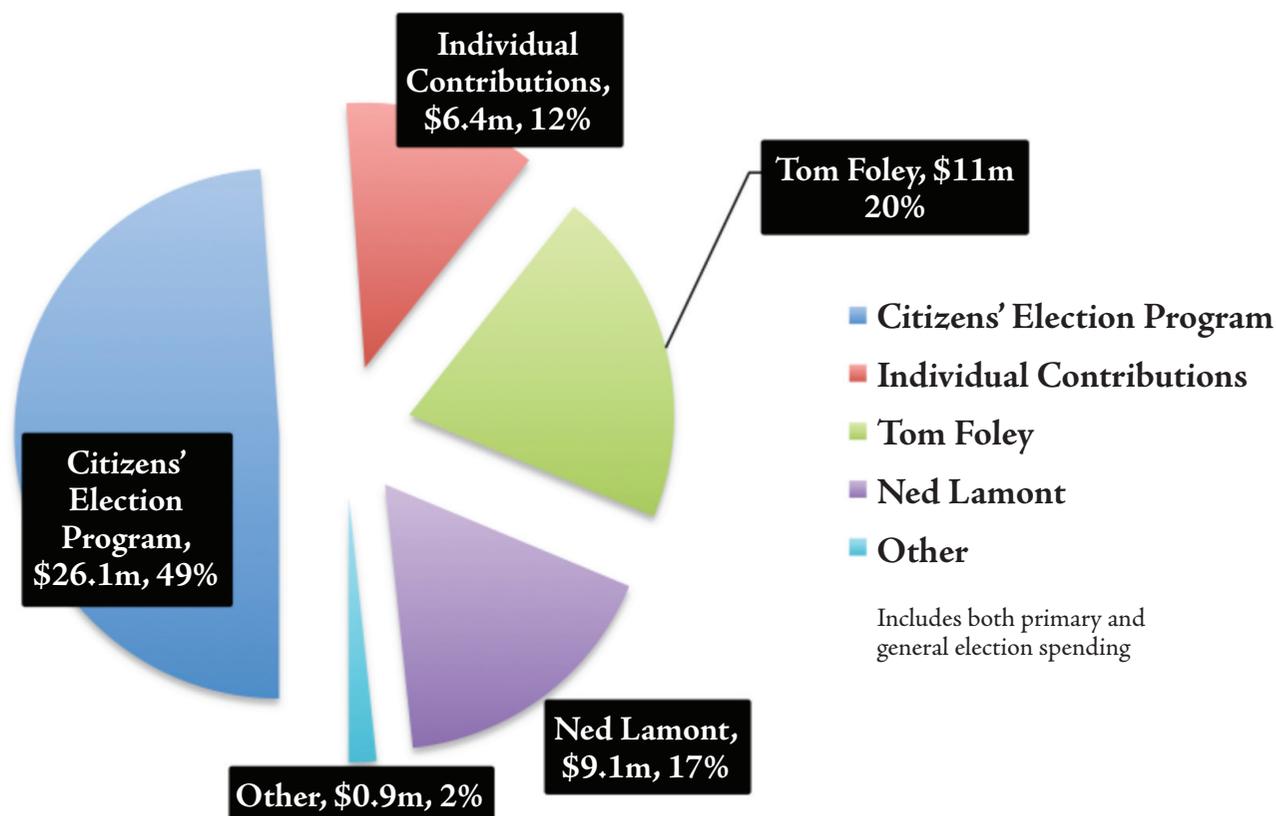


Figure 1: Who paid for the 2010 campaigns? Figures in millions of dollars

ABOUT THE CITIZENS' ELECTION PROGRAM:

The Citizens' Election Program was created in 2005 and began operation during the 2008 legislative elections. The Yankee Institute released the first-ever and only independent review of CEP in October 2009, *Slanting the Playing Field: Connecticut's Flawed Publicly-Funded Campaign System*. This report noted that the CEP cost taxpayers \$12.2 million in 2008, benefited incumbents far more than challengers, prompted the quadrupling in size of the State Elections Enforcement Commission, and failed to accomplish at least four of the seven stated goals of the program. The 2010 cycle was the first in which statewide candidates for state offices, such as governor or attorney general, could participate and receive taxpayer dollars for their campaigns.

Candidates qualify for CEP by first filing an affidavit opting in or out of the system, then

by raising funds in increments of no more than \$100 from individuals to meet specified program guidelines. Candidates for governor, for example, are required to raise \$250,000, of which \$225,000 must come from Connecticut residents. Candidates for state senate must raise \$15,000 from at least 300 residents who live in the relevant district. State house candidates must collect \$5,000 from a minimum of 150 residents from their district.

Once candidates meet these requirements, they are granted public dollars for their campaigns. State senate candidates generally received \$88,400 while state house candidates usually received \$26,000 in 2010. In exchange, candidates are prohibited from further fundraising and agree to expenditure limits.¹

RACE FOR GOVERNOR & LT. GOVERNOR:

Both the primary and general election contests for governor featured successful businessmen from Greenwich who largely self-financed their campaigns running against publicly-funded opponents from Stamford. Taxpayer dollars represented \$10.9 million (32%) of the \$34.5 million spent by gubernatorial candidates during the entire election cycle.

In the contest for the Democratic Party nomination, Ned Lamont opted out of CEP and provided \$9.1 million (94%) of the \$9.6 million spent by his campaign. His opponent, Stamford Mayor Dannel P. Malloy, was the first statewide candidate to qualify for funds from CEP. After meeting the requirements, Malloy received a primary campaign grant of \$1.25 million plus a total of \$1.25 million more in supplemental funds – also called “trigger funds” – in response to Mr. Lamont’s spending over the cap of acceptable spending as determined by the legislature. This \$2.5 million represented 92% of the \$2.7 million Malloy spent to defeat Lamont in the primary.

Former U.S. Ambassador to Ireland Tom Foley self-funded \$3.6 million (80%) of the roughly \$4.5 million spent to win the Republican primary nomination. In contrast, Lieutenant Governor Mike Fedele, Mr. Malloy’s classmate at Stamford’s Westhill High School (both class of ’73), was mostly taxpayer-funded with \$2.4 million (88%) of the \$2.7 million spent coming from taxpayer dollars, including \$1.25 million in supplemental funding.²

These gubernatorial primary contests were among the few races that involved the so-called trigger funds.³ Ruling in the case *Green Party v. Lenge* in July 2010, the United States Court of Appeals for the Second Circuit ruled trigger funds unconstitutional, but that decision came

after both Malloy and Fedele had received and started spending them.

In response to this situation and just three days after the primary made clear that the general election would pit the taxpayer-financed Malloy against the privately-funded Foley, the Democratic-dominated Connecticut General Assembly convened on August 13, 2010 and passed S.B. 551, *An Act Concerning Clean Elections*. The law increased the basic gubernatorial general election grant from \$3 million to \$6 million, a significant windfall for Democratic nominee Malloy. By the end of the campaign, \$8.5 million (98%) of the \$8.7 million Malloy spent to win the governor’s office were taxpayer funds.

PUBLIC MONEY VERSUS PRIVATE CONTRIBUTIONS

Republicans received nearly \$2 in public money for every privately-raised dollar.

Democrats, by comparison, received almost \$9 for every dollar contributed by individuals.

No candidate from any other political party qualified for public funds in 2010.

Republican candidate Foley, in contrast, supplied his campaign with \$11 million (86%) of the \$12.6 million spent during the entire cycle in the losing effort.

LIEUTENANT GOVERNOR

Though running for lieutenant governor is a team sport in the general election, it is an individual effort during the primary contests. The Democratic contest pitted Malloy running mate Nancy Wyman against Lamont's second, Mary Glassman. Wyman raised \$87,136 in individual

contributions and received \$375,000 in public funds for her successful effort. Her opponent, Mary Glassman raised \$11,840 from individuals, \$46,956 from her exploratory committee, and got \$374,700 from CEP for her bid. On the Republican side, Mark Boughton combined his efforts with his running mate, Mike Fedele, and received no public funds specific to his candidacy while his opponent, Lisa Wilson-Foley, did not participate in CEP, raising \$68,627 from individuals, providing her campaign \$351,000 in personal funds and spending a total of \$431,470. Boughton ultimately won the nomination.

EVERYBODY DOES IT BUT THAT DOESN'T MAKE IT RIGHT

Table 1: Candidate campaign expenditures categorized by political party. May not total due to rounding.

Political Party	Total Individual Contributions Raised	All Other Private Revenue Sources (Self-funding, loans, etc.)	Total Public Funds Spent	Total Expenditures
Republicans	\$3,896,675	\$11,825,613	\$7,559,150	\$23,281,438
Democrats	\$2,431,857	\$9,195,064	\$18,574,096	\$30,201,017
Other	\$32,240	\$41,812	\$0.00	\$74,052
TOTAL	\$6,360,772	\$21,062,490	\$26,133,246	\$53,556,508

CONSTITUTIONAL OFFICERS:

Taxpayers provided \$5.9 million to candidates running for attorney general, treasurer, comptroller, and secretary of the state in 2010. This comprised 83% of the \$7.2 million spent in pursuit of the posts.

Optimists might note that it could have been much worse. Only eight of the twenty candidates (40%) running for constitutional offices participated in CEP, receiving \$1.5 million for primary contests and \$4.4 million for their general election campaigns. The other twelve candidates chose not to accept public funds or did not qualify.

One of the few contests untouched by public financing was the Republican primary for attorney general. Ross Garber of Glastonbury squared off against Martha Dean of Avon in the contest. Mr. Garber raised \$117,720 to Ms. Dean's \$40,477 but Dean still scored a solid victory in the August 10 election with 61% of the vote.

Proponents of publicly funded campaigns have long fretted about an unbalanced political playing field despite that rationale's inability to pass constitutional muster. Candidates for some constitutional offices could sympathize with that concern for a different reason: Taxpayer-funded candidates had dramatically more money than did nonparticipants.

In the general election, attorney general candidate George Jepsen spent \$834,406 on his campaign, including \$748,876 in public funds while his opt-out opponent, Martha Dean, expended only \$135,655, a ratio of 8:1. Jepsen won.

The same was true of the race for comptroller as candidate Kevin Lembo dramatically outspent his four challengers combined by a ratio of nearly 10:1. Lembo's \$1.2 million in campaign spending for the entire cycle included \$1.1 million in public funds. His next closest opponent, Jack Orchulli, who chose not to participate in CEP, spent \$158,820. Lembo won.

IT'S GOOD TO BE AN INCUMBENT

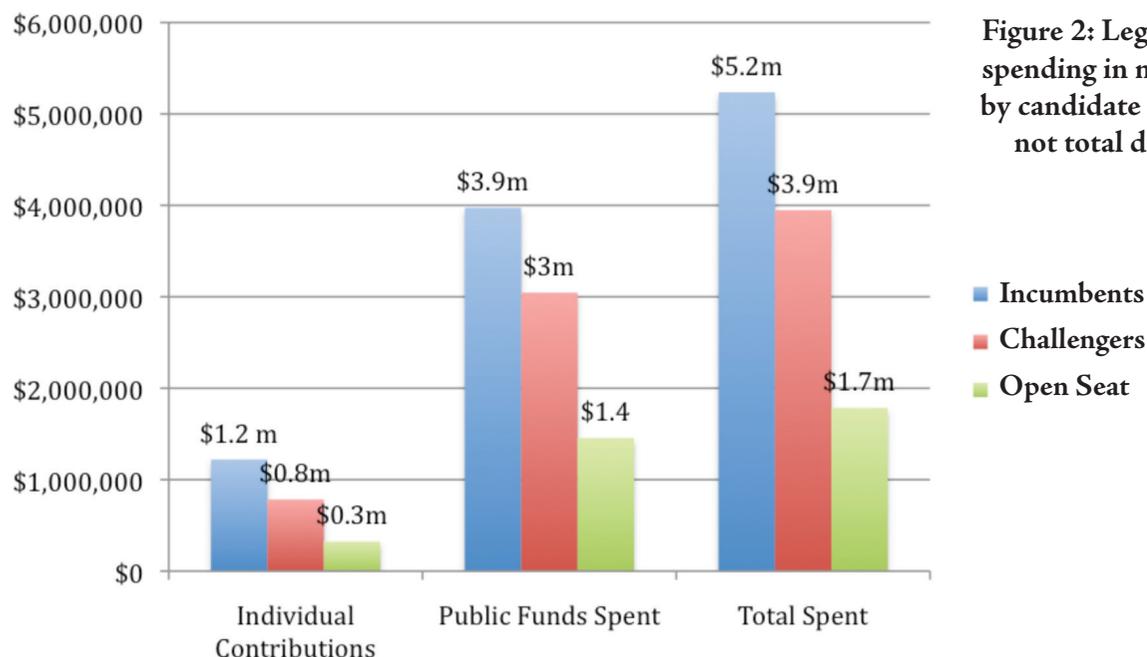


Figure 2: Legislative campaign spending in millions of dollars by candidate class; figures may not total due to rounding

CONNECTICUT GENERAL ASSEMBLY:

Taxpayer dollars played a dominant role in contests for the Connecticut General Assembly in 2010. There were 388 candidates for the 187 seats in the State House or Senate. Combined, these candidates raised \$2.3 million from individual contributors and received \$8.4 million in public funds, or approximately \$4 taxpayer dollars for every \$1 collected from individuals.

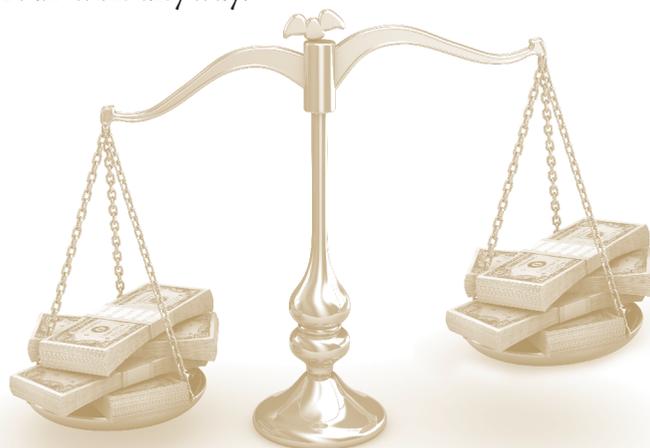
These dollars were doled out to 251 (65% of total) legislative candidates, including 124 (74%) incumbents running for re-election, 88 (53%) challengers, and 39 (72%) candidates in open seat races.

Incumbency is already recognized as a huge electoral advantage over potential challengers and taxpayer dollars serve as a further boost for those seeking re-election. Of the \$8.4 million that went to legislative candidates, incumbents received \$3.9 million (46%). Though 2010 was considered an anti-incumbent year, 110 (89%) of the 124 incumbents who financed their campaigns with taxpayer dollars won. Even more revealing, only four of the 69 incumbents involved in remotely competitive races (margins of victory were less than 20%) did *not* use CEP funds, highlighting how incumbents used taxpayer funds as protection against challengers. Those four won anyway.

Challengers found out how difficult the challenge actually was. As a group they received \$3 million, but just 14 (8%) of them won – 13 with the help of taxpayer funds and only one, Prasad Srinivasan of Glastonbury, without it. Though candidates get to “choose” whether they want to participate or not, the practical effects of the program are coercive: If candidates want a realistic chance at winning, they must take taxpayer dollars.

The same reality was evident in open seat contests. Though candidates in these races fared expectedly better, with 20 (37%) of 54 getting elected to the legislature, none of the nine candidates running without CEP funds won.

In privately-financed campaigns, poor spending decisions are their own punishment. Public funds are “use it or lose it,” meaning that there is a strong incentive to spend the money rather than save it. Consequently, candidates in non-competitive races spend more money than they otherwise would have, because it’s “free.” Nonetheless, legislative candidates returned \$995,862 in surplus funds back to the state.



CONCLUSION

Taxpayer dollars played an outsized role in the 2010 elections, representing almost half of all funds spent. But this role is actually understated by the data. Excluding the two self-financing gubernatorial candidates, taxpayer funds made up 79% of the total. This unnecessary and costly waste of public money gives government an overbearing role in determining who is elected to office and forces taxpayers to support candidates with whom they disagree. This system should be ended so that campaigns can be financed with private, voluntary contributions and without the burdensome influence of government.

ABOUT THE 2010 DATA:

The information included in this policy briefing uses data available as of June 2011 for each candidate committee on the State Elections Enforcement Commission website. Though the 2010 elections had been over for more than six months, the campaign finance data continued to change as amendments and other corrections were made.

METHODOLOGY:

The data for this report was compiled by reviewing the financial disclosure reports available using the Connecticut State Elections Enforcement Commission's eCRIS system. The dataset included every candidate that appeared on the 2010 primary or general election ballot as listed by the Connecticut Secretary of the State. Each financial disclosure report was reviewed and, when necessary, a best possible attempt was made to discern campaign totals for each candidate. The reports were analyzed in June 2011 and included all data available as of that time.

- ⁱ State Elections Enforcement Commission. *Understanding Connecticut Campaign Finance Laws: A 2010 Guide for Statewide Office and General Assembly Candidates Participating in the Citizens' Election Program*. June 2010. Accessed on July 18, 2011 at http://ct.gov/seec/lib/seec/publications/2010_participating_guidebook.pdf
- ⁱⁱ The State Elections Enforcement Commission does not require candidates to distinguish primary election spending from general election spending on their disclosure reports, though it can be approximated using the date of each report.
- ⁱⁱⁱ The U.S. Supreme Court in *Arizona Free Enterprise Club's Freedom Club PAC v Bennett* (2011) declared trigger funds unconstitutional. The Yankee Institute filed an amicus brief in opposition to the trigger funds provision that highlighted their significant role in Connecticut's 2010 elections.





ABOUT THE YANKEE INSTITUTE:

The Yankee Institute for Public Policy is a nonprofit, nonpartisan think tank in Hartford, Connecticut. Founded in 1984, the Yankee Institute works to improve lives through freedom and opportunity by crafting free market, limited government solutions to public policy issues in Connecticut. It is recognized by the Internal Revenue Service as a 501(c)(3) non-profit and all contributions are tax deductible to the extent allowed by law.

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