

**Report of the New Haven Democracy Fund Board
to Mayor DeStefano and the New Haven Board of Aldermen**

Pursuant to Section 2-823(a) of the Democracy Fund Ordinance and Section 2 of the Democracy Fund Board Bylaws, the New Haven Democracy Fund Board is required to issue an annual report to the Mayor and the Board of Aldermen that contains a statement of the financial condition and expenditures of the Fund, a summary of the Board's activities for the preceding year, and a request for appropriations for the upcoming fiscal year.

1. Statement of Financial Condition and Expenditures

The Democracy Fund began calendar year 2009 with \$376,604.30 in cash.

Expenditures from January 1, 2009 through December 31, 2009 (on a cash basis) were as follows:

Matching funds to John DeStefano, Jr.	\$11,390.00
Services rendered by Fund Admin.*	\$9,688.00
Total Expenditures	\$21,078.00

(* services paid for were rendered July 2008-October 2009)

At the end of calendar year 2009, the Democracy Fund contained \$355,526.30.

2. Summary of Board Activities

The Democracy Fund Board's primary activities in 2009 were (i) administering the Democracy Fund program for the 2009 mayoral election and (ii) making recommendations to the Board of Aldermen concerning changes to the Democracy Fund program. Most of the Democracy Fund Board's recommendations were accepted by the Board of Aldermen and became part of the Democracy Fund program for the 2009 election (see Attachment A).

Two of the five candidates for mayor in 2009 participated in the Democracy Fund program: the incumbent and an independent candidate. Two of the three candidates who chose not to participate ran as independent candidates. The third was a write-in candidate. None of the independent or write-in candidates raised or spent sufficient funds to cause the election to be

“contested,” as defined in the Democracy Fund Ordinance, and none “chose to organize or mount campaigns,” according to the New Haven *Independent*.

In 2009, the Democracy Fund adopted regulations dealing with complaint and investigation procedures, advisory opinions, post-election expenditures, and civil penalties for violation of the Democracy Fund Ordinance (enclosed).

In November 2009, the Board fined the candidate and treasurer of the DeStefano for Mayor campaign committee \$500 for late filing of several reports.

In December 2009, the Board voted to file a complaint with the Connecticut State Elections Enforcement Commission concerning alleged in-kind contributions made by the Elm & Oak PAC to the DeStefano for Mayor campaign committee in the form of payments to campaign workers, and payments for rent and phone at an office shared by the two committees.

3. Request for Appropriations

The Democracy Fund Board has urged the Board of Aldermen to appropriate money for the Democracy Fund with the goal that the Fund will become self-sustaining. However, since there are sufficient funds for the upcoming election cycle, and considering the current financial situation of the city, the Board is not requesting an appropriation for the fiscal year 2010-2011.

Appendix A
New Haven Democracy Fund Board Recommendations

Accepted by the Board of Aldermen

1. Campaign Reporting.

The Board recommended to the Board of Aldermen that it add the following reporting requirements to the Democracy Fund Ordinance (“the Ordinance”): (a) notify when reaching \$5,000 “contested election” limit; (b) file supplementary campaign reports in August for primary candidates and in September for general election candidates; (c) notify as soon as the candidate obtains a party nomination or successfully or unsuccessfully petitions to be on a ballot, and when the candidate withdraws from an election and (d) report on amounts raised or spent prior to filing for participation, including any contributions received from improper sources or in improper amounts.

2. Qualifying Threshold.

The Board recommended to the Board of Aldermen that the dollar amount of the minimum qualifying contribution be lowered from \$25 to \$10.

3. Election Cycle Division.

The Board recommended to the Board of Aldermen (i) that the Ordinance be changed to allow for a rollover of primary contributions and matching funds into the general election campaign in the event there is no primary; and (ii) that it clarify the Ordinance so that the contribution limit apply to each of the primary and general campaigns.

4. Write-In Candidates.

The Board recommended to the Board of Aldermen that it be made clear in the Ordinance that participating write-in candidates can get matching funds but not grants.

5. Campaign Expenditures.

The Board recommended to the Board of Aldermen that it limit participating candidates to making qualified campaign expenditures.

6. Technical Changes to Ordinance.

The Board recommended to the Board of Aldermen that it accept certain technical changes.

7. Timing of Public Financing Grants for General Election.

The Board recommended to the Board of Aldermen that it delete Section 2-251(h)(2) of the Ordinance so that there are no timing restrictions as to when a qualified candidate in the general election may receive a grant, and that it amend the contested election rule for the general election, so that it is met by having a candidate win a primary.

8. Qualifying for Matching Funds.

The Board recommended to the Board of Aldermen that it change the Ordinance so that any qualified candidate who wins a primary election is deemed to have qualified for the general election.

9. Non-Participating Candidate Trigger.

The Board recommended to the Board of Aldermen that when a non-participating candidate reaches the expenditure ceiling (the trigger point), the choice between a \$25,000 grant and raising the expenditure ceiling apply to all qualified candidates, not just to those who reach the expenditure ceiling. Instead, the Board of Aldermen reduced the trigger point from 100% to 85% of the expenditure ceiling.

Not Accepted by the Board of Aldermen

1. Campaign Reporting.

The Board recommended to the Board of Aldermen it add the following reporting requirement to the Democracy Fund Ordinance (“the Ordinance”): nonparticipating candidates notify when they reaching 85% of the expenditure ceiling.

2. Expenditure Ceiling.

The Board recommended to the Board of Aldermen a substantial reduction of the expenditure ceiling (\$340,000), comparable to the per person dollar amounts of other cities with public financing programs.

3. Independent expenditures.

Tracking current State of Connecticut law, the Board recommended to the Board of Aldermen that it change the Ordinance so that any independent expenditure over \$1,000 must be reported to the Democracy Fund within 5 days of when the obligation is made, or within 24 hours of when the obligation is made within the last 14 days of the election period.

4. Non-Participating Candidate Contribution Limits.

The Board recommended to the Board of Aldermen that it work toward establishing that cities in Connecticut with public financing adopt the participating candidate contribution limits for non-participating candidates.

5. Post-Election Expenditures.

The Board recommended to the Board of Aldermen that it increase the dollar amount allowed for post-election expenditures, that fundraising to retire campaign debt be included as post-election expenditures, and that inauguration expenses not be included as qualified expenditures.