

**Proposed Minutes for
Meeting of the Illinois Reform Commission
Thursday, March 5, 2009**

- **Call to Order:**

Patrick Collins called the meeting to order at 1:30 PM

- **Roll Call:**

In Attendance:

Anita Alvarez, Patrick Collins, Hanke Gratteau, Tasha Green, David Hoffman, Reverend Dennis H. Holtschneider, Douglas L. Johnson, Kate Maehr, Brad McMillan, N. Duane Noland, , Sheila Simon, Reverend Scott Willis

Conference Line:

Pat Fitzgerald, Lawrence Oliver

Not Attending:

Pamela Davis

- **Welcome by Chairman Patrick Collins:**

Patrick Collins welcomed those in attendance. He noted that this was the 4th meeting of the Commission. He added that it had been 48 days since the Commission was formed and they were almost halfway through the time they would have to produce their report for the Governor. Two Commissioners, Lawrence Oliver and Pat Fitzgerald, would be attending via teleconference and a third Commissioner, Pam Davis, was ill and would not be in attendance.

Mr. Collins stated that this was the second Commission meeting on the subject of Campaign Finance. The first was held in Springfield last week and the members of the Commission heard from several people on this subject. He noted that one of the people who made a public comment at the end of the meeting, Edward Cunningham, summed up the issue for him when Mr. Cunningham said that he felt disenfranchised and that his vote and point of view didn't matter any longer. The Commission also heard evidence regarding the size of contributions and it was pointed out that when Governor Edgar ran for office he received four contributions in excess of \$25,000; in contrast, Governor Blagojevich received 435. Legislative leaders from both political parties have been invited to speak to the Commission. A number of legislators have also contacted the Commission regarding their views and bills introduced to the Illinois legislature on this issue. There is a lot of material to absorb. The Commission needs to take into account all they hear today, all they heard last week and then they will deliberate on March 13 at 11:30 a.m. to discuss the issue. They will need to embrace a proposal that they have heard in these hearings develop one of their own. Illinois is in the midst of a legislative session and it is important to meet and discuss how they want to proceed so the testimony of the Commission is heard and makes an impact.

Mr. Collins introduced Jenny Bowser as the first speaker of the day and noted that Ms. Bowser came in from Colorado to address the Commission.

- **Testimony of Jennifer Bowser, Senior Fellow, Legislative Management Program, National Conference of State Legislatures**

Ms. Bowser thanked the members of the Commission for the invitation to speak before them. She noted that NCSL is a non-partisan organization. They are a professional organization. They are also a research organization and a lobbying body, but they only lobby Congress. They do not lobby the individual states. Ms. Bowser said that she was here to give an overview of what some of the other states do and had provided a PowerPoint presentation as a visual aid.

Ms. Bowser began with the topic of disclosure, and noted that in terms of disclosure, Illinois is doing a fairly good job compared to other states. Her organization looks at four main areas when setting a rating: first, whether the state has a disclosure program, second, the state's electronic filing program, third, disclosure content accessibility, and fourth, online contextual and instruction information. Among the things Illinois could do to improve would be to require sub-vendors to be listed on the reports and instructions on how to use the searchable database.

The next item Ms. Bowser discussed was independent expenditures. She pointed out that 44 states require disclosure of campaign finances and 38 of those require that the disclosure specify which candidate is the subject. Also, half of those states require immediate reporting of last-minute, independent expenditures.

N. Duane Noland asked what the best practice was regarding reporting in-kind contributions. Ms. Bowser felt that someone needed to put a dollar value on those types of contributions. Contributions in excess of the threshold amount require information on where the contribution came from. She will look at where most states put the burden for those types of contributions and report back to the Commission.

Regarding contribution limits, Ms. Bowser noted that Illinois is one of only six states with no limits at all. Three states limit corporate contributions and four states prohibit corporate contributions. Thirty-seven states limit how much money can be contributed through various means. Some of the include limits on individual contributions, PACs, unions, etc. Another way to address the issue of soft money is to limit aggregate contributions. Mr. Hoffman asked Ms. Bowser for a definition of "soft money." Ms. Bowser explained that soft money is unregulated money.

Ms. Bowser then produced more data based on contributions to the Governor, House and Senate elections from the 2006 election cycle. In the states with no limits on contributions, the contribution levels are much higher than in the states that do have various limits. She then presented information on the limits on individual contributions to candidates. The highest limits were to the campaign for governor for the state of New York (\$55,900) compared to the lowest limit for the state of Massachusetts (\$500).

With regard to contributions from unions and corporate contributions, it was noted that nearly half of the states (22) prohibit corporate contributions. However, this does not prohibit PAC

contributions. Ms. Bowser noted that the state of Washington does not allow contributions from out-of-state. Many states prohibit contributions of cash, contributions from minors, from lobbyists, non-U.S. citizens and contributions made during a legislative session. She commented that every state prohibits bribery, but only seven states have laws in place regarding this issue.

Ms. Bowser stated that there are three goals of public financing, to prohibit corruption, to encourage more people to run for office and to level the playing field. Once potential candidates buy into these programs they are barred from receiving any additional funds for their campaign. The spending limit is the common thread. Candidates have the decision on whether they want to opt in. The amount of the funds is not always enough to make candidates want to take advantage of them. Ms. Bowser will provide the Commission with a more detailed list on this subject as soon as it is available.

Mr. Collins asked if there was data to support the idea that independent expenditure is down. Ms. Bowser did not have that information currently, but will get it to the Commission soon.

Ms. Bowser went on to explain where the most common sources of public finance contributions come from. Income tax check-offs, appropriations, investment earnings, voluntary donations, seed money and late filing fees of campaign reports are where most of this money is raised. She noted that taxpayer participation in state check-offs has diminished in the past 25 years from all states. Creative ways to fund programs are by charging filing fees for candidates, revenue from the sale of unclaimed property, penalties for election law violations and a charge on civil and criminal penalties. Ten states give money back to citizens for making contributions to candidates. There are also ten states that provide grants to political parties. These programs are designed to encourage citizens to get involved.

Mr. Hoffman inquired about independent expenditures and whether they included expenditures from political parties. Ms. Bowser said the answer is yes, if you ask the candidate if they need money for something. Mr. Hoffman then asked where the Commission should look for ways to handle this issue. Ms. Bowser noted that this issue is nearly impossible to prove.

Hanke Gratteau noted that Missouri repealed its limits on contributions and asked why. Ms. Bowser noted that the state felt that the limits were actually too low.

Mr. Collins thanked Ms. Bowser for coming to educate the Commission and introduced the next witness, Joan Krupa.

- **Testimony of Joan Krupa, candidate for and former member of House of Representatives, 92nd District**

Ms. Krupa thanked the Commission and said she was going to speak about her personal experience with campaign finance. She is from Peoria Heights and was a candidate in the November '08 election. She was defeated, but she served briefly in office. Based on her experiences on working an election, she was confident that she knew what it took to run for office. She was wrong. Ms. Krupa was looking for a clean campaign. She has worked as an educator for two decades and is the CEO of a volunteer clinic. She hoped that the information that was distributed to the Commissioners would be helpful to them.

Ms. Krupa stated that her election was very expensive. Most of the money came from non-local sources. Her opponent got a lot of money from non-local sources and she admitted that she also received funding from non-local sources. Most of her opponent's money came from union volunteers that were closely aligned with the former governor. Less than 2% of her opponent's funding came from individuals. Only 15% of Ms. Krupa's contributions came from outside of central Illinois and Ms. Krupa was able to raise about 50% of her funds from local sources. She received \$669,170.65 and \$113,169 of that was from individual contributors. While the minority leader helped fund her campaign, she did not receive an offer to run her campaign for her. She felt this was still too much money to spend on an election. Ms. Krupa noted that if both campaigns had access to only local resources for their campaigns, the outcome may have been much different. She felt it turned into a massive media campaign. Many negative mailers were sent out by her opponent and she had to respond to them at great expense. She had an opportunity to question her opponent at a televised debate on a local access channel. She felt that her opponent's Chicago media company that created the mailer had no knowledge of what she has really done. Ms. Krupa noted that both sides of the aisle need to set limits on outside contributions. She recommended banning or limiting contributions from unions or industry. Transparency must be essential and is a constant problem. Ms. Krupa admitted that it would be difficult to control, but also stated that she thought term limits might also be useful, perhaps ten year limits for the House and three terms for the Senate. While still in Springfield, she helped to impeach Governor Blagojevich. She suggested that the Commission look again at former Governor Blagojevich's work on "pay to play."

Ms. Krupa said that serving for a brief time on the House floor was an honor and she was saddened that the average person on the street thinks only crooks and cons would want to go to Springfield.

Mr. Hoffman asked Ms. Krupa about bans on contributions from unions and corporations, and whether they formed a PAC, would this not be considered the same thing? Ms. Krupa stated that she felt there should be limits on money from PACs as well.

Ms. Gratteau asked Ms. Krupa if she had any idea how many races were like hers with such high amounts of spending. Ms. Krupa did not know, but felt that the next speaker would address this issue.

Mr. Collins asked what Ms. Krupa's advice would be with regard to getting laws passed to prevent this happening in the future. Ms. Krupa said that sunshine was important. She was delighted to see the press in attendance and said that it was most important to continue to get the word out. Political service seems to soil individuals and there should be more of a "Jeffersonian" approach on achieving higher, lofty goals.

Mr. Collins thanked Ms. Krupa for her testimony and announced the next speaker, Tom Cross.

- **Testimony of Tom Cross, Illinois House of Representatives, 84th District**

Mr. Cross thanked the Commissioners for allowing him to speak. He noted that he did at one time have a chance to serve with Commission Duane Noland in the Illinois House. Mr. Cross stated that Governor Quinn should be applauded for putting this Commission together and hoped

that he would take some of their ideas to heart. He then introduced two members of his team, Matt O'Shea and Tom Durkin. Mr. Cross stated that he wanted to talk about the need to readdress how Illinois does redistricting. Every ten years Illinois draws new districts. There is a unique way to do this in Illinois. The General Assembly is asked to come up with a map. This becomes an all or nothing process. The party that draws the map ends up with a district that is very favorable to their side. There were 10 – 12 seats that were contested in the Illinois House. The point is that huge amounts of money are being spent on a small number of seat races. Mr. Cross said that there are several schools of thought on how to change this. The state of Iowa had a computer-savvy person draw up a map without knowing which parties were heavily represented in certain districts. He suggested that the Illinois House should try to work together to set up new districts. The other issue concerns the primary. The current governor has talked about changing the primary election to September. A lot of money is being raised and spent currently due to a February primary. It is very difficult for a challenger to get people to pay attention during the holiday season. Mr. Cross thought a May or June primary might be a better option than the current February or proposed September primary date.

Mr. Noland asked how it would affect incumbents if they were in session that went into overtime. Mr. Cross noted that it would be an incentive to finish the session on time.

Mr. Cross also mentioned contributions from PACs and committees. Ms. Krupa's race was one of the most expensive races in the state. Millions of dollars were spent by both parties on the last election. There are currently a few bills in the House that deal with campaign limits on contributions. Mr. Cross was concerned about keeping a level playing field through campaign contributions. Also, while campaign contributions can be limited, there is no limit on putting together money for mailers, radio and television ads. Mr. Cross felt that people would find ways to go around contribution limits. He didn't want to see a system in place where only wealthy people can run for office and felt that the Commission needed to focus on transparency and on when people make their contributions. Tracking of contributions and timing of when money is actually being contributed should be an issue.

Mr. McMillan asked if the constitutional amendment bill on his district was the same as the one that was passed last spring. Mr. Cross said there was a little difference in the numbers and said he would get the actual copies of the bill from last year for the Commissioners so they could compare it to this year's bill.

Hanke Gratteau commented that in Springfield, Illinois' penchant for disclosure has not curbed the corruption in the state. Mr. Cross said that he thought that almost daily disclosure of funding would be helpful. Ms. Gratteau asked if his numbers were open to change. Mr. Cross stated that limits have been set up in other places and people are open to change.

Reverend Holtschneider asked if there had been many conversations about the use of limits and what Mr. Cross thought a reasonable limit would be. Mr. Cross noted that one problem with setting limits is that there is some difficulty in limiting the amount that can be spent on a campaign. Reverend Holtschneider asked Mr. Cross if he felt there should be limits on how much money could be donated to a candidate. He also said there was a point of making sure there were no "side doors" and that he would like to see them closed. Mr. Cross said he was not sure how to make that happen.

Mr. Hoffman said that one of the things the Commission is discussing is allowing contributions to political parties rather than directly to candidates. They were also talking about annual limits for contributions to a single candidate and the possibility of requiring term limits for candidates. Mr. Cross felt that one way to keep politicians honest would be to abolish pensions for civic leaders. Politics should not be a long-term, lifetime occupation.

Mr. Collins asked if Mr. Cross could tell the Commission if there was a hearing on the subjects the Commission is deliberating on, would it be voted upon? Mr. Cross said that he would suggest that the public is ready for some reform and Governor Quinn is a good advocate for that, and that the public and the Commission would have to put a lot of pressure on lawmakers.

Mr. Collins introduced the next speaker, Nick Nyhart.

- **Testimony of Nick Nyhart, President and CEO of Public Campaign**

Mr. Nyhart thanked the Commission and stated that his organization, Public Campaign, is a non-profit organization dedicated to campaign reform and reducing the role of big money in politics. He noted that there are ways to increase the voice of ordinary citizens in politics while making large contributors less important. The Lincoln Act, which is co-sponsored by State Representative Will Burns and State Senator Jackie Collins, would help immensely, if passed because it is modeled on programs that have been used successfully in other states to run clean elections.

Mr. Collins thanked Mr. Nyhart for his materials, which were provided to the Commission and will be made a part of the public record, and mentioned that there had been some questions posed earlier about the "price tag" of elections. He asked Mr. Nyhart how Illinois could put together a responsible fiscal proposal. Mr. Nyhart noted that in Connecticut they have a full public financing system for legislative seats. Last year, the state of Connecticut had over half of their candidates participate in a Clean Election program. It cost around \$12 million out of a \$15 billion budget. Connecticut currently has a big deficit. The lawmakers are looking at how to take back some of the money by using proceeds from the sale of unclaimed property.

Mr. Collins asked if the Commission were to take the Arizona model for clean elections and transfer it to Illinois, what would it cost? Mr. Nyhart estimated that it would cost around \$50 million in Illinois. He also noted that legislative races are mostly aired on cable television. Candidates in highly contested areas won't take public funds in many cases. There is also some thought that they can raise matching funds based on what the opposing candidate is raising.

Sheila Simon asked if clean elections work better in small elections. Mr. Nyhart noted that sometimes the money offered by states to run clean campaigns is not enough to attract candidates. Ms. Simon asked what the results have been in the states that have programs like this, if they have more diversity or less diversity. Mr. Nyhart said that in Maine we were seeing more women participating in the political races due to these programs. There is also some data regarding who has money to run and how it broadens the participation.

Mr. Noland asked how much the contributions were in states with clean election laws. Mr. Nyhart noted that in some states it was a very small amount, but, for example, in some states like Connecticut there is a higher top limit.

Mr. Collins commented that a public finance system needs to have the support of the public, and the rate of participation of candidates is not overwhelming. Mr. Nyhart stated that he has seen increasing rates in some states. Many people don't make the connection between the check-off on their tax forms and what goes on in the political system.

Mr. Hoffman said that he thinks Mr. Nyhart is correct about why people don't use the check-off system on their tax forms. He asked if Mr. Nyhart felt the road the Commission goes down should be to find a pilot program for a finance system and asked if he had any suggestions about which types of races they should target for these programs. Mr. Nyhart noted that a number of states have targeted races where they had the most problems with conflict of interest and proceeded from there.

Mr. Collins thanked Mr. Nyhart and introduced John Rendleman, who was participating in the meeting telephonically.

- **Testimony of John Rendleman, former candidate for Illinois House of Representatives, 115th District**

Mr. Rendleman thanked the Commission and also thanked Sheila Simon for suggesting him as a witness. He noted that he was involved in local politics until 1995 when he got a phone call asking him to run for state representative. The district was a targeted race and both parties spent as much as they could to win the seat. He lost the race, but still serves on the county board. Mr. Rendleman wanted to share his opinions after going through a targeted race. He opposes campaign contribution limits and feels it sets up a greater sense of ascendancy for official interest groups and thinks that it would be helpful if information was disclosed more frequently, probably via the internet.

Mr. Collins asked if Mr. Rendelman would mind holding while the next speaker broke in. He then introduced Senator Michael Noland, who was also participating telephonically.

- **Testimony of Michael Noland, Illinois Senate, 22nd District**

Michael Noland thanked the Commission for allowing him to speak and stated that he was the son of Commissioner N. Duane Noland. He noted that it is difficult for outsiders who are financially challenged in campaigns to run for office. Everyone should have access to elected office and some type of reform needs to be proposed in this legislative session since this topic will never be as hot as it is right now. He has a few bills that have been introduced regarding the issue of recall to address constitutional officers. There is another bill designed to place caps on contributions to regulate solicitation and set limits on contributions made to candidates. Senator Noland noted that Senate Bill 1947, the Lincoln Act, which calls for public financing of political races, was presented in session today.

Mr. Noland told a few stories about the reasons he was drawn to the topic of campaign finance reform. He said that he once asked someone for a contribution and they said they couldn't give

him one because they only contribute to the five TOPS – the four heads of government branches and the governor. This type of contribution keeps the controlling people in power and makes it more difficult for new people to break into politics. He also related a story about speaking with an older woman who told him she could not vote any longer because she was so distraught about the number of governors in Illinois that had been involved in corruption. Senator Noland stated that he felt the work of the Commission was important to keep the words of the public in good standing.

Ms. Gratteau asked if the issue of campaign contribution limits would be benefiting wealthy candidates. Senator Noland said that if there is some way to direct attention to the media, as they have important roles to play. They need to maintain some incentive to give voice to all the candidates that are running in an election and some type of press or free advertising to all candidates. He urged the Commission to suggest that to the media.

Mr. Collins asked if Senator Noland had reasonable expectations that these recent bills being introduced to the legislature would come out of committee and get voted upon. Senator Noland said that he felt they would get a vote because of the huge surge from the constituents to make something happen. He also noted that President Obama has given voice to many issues regarding campaign finance. There is interest in more debate on this subject rather than less.

At this time, Mr. Collins announced that there would be a two minute break, followed by public comments.

- **Public Comments**

Lynda DeLaforge, co-director of Citizen Action Illinois, stated that her organization has been working with Representative Burns and Senator Collins on the Lincoln Act. She gave some information to the Commissioners and noted that there are no limits on small lending in Illinois. We are also the number one state in the nation to receive contributions from pay day businesses to the state legislature. In many cases, these are small contributions that provide access to politicians. She asked the Commission to look at some type of public financing to make a change in Illinois and noted that what the Commission says will be listened to now, while people are ready for it. She offered the services of her organization to the Commission if they need anything Citizen Action Illinois can provide.

Jay Stone stated that the City of Chicago does not police their alderman and felt that there should be a code of ethics for the entire state of Illinois that also encompassed the City of Chicago. A majority of state office holders come from Chicago and Cook County and there is a need for regulation here. If Cook County is not reformed, there will be no reform in the rest of the state. Mr. Stone also felt that holding the Olympics in Chicago would turn into a burden for the state of Illinois.

- **Announcements**

Mr. Collins announced that the next meeting of the Commission would take place Friday, March 13 at 1:30 and the topic of that meeting would be Procurement. The meeting will take place at the Chicago Bar Association. The next town hall meeting will be held on March 10 in Rockford.

The meeting was adjourned at 4:10 p.m.