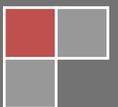


2014

Outside Spending and Influence in the Connecticut 2012 Election

By Common Cause in Connecticut



Outside Spending and Influence in Connecticut: 2012 Election Cycle

This research project tracks and analyzes Political Action Committee (PAC) Independent Expenditures in Connecticut during 2012. Raw data was found at FollowtheMoney.org and CT States Elections Enforcement (SEEC). Data analysis includes spending by PACs, contributions received by PACs, the companies and individuals who contributed to PACs, and out-of-state contributions. In this report, Common Cause in Connecticut (CCCT) analyzes PAC spending in the state to see how PAC spending influences Connecticut elections.

PACs, or Political Action Committees are groups formed by industries or groups of individuals in order to contribute to political campaigns, or make expenditures to influence elections, such as the purchase of advertising or direct mail supporting or opposing a candidate. These sorts of expenditures when made without coordination with a candidate directly are called Independent Expenditures. By definition, Independent Expenditures cannot be made at the request of a campaign or candidate, or coordinated with a campaign committee.

On January 21, 2010, the U.S. Supreme Court shocked the American public when it ruled in *Citizen's United v. Federal Election Commission* that corporations have a constitutional right to spend unlimited amounts of money via independent expenditures to elect or defeat candidates for public office. This ruling went against long standing precedent barring corporate money in our elections, was a huge expansion of the idea that money equals speech, and that corporations are considered people in terms of speech. Campaign finance regulation in the United States began over a century ago when Congress enacted the Tillman Act of 1907, banning corporate contributions. Further regulation followed in proceeding decades which sought to limit the influence of wealthy individuals and special interest groups and regulate campaign spending. In 1971, Congress consolidated its earlier reform efforts in the Federal Election Campaign Act (FECA), instituting stricter disclosure requirements for federal candidates, political parties and Political action committees (PACs).¹ . It is no surprise that in the years following the *Citizens' United* decision, the formation of Political Action Committees, or PACs, sky rocketed. With the new ability to spend unlimited amounts of money to influence elections, corporations and special interest groups started amassing war chests in their PAC treasury coffers like never before

The *Citizens' United* ruling proved particularly problematic in Connecticut, where most candidates participate in the Citizens' Election Program (CEP). Passed into law in 2005 as a response to the corruption scandal involving then Governor John Rowland, CEP offers public financing grants to qualified candidates for state office and was part of a comprehensive package of campaign finance reform - the broadest, most comprehensive, and most successful effort to remove special interest money from the political system undertaken by any other state in the country. Participating in the Citizens' Election Program is not easy as candidates must raise threshold amounts of qualifying donations in amounts from \$5 - \$100, a certain number of which must be from within towns in their districts. Grant amounts in Connecticut are large compared to other states with public financing of elections because candidates are required stay within the limits of the grant amounts for total campaign spending.

Figure 1. Qualifying amounts candidates must raise in order to receive a state CEP grant

Office	Total	Minimum from state or district
Governor	\$250,000	\$225,000
Other Statewide	\$75,000	\$67,500
State Senate	\$15,000	300 residents of municipalities included, in whole or in part, in the district
State Representative	\$5,000	150 residents of municipalities included, in whole or in part, in the district

Figure 2. Citizens' Election Program grant amounts

Office	Primary	Primary in Party Dom. District	General Election	Unopposed	Opposed by Minor Party Candidate	Minor or petitioning candidate with 10%*	Minor or petitioning candidate with 15%*	Minor or petitioning candidate with 20%*
Governor	\$1,250,000		\$3,000,000	\$900,000	\$1,800,000	\$1,000,000	\$2,000,000	\$3,000,000
Other Statewide	\$375,000		\$750,000	\$225,000	\$450,000	\$250,000	\$500,000	\$750,000
State Senator	\$37,590	\$80,550	\$91,290	\$27,387	\$54,774	\$30,430	\$60,860	\$91,290
State Representative	\$10,740	\$26,850	\$26,850	\$8,055	\$16,110	\$8,950	\$17,900	\$26,850
State Sen. Special Election			\$68,468	\$20,540	\$41,081			
State Rep. Special Election			\$20,138	\$4,388	\$12,081			

*of total votes cast in previous election or of signatures collected to total votes cast.

Prior to the establishment of the Citizens' Election Program, legislators commonly raised re-election funds from lobbyists and corporate sponsors. This method left lawmakers beholden to special interests during the legislative session, and the atmosphere at the Capitol was one thought of as "pay to play" and all but ensured incumbency for seated legislators. After the 2008 election, the first in which CEP was available, almost 80% of candidates for the Connecticut General Assembly used the program and ran "clean" without special interest money funding or influencing their campaigns. Candidates participating in the Citizens' Election Program don't have to continually fundraise in order to run effective campaigns, and are free to spend time with voters, talking about the issues important to their constituency. In addition, 2008 saw the lowest number of uncontested races since 1998, an indication that the Citizens' Election Program encourages competition. The rate of women and minority candidates has increased more and more since 2008. For example, the Latino representation in the state legislature reached its greatest level in 2012 and women make up 32 percent of the current legislature.

Because many lawmakers were no longer beholden to special interests, bills passed after public financing was implemented have been more aligned with the preferences of ordinary voters and the needs of the people of Connecticut. Starting with the 2009 General Assembly, Connecticut

passed mandatory paid sick days, increased the minimum wage, adopted an Earned Income Tax Credit, passed in-state tuition for undocumented students, and reversed a nearly 30-year trend that gave bottle deposits back to distributors and instead directed the money from bottle deposits to public programs, which environmental advocates had been pushing for decades.

As a response to the *Citizens' United* decision, and in an effort to protect the enormous good being done via the Citizens' Election Program, a comprehensive disclosure bill was passed in 2010. [Public Act 10-187](#) requires PACs and other entities making independent expenditures in elections to disclose who their top five donors were, who their CEO or head of the organization is, and how much they were spending to influence campaigns. While the legislature could not stop outside spending, the disclosure legislation was intended to at least illuminate who was doing the spending – something which is often less than clear. Expenditures are often made by SuperPACs, PACs which make no contribution directly to candidates but rather are focused solely on independent expenditures. These PACs often list the source of their funding as other PACs, making it almost impossible to determine who is actually funding the expenditures.

Steep Rise in Independent Expenditures Post *Citizens' United*

A comparison from 2008 to 2012 shows that Independent Spending on Connecticut General Assembly races increased dramatically in 2012:

Election Year	Number of PACs	Amount Spent on IEs
2008	41	\$258,054
2010	61	\$295, 188
2012	31	\$657,869

By 2012 there were ten fewer entities making Independent Expenditures on General Assembly races, but the amount spent to influence the elections increased nearly three-fold. In this report we look further into the spending in the 2012 General Assembly Elections in Connecticut. (N.B. the total amount of Independent Spending are as accurate as possible, given disclosure reporting requirements in Connecticut).

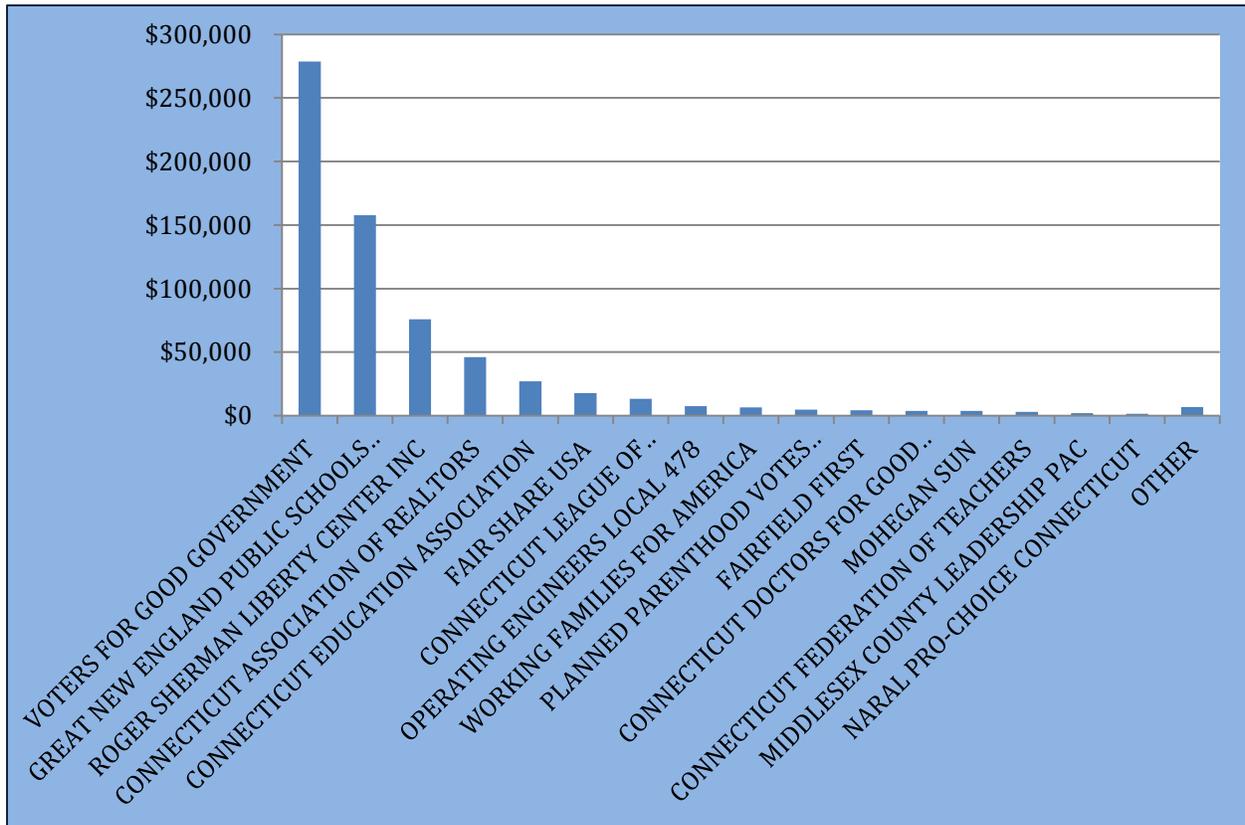
Top Spenders

The top spending PAC in 2012 was Voters for Good Government, spending \$278, 526 to primarily target just a single State Senate race, Senate District 4 (some down ticket races were included in some of their direct mail pieces). Voters for Good Government lists their five top donors in their campaign finance filings, in compliance with Connecticut State Law. However, four out of the five donors listed are other PACs, for which individual donor information is not available. The four PACs listed as top donors to Voters for Good Government are all located outside of Connecticutⁱⁱ. The one individual listed, Thomas Peterffy, a Hungarian born billionaire living in Greenwich, Connecticut with an estimated net worth of 4.6 billion, not only donated to Voters for Good Government, but spent an additional \$8 million on advertising intended to influence the Presidential race.ⁱⁱⁱ It is unknown how much each donor gave to Voters for Good Government.

The PAC spending the second highest amount to influence Connecticut General Assembly races was the Great New England Public Schools Alliance (GNEPSA), spending \$157, 664 on just two races (Senate District 19 and Assembly District 5). GNEPSA lists its top donor as “Students First”, is a political lobbying organization formed by Michelle Rhee in 2010, after she resigned as school chancellor of Washington D.C. public schools. GNEPSA is based in Sacramento, California. Students First is known for its strong support of charter schools, and spent nearly \$2 million" in the 2012 general election cycle on 105 races around the country. ^{iv} Of the other three donors listed, former New York City Mayor Michael Bloomberg and Nick Beim are both wealthy investors from New York, and only one, Steve Perry, is from Connecticut. **These two PACs represent 60% of the Independent Expenditures spent on General Assembly races in the 2012 Connecticut Election, and it is uncertain how much money was given by any of these groups or individuals.**

The third largest independent spender was The Roger Sherman Liberty Center, an organization supporting smaller state government and conservative fiscal ideals. Their website lists the organization as a “non-partisan education and advocacy group”, and allows non-tax deductible donations. However, this group did not comply with Connecticut disclosure laws and did not list their top five donors on campaign finance filings, making it impossible to determine who is funding this group.^v These top three spending PACs dwarf the other Independent Expenditures in the state during 2012.

Figure 3. Total Independent Expenditures Spent by PACs in Connecticut General Assembly Races 2012



Efficacy of Disclosure Rules

While Connecticut’s Disclosure legislation (Public Act No. 10-187) was at the time of passage the most comprehensive of all the states, there are still issues with the information that can be obtained via campaign finance filings. Connecticut’s law currently requires disclosure of independent expenditures by any entity within 24 hours of such an expenditure during a primary or general election, and requires a disclaimer featuring the CEO and listing of the top five donors. But we have learned that there is still much unknown to the public about the vast amounts of money spent by secret donors and front groups. Connecticut’s current law has some weaknesses and lacks the authority to force compliance with outside spenders who file late or don’t disclose the information they should.

One challenge is that outside spenders are not required to disclose details of how much they are spending against or for each candidate. For example, candidates were targeted with last-minute negative mailers that do not show exactly how much was spent on each candidate. SEEC filings by PACs show some specifics in terms of amounts spend on individual candidates, but often also list an addendum for “independent expenditures made by entity, addendum” with no dollar amounts listed. Other problems with reporting include incomplete submissions – the Roger

Sherman Liberty Center did not disclose their top five donors, and the Great New England Schools group filed their independent expenditure reports late. Candidates and voters are often still in the dark about who is spending what to influence our elections.

Comparison of PAC sending vs candidate spending in certain races

When participating in Connecticut's Citizens' Election Program, candidate spending is limited to the amount of the state grant plus the amount raised in small dollar amounts in order to qualify for the program. As shown in Figures 1 and 2, a general election candidate for state senate must raise \$15,000 in contributions from \$5 - \$100, and will receive \$91,290 in grant money from the Citizens' Election Fund. A candidate for State Representative in the general election must raise \$5,000 in qualifying contributions and will receive \$26,850 in Citizens' Elections grant money. In races targeted by independent spending PACs, these amounts can be dwarfed – often in the last few days of the campaign. For example, over \$200,000 was spent targeting Connecticut State Senate District 4, most of which was spent in opposition to one of the Democratic candidates, just days before that party's primary. The targeted Democratic candidate was effectively outspent by a 3 to 1 margin due to IEs, effectively negating the spending limits imposed by the Citizens' Election Program and losing him the race.

Conclusions

While Connecticut's General Assembly attempted to mitigate the damage wrought by the Supreme Court's *Citizens' United* decision by passing a disclosure law in 2010, the law (Public Act No. 10-187) does not go far enough to illuminate donors behind the PACs or hold accountable those who violate the law. Independent expenditures by special interest PACs are increasing dramatically, and have the potential to sway election outcomes by the sheer amount of money spent. Despite the Citizens' Election Program which made Connecticut a leader in campaign finance reform, special interests are still wielding an undue amount of power by being able to spend unlimited amounts to elect or defeat candidates in Connecticut.

Common Cause in Connecticut concludes that our current disclosure law needs to be expanded to include additional elements in order to be truly effective.

- The law should incorporate covered transfers ("Covered transfer" means any donation, transfer or payment of funds by a person to another person if the person receiving the donation, transfer or payment makes independent expenditures or transfers funds to another person who makes independent expenditures.^{vi}).
- The law should also require the amount of transaction for each contribution.
- Failure to comply with the disclosure law must carry significant consequences.

Currently the disclosure law calls for a minimum \$25,000 fine, but does not include any jail time for the responsible parties. Common Cause in Connecticut recommends fines for knowingly and willfully violations of Public Act No. 10-187 that would be equal to 300% of the amount of the expenditure, which would provide a real incentive to abide by the law. These essential changes

are necessary in order to ensure that public disclosure of campaign-related spending actually works, and ensure that the money used to influence Connecticut campaigns cannot be hidden behind shadowy front groups used to mask the true sources of funds.

Addendum: Total Independent Expenditures Connecticut 2012 General Assembly Races

Primary Election:

Candidate	Office	District	Party Affiliation	Citizens' Election Participant?	Outside (Independent) Spending supporting candidate	Outside (Independent) Spending opposing candidate
Steve Cassano	State Senate	4	D	YES		\$91,537.98
Cheri Ann Pelletier	State Senate	4	R	YES	\$ 75,119.53	
Catherine Osten	State Senate	19	D	YES		
Tom Reynolds	State Senate	19	D	YES	\$ 100,521.38	
Leo Canty	Representative State	5	D	YES		
Brendan McGee	Representative State	5	D	YES	\$ 48,297.12	
David Alexander	Representative State	58	D	YES		
Kathleen Tallarita	Representative	58	D	YES	\$ 3,661.09	

General Election:

Candidate	Office	District	Party Affiliation	Citizens' Election Participant?	Won/Lost	Outside (Independent) Spending supporting candidate	Outside (Independent) Spending opposing candidate
Steve Cassano	State Senate	4	D	YES	Won		\$ 108,625.00
Cheri Ann Pelletier	State Senate	4	R	YES	Lost	\$ 99,748.00	
Cynthia Cartier	State Senate	12	R	YES	Lost	\$ 46,428.00	
Edward Meyer	State Senate	12	D	YES	Won	\$ 9,237.00	
Dante Bartolomeo	State Senate	13	D	YES	Won	\$ 5,906.00	
Len Suzio	State Senate	13	R	YES	Lost	\$ 67,579.00	
Joan Hartley	State Senate	15	R	NO	Won	\$ 1,500.00	
Blair Bertaccini	State Senate	15	WFP	NO	Lost		
Andrew Larsen	State Senate	15	I	NO	Lost		
Theresa Madonna	State Senate	18	R	NO	Lost		
Andrew Maynard	State Senate	18	D	YES	Won	\$ 45,498.20	\$ 48,557.00
Cathy Osten	State Senate	19	D	YES	Lost		
Chris Coutu	State Senate	19	R	YES	Lost	\$ 91,547.00	
Donald Williams	State Senate	29	D	YES	Won		\$ 51,426.00

Sally White	State Senate	29	R	NO	Lost		
David Roche	State Senate	31	D	YES	Lost	\$ 6,449.00	
Jason Welch	State Senate	31	R	YES	Won		\$ \$6,449.00
Chris Phelps	Representative State	32	D	YES	Lost	\$ 16,962.00	
Christie Carpino	Representative State	32	R	NO	Lost		
Ernest Hewitt	Representative State	39	D	YES	Won		
Daniel Docker	Representative State	39	R	NO	Lost	\$ 500.00	
Vicki Nardello	Representative State	89	D	YES	LOST		\$ 40,000.00
Lezlye Zupkis	Representative State	89	R	YES	Won		
Kim Fawcett	Representative State	133	D	YES	Won	\$ 4,305.00	
Chris DeSanctis	Representative	133	R	YES	Lost		

ⁱ <http://www.fec.gov/info/appfour.htm>

ⁱⁱ <http://seec.ct.gov/ecrisreporting/SearchingCommittee.aspx>

ⁱⁱⁱ <http://www.politico.com/news/stories/1112/83243.html>

^{iv} <http://articles.latimes.com/2013/mar/26/local/la-me-michelle-rhee-20130327>

^v <http://seec.ct.gov/ecrisreporting/SearchingCommittee.aspx>

^{vi} <http://www.cga.ct.gov/2013/act/pa/2013PA-00180-R00HB-06580-PA.htm>