



Testimony to The Joint Legislative Committee on Government Reform

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I want to begin by noting that I have a great deal of respect for the members of the Joint Committee and for the vast majority of Illinois' elected officials and public servants. I believe that most public officials work hard to provide Illinois with honest service. However, our system is so badly broken and public trust is so low that the misdeeds of a minority blight the efforts of the whole.

The late Sen. Simon founded ICPR in 1997 after co-chairing – with former Gov. William Stratton – a task force on campaign finance reform that recommended a series of improvements. Simon and Stratton – two veterans of statewide campaigns from different parties – were concerned about a decline in public trust in government that coincided with a “startling growth and dominance of money” in elections and the governmental process. They concluded that people in Illinois were increasingly feeling unrepresented by their own elected officials.

I don't think anyone would argue that the public's perception about the fairness and honesty of their government is better today than it was a dozen years ago.

In January of this year, the national polling firm of Beldon, Russonello and Stuart surveyed Illinois residents on their attitudes toward state government. The poll found pessimism on the direction of the state and distrust in the Illinois state government has risen dramatically over the last few months: a large majority (81%) says it only trusts the state government “some of the time” or “almost never.” The percent saying they “almost never” trust the state government rose from 25% in May 2008 to 29% this January.

Twelve years ago Illinois' approach to campaign finance was based solely on a Sunshine model. Transparency in government is important, but based on the evidence of the last dozen years, I would contend that it has proven insufficient.

Over the past decade we have implemented electronic disclosure of campaign reports, banned pay to play in contracting, adopted a gift ban and outlawed

political activities on state time. These have all been important reforms, yet they have merely nibbled at the edges of our real problem: the free flow of money in Illinois politics. The Sunshine model no longer serves our state.

ILLINOIS CURRENT CRISIS

Today Illinois politics faces a crisis of corruption and a crisis of public confidence. Decision-making rooted in political and personal gain and the resulting wasteful spending of tax dollars have eroded the public's faith in its government, have endangered the welfare of our state and our communities and have deprived citizens of their right to honest government.

Unless and until Illinois reforms its way of doing state business, the people of Illinois and the issues they care about -- economic development, housing, healthcare, education, and criminal justice reform -- will continue to languish. While our people have suffered and our economy has declined, lavish public contracts have been awarded to political insiders; cronyism has trumped merit in public hiring and the business of governing has been sorely neglected.

Illinois is a wealthy and resource rich state struggling under the weight of an 11 billion dollar deficit. In this troubled economy, hard choices will have to be made on how best to generate and allocate public resources. If Illinois is to consider raising taxes, bond billions for a capitol plan and wisely oversee federal stimulus dollars, the public requires—and deserves—assurances that the lure of campaign donations will not be directing Illinois' fiscal policy. Our state's economic and ethical recoveries are tied together. Reigniting our economy requires public confidence and that confidence will only come from comprehensive, systematic reform of our campaign finance system.

A CALL TO ACTION

Our current political crisis must be your call to action. Reform must be comprehensive, and must begin by addressing the corrosive influence of money in politics. Your immediate goal should be to enact comprehensive campaign contribution limits.

This seems as good a place as any to address the elephant in the room.

Of those people running for office in Illinois, campaign contribution limits would impact candidates for governor and other statewide offices, candidates for the supreme court, some large city and county board candidates, and a fraction of candidates for the General Assembly.

But they also could diminish the financial power of the Speaker of the House, the President of the Senate, and the minority leaders in both chambers. The four of

you control multi-million dollar campaign treasuries that have been filled with money received in a system without limits and given to legislative candidates without limits.

Under a system with contribution limits, that would change.

Leadership PACs would still be allowed, but would be required to raise money under limits. We recognize leaderships' role in supporting candidates and believe that transfers from those PACs to legislative candidates should be allowed to be higher – but still limited – than transfers and contributions from other sources. Legislative leaders, like political parties, should be able to help candidates but not to the extent allowed in today's limitless system.

Three of the four top leaders have told the public they oppose limits and want Illinois to remain one of just five states that do not have limit laws. (And in fact, New Mexico's Senate has just voted 40-1 to enact limits, a House vote waits.) We hope the voters will convince you that limits are needed in Illinois.

The Illinois General Assembly has considered contribution limits before, but has repeatedly failed to enact them or even provide a floor vote. Legislators have argued that contribution limits are unnecessary, that they will make campaigning more difficult, that they will not prevent the acts of corrupt individuals. I counter very simply with the fact that the system we have now is obviously not working and that time and again our political scandals can be boiled down to one common element: the unbridled quest for campaign cash.

Nearly every other state in the nation now has some form of limitation on contributions. Some provide voluntary public financing, some limit the amount of giving; some ban union and corporate donations; some ban or limit giving by regulated industries; and some utilize a combination of all of these techniques.

The National Conference of State Legislatures found that Illinois is one of only five other states that do not limit giving by individuals, PACs, corporations, unions, or regulated industries. None of our midwestern neighbors have such wide-open system; none of the other large industrial states are without limits; we are truly alone among states of our size and demographics.

WHY LIMITS?

- Limits reduce the risk that an officeholder will cast votes on legislation or will set government policy based on a request of the big campaign contributor.

- Limits would make it easier for citizens of ordinary means to run for office. The lack of legislative competition in Illinois is as much a function of a campaign finance system that advantages incumbents as the result of gerrymandering
- Limits provide protection from the corruption that arises from both extortionate demands for contributions and from offers of large contributions in exchange for quid pro quos.
- Limits reduce the likelihood that citizens will perceive that their government is for sale and can restore some degree of confidence in the fairness of government.
- Limits force candidates to reach out to more ordinary citizens for financial support in smaller amounts.
- Limits provide room for everyday citizens to participate in the political process

With limits, election campaigns would be less reliant on a few big donors – less reliant on the really big donors – like legislative leaders who transferred a total of \$13 million to legislative campaigns in 2005-2006 or like SEIU that led all campaign contributors in the 2006 election with nearly \$1.2 million in contributions much of went to support the candidacy of Rod Blagojevich.

In the 2007-2008 legislative races there were five House contests and seven senate contests costing in excess of \$1 million dollars. Most legislative races were uncontested, or featured an unfunded challenger. The reason that the money is concentrated in so few races is because leadership funds are allocated that way – in a high-stakes game to control the majority of the chamber. Most races lack the resources for such deep voter contact and most voters are left in the dark about their candidates as a result.

This money does not drive competition. In fact, over the past five election cycles 672 of 685 or 98% of legislative incumbents running in the general election were reelected. That is not a statistic that should make incumbent legislators way of a change in the status quo. I don't know whether limits will dramatically change the percentage of reelected incumbents, but you will probably have to campaign harder and most importantly as candidates you will actually have to talk to the voters and let them know where you stand on the issues that are important to them.

I have been asked whether limits would create a situation where only millionaires would have the opportunity to win elections. I have enough confidence in the

judgment of Illinois voters to reject that notion and the numbers bear me out. Currently, 95 percent of winning legislative and executive candidates give or loan their campaign funds between zero and \$25,000, and by a 3 to 1 margin, these self-financed candidates lose. Only 4 percent of candidates are challengers who self-fund in excess of \$25,000. In recent years, Illinois voters have rejected Oberweiss, Eisendrath, Hull, Wood, O'Malley, Schmidt, and Gidwitz not because they didn't have the money to get their message out, but because their message fell flat with voters.

To most rank-and-file legislators a limit on contributions at the levels proposed in House Bill 24 would have only a minimal impact on their fundraising; more than 90% of their money already comes from donations under the limits.

Legislative leaders currently collect millions from companies, unions and individuals with agendas in Springfield. That money is moved to candidates in the few competitive contests. With or without limits, special interest money will find its way into the political process. But with limits, voters will know which special interests are giving to which candidates and those amounts can be strictly limited.

For those few legislators and challengers who are in close contests and find themselves to be "targets" of the opposition, limits would mean there would no longer be 6-figure transfers of funds from a committee controlled by a legislative leader. Instead, the candidate would have to look to constituents for financial support

It's not just the votes on Election Day we need to be concerned with. It's a matter of what issues are even subject to debate in the legislature. In a system with unlimited contributions we in essence turn the policy agenda over to the highest bidder. Under limits policy considerations can be made based on the common good, rather than the highest bidder.

Many of those who have interests before state government will tell you that privately that they would welcome limits because they would put a ceiling, on how much a governor, constitutional officer, legislative leaders or committee chairman could ask them for. A small number of private interests would have to adapt to contribution limits. Given the resources of big business, big labor, big healthcare, and big finance they will continue to wield power under a system of contribution limits, but based on their size, their ideas, and the positive impact they can have on the state, rather than their contributions.

Illinois' wide-open campaign finance system has impacted all three branches of government. We enjoy the dubious distinction of enduring the most expensive, at \$9.3 million dollars, state Supreme Court race in our nation's history and one of

the nastiest-- an event that has raised many questions about the independence and impartiality of the courts. Had reasonable limits been in place this debacle might have been avoided.

Former Governor Rod Blagojevich's prowess as a fundraiser has been well documented, as have been the incidences of apparent pay-to-play politics. What has received less attention is the astronomical growth of large donations in elections for governor, the legislature and even judicial elections. No longer does a \$25,000 contribution make anyone blink.

Less than 4 percent of the campaign funds raised by Jim Edgar came from contributions at the level of \$25,000 or more. George Ryan raised just over 8 percent of his campaign funds from big contributors. But Rod Blagojevich really did things differently. Just over 35 percent of the money he raised came from 435 contributors of \$25,000 or more.

Whether Rod Blagojevich had ever appeared on the scene or not, we believe Illinois would be a better state with campaign contribution limits.

But Rod Blagojevich's success as a fundraiser – and the release of transcripts of his wiretapped conversations about how he went about fundraising – have convinced Illinoisans that their government is not fair, is not honest. That public opinion poll that I mentioned earlier, 58 percent of those questioned – 58 percent – said Rod Blagojevich's alleged behavior is “common” among public officials in Illinois.

I have been asked whether contribution limits would have prevented the excesses of Rod Blagojevich and the answer is yes—and no. If an elected official is hell bent on engaging in criminal behavior no law will stop them. For that we rely on prosecution. However, with limits in place the crimes that Blagojevich is accused of would have been far more difficult to commit. A system of limits would have frustrated his ability to disguise illegal payments as campaign contributions. Limits would have also provided those on the other side of the equation—the people who were at the receiving end of the shake down—with the knowledge that agreeing to extortionate demands for \$25,00 or \$50,000 contributions would have made them partners in a criminal conspiracy.

My question to you is how many more indictments, wiretaps, grand juries and arrests must the voters be expected to endure?

BUILDING A SUCCESSFUL SYSTEM

A successful campaign finance system relies upon three prongs: limits, disclosure and enforcement.

The limits must be comprehensive. Candidate committees must be limited. In addition to candidates, they must address transfers from political parties and legislative leaders. Third party electioneering must be capped and to that end we are proposing language recently adopted in Wisconsin to limit third party electioneering communications.

Disclosure must be meaningful. We not only need to know whom money is coming from, we also need information about political contributions to be provided on a timelier basis. Schemes to use conduits or otherwise evade disclosure cannot be tolerated. Independent expenditures must be fully disclosed.

Enforcement must be vigorous. We must provide the State Board of Elections with the tools—and the resources—to ensure that candidates comply with campaign finance law. The State Board of Elections must be vested with greater investigatory power and be required to conduct random audits of campaign funds

With these three elements in place, Illinois can augment its system through programs, which enhance small donor giving, provide full public financing or utilize other mechanisms to make our electoral system more robust.

Successfully regulating the role of money in politics will not come from simply dreaming up and passing the perfect bill – it will only come from public engagement in an on-going process.

As John F. Kennedy once said, "Democracy is never a final achievement. It is a call to an untiring effort."

A reasonable system of contribution limits would be a positive first step. It would not be the only step. Designing building and maintaining a system that works - that balances competing legitimate goals while maximizing citizen participation and responsiveness to citizen's needs and desires – has to be an ongoing task. But it is a task we must begin.

