

**Testimony to The Illinois Reform Commission by Cynthia Canary, Director,
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Thank you for this opportunity to discuss contribution limits, a proposal that we consider central to true campaign finance reform in Illinois.

Former U.S. Senator Paul Simon created the Illinois Campaign for Political Reform (ICPR) nearly a dozen years ago. ICPR is a non-profit research and advocacy organization, a place where people of both political parties agree on the need to reduce the influence of special interest money and improve ethical behavior in government.

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.

That was 1997. 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. Twelve years ago Illinois’ approach to campaign finance was based solely on a Sunshine model. Very little has changed in how we regulate money in politics since the Simon-Stratton Commission was convened, but today the cloud of corruption threatens to completely engulf us.

PUBLIC CONFIDENCE IN GOVERNMENT

In January of this year, the national polling firm of Beldon, Russonello and Stuart surveyed Illinois residents on their attitudes toward state government. I'd like to summarize their findings:

1. Pessimism on the direction of the state and distrust in the Illinois state government has risen over the last few months:
 - Eight in ten Illinois residents (78%) say the state is off on the wrong track, an increase over the 68% who thought so in April-May 2008.
 - Similarly, 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 April-May 2008 to 29% this January.
2. Concerns about corruption in state government and the influence of money in state politics top residents' list of concerns for the state, and these concerns are not likely to dissipate with the departure of the governor.
 - Six in ten (61%) are "extremely" concerned about corruption in state government and over half (54%) about the influence of money in state politics. Concerns of corruption exceed concerns over the economy (50%), jobs (45%), and the state budget (46%).
 - A majority (58%) believes Governor Blagojevich's alleged behavior is "common" among Illinois public officials, while 39% find it an "unusual and extreme case of corruption."
3. Even during tough economic times, two-thirds of Illinois residents support the creation of a new state agency to vigorously enforce Illinois' campaign finance laws (66% support) and spending more tax dollars on stronger enforcement of laws to keep money out of politics (65% support).
4. Strong support exists for a range of reform efforts. In particular, large percentages believe tougher campaign finance laws will make a difference in state government:
 - Eight in ten (78%) say passing "tougher campaign finance laws that ban contributions by corporations to candidates and political parties" will make a difference.

- Three-quarters say so with regard to “tougher campaign finance laws that ban contributions by unions to candidates and political parties;” (76%) and “tougher campaign finance laws that limit the amount of money individuals can give to political candidates and political parties” (74%).
5. Residents of the state place importance on the legislature addressing the issue of money in politics but hold a generally unfavorable attitude toward the job the legislature has been doing.
- Nine in ten voters (89%) say their legislator’s support for legislation to reduce money in politics would be important to their decision to re-elect their legislator with half (50%) saying it would be “very” important.
 - Illinois residents, however, hold a decidedly more negative opinion of the state legislature than they did last spring. Nearly half (49%) say the legislature is doing a “poor” job compared to 26% who said so in April-May 2008.
6. Although they have little faith in state government, Illinoisans still believe reform efforts are worthwhile and possible.
- A majority continues to believe it is “worth getting money out of politics” (57%); and
 - Two-thirds (67%) reject the idea that corruption will always be present in state government.

ILLINOIS CURRENT CRISIS

Today Illinois politics is in crisis. It is both a crisis of corruption and a crisis of public confidence. Far too often and for far too long, corrupt public officials have trampled on our basic tenants of Illinois’ democracy. 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.

This is highly unique and potentially transformative moment in Illinois politics. The impeachment and conviction of Gov. Blagojevich, is a potential game changer—Illinois, the Wild West of political ethics and campaign finance practices, may be ready not just for government reform, but also for a renaissance in public engagement.

If Illinois state government is to regain public trust, dramatic and comprehensive action must be taken. These changes will not be easy, nor will they occur overnight, however, they are essential to the restoration of trust and the efficient operation of 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 suffer.

There can be no doubt that political corruption is a social justice issue. Whether it is in a third world nation or in an American state, public corruption robs people of both their tax dollars and their representation. The basic story is the same wherever it plays out. The poor, the rural and the unorganized feel corruption's impact hardest. It is their children who are deprived of adequate educational opportunities and healthcare; it is their families who suffer from the lack of employment opportunities. These are social conditions that arise not from conscious public policy, but from a diversion of public resources to the political classes.

Illinois, our nation's fifth most populous state, has been scarred by its corrupt political system. Our schools are ranked 49th in the nation; the services that we provide to the disabled rank 50th and our pension system is perhaps the most dangerously under funded in the nation. 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 a nine billion dollar deficit. In this troubled economy, hard choices will have to be made on how best to generate and allocate public resources. Our governor has just been impeached and is awaiting federal indictment, while his predecessor sits in jail. Our junior Senator's resignation is being called for, while a sincere, but yet untested Governor and a largely unrespected legislature struggle to restore orderly and trusted government.

Despite the bleak scenario, in crisis can come opportunity. Illinois' citizens are at a juncture where they must choose whether indifference and cynicism will allow public corruption to dominate governance, or whether to take a new path which emphasizes and values honesty, accountability and public participation.

A CALL TO ACTION

Our current political crisis is a call to action. It is abundantly clear that if we value responsive, accountable and honest government and if we believe that public confidence is essential to the effective functioning of our government, we must address the systematic roots of Illinois' culture of corruption. Our agenda must be comprehensive, but given the current crisis, the message is clear: Illinois must begin by addressing the corrosive influence of money in politics.

Our immediate goal should be to establish a comprehensive campaign contribution limits schema, while the broader objective is to address a range of reforms aimed at making Illinois government more competitive, transparent and accountable. Given Illinois' lack of citizen initiative that would allow change to be made by

voter referendum, the legislature is the only avenue to enact change, and the legislature has a profound interest in ensuring that the status quo is not changed

The Illinois General Assembly often has rejected the idea of contribution limits. Legislative leaders 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.

Illinois does not impose any limits on how much can be given. Illinois does not restrict campaigns to accepting money only from individuals. Illinois doesn't even place a limit on giving by the casinos, racetracks, utilities, insurance companies and others regulated by state government.

Nearly every other state in the nation now has some form of limitation on contributions. 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 Brennan Center for Justice at the NYU School of Law studied the campaign finance system in Middle America and concluded Illinois has the weakest laws in the five major Midwest states. Illinois was criticized for not having any restrictions on contributions and for disclosure laws that are easily evaded.

Nationally, the Center found that Illinois is one of only five other states that do not limit giving by individuals, PACs, corporations, unions, or regulated industries. We've provided copies of the full report for each of you.

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 also 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.

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.

The situation only escalated in the 2007-2008 legislative races, with five House contests and seven senate contests costing in excess of a million dollars. The big givers in the 2008 elections included \$1.7 million from the IEA; \$1.2 million from

the Illinois Federation of Teachers; and 1.2 million from the Illinois Hospital Association.

This money does not drive competition. In fact, little of it finds its way to challengers. Over the past five election cycles 672 of 685 or 98% of legislative incumbents running in the general election were reelected.

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. Like a legal money laundering operation, that money is moved to candidates in the few competitive contests.

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 support.

Without limits most special interest money currently goes to a legislative leader who decides how much to dole out to targeted candidates. Yes, with or without limits, special interest money may always be a source of campaign funding. But with limits, voters know which special interests are giving to the candidate and those amounts can be strictly limited.

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.

Illinois' wide-open campaign finance system has impacted all three branches of government. We enjoy the dubious distinction of enduring the most expensive \$9.3 million 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.

Impeached 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.

ICPR with assistance from Kent Redfield examined contributions at the level of \$25,000 and above to the campaigns of former Gov. Blagojevich, former Gov. George Ryan and former Gov. Edgar. Here are the numbers we found:

- Jim Edgar – We examined his last six years as governor and found he raised nearly \$11.8 million total. That included just eight contributions of \$25,000 or more, a total of \$422,000. The eight really big contributions to Edgar constituted about 3.6 percent of the total Edgar raised.
- George Ryan – We examined a six-year period that included his four years as Governor and as he geared up for his 2000 campaign. George Ryan raised almost \$20 million, and that included 35 contributions of \$25,000 or more, a total of \$1.6 million in those big contributions. Those 35 really big contributors to Ryan constituted 8.2 percent of the total Ryan raised.

- Rod Blagojevich – We examined eight years that included his time as governor and the ramp up to the 2002 election. Rod Blagojevich raised \$58.3 million, and that included 435 contributions of \$25,000 or more, a total of \$20.6 million in those big contributions. Those 435 really big contributions constituted 35.3 percent of the total Blagojevich has raised.

We're not here today to target any one person or revisit every indictment, trial and conviction. But those scandals that make headlines and are grist for gossip in the Capitol also are talked about at lunch counters, on assembly lines, in Metra trains and all across Illinois.

Enacting reasonable limitations on how much can be contributed to candidates would show the public that the people they elected share their concern.

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 Disclosure is important to the fairness of the process.

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.

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. Ultimately, it is about designing a political system that encourages the widest possible range of participation and provides the greatest possible level of responsiveness to the needs and desires of citizens.

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

Momentum is building for fundamental change in the way we regulate who gives money and how much money they can give. The negative impact of big money contributions is no longer just the concern of a few “good government” groups, but indeed the concern of our entire state.

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.