

**Proposed Minutes for
Meeting of the Illinois Reform Commission
Thursday, February 23, 2009**

- **Call to Order:**

Patrick Collins called the meeting to order at 11:05 AM

- **Roll Call:**

In Attendance:

Anita Alvarez, Patrick Collins, Hanke Gratteau, Tasha Green, David Hoffman, Douglas L. Johnson, M.D., Ph.D., Kate Maehr, Brad McMillan, N. Duane Noland, Lawrence Oliver, Sheila Simon, Reverend Scott Willis

Conference Line:

Pamela Davis, Pat Fitzgerald

Not Attending:

Reverend Dennis H. Holtschneider

- **Welcome by Chairman Patrick Collins:**

Patrick Collins welcomed those in attendance. He noted that there are 15 members of the Commission and that twelve were attending the meeting in person. Two members, Pamela Davis, and Pat Fitzgerald, were attending via teleconference, and Reverend Dennis Holtschneider was currently in Taiwan and was unable to join the Commission for this meeting. Mr. Collins thanked the University of Illinois Springfield for hosting the meeting and announced that this would be the first of two meetings to be held on the topic of Campaign Finance. It is a subject matter that the Commissioners have strong feelings about. They want to hear broadly about campaign finance in Illinois, and there will be two national speakers to give their views on campaign finance. The next meeting on this topic will be held on March 5 in Chicago, where they will be hearing from witnesses about various campaign finance proposals. It will be the Commissioners' charge to either embrace one of those ideas or create one of their own. The Commission will deliberate on this topic after the next meeting.

- **Motion to Approve Minutes of Prior Meetings**

Mr. Collins noted that the minutes of the past two Commission meetings needed to be formally approved by the Commission. Sheila Simon made a motion to approve the minutes of the January 22, 2009 and February 5, 2009 Illinois Reform Commission meetings. Lawrence Oliver seconded the motion. The motion passed unanimously.

- **Comments of Commissioners**

Mr. Collins turned the meeting over to the moderator for the meeting, Mr. Lawrence Oliver. Mr. Oliver stated that the commission was given a blank canvas to make some recommendations to

turn around the pathetic state of affairs in Illinois politics. He talked about the events leading up to the arrest of ex-Governor Blagojevich and the conviction of former Governor Ryan and stressed that campaign finance reform is crucial. He also discussed the current issues over the past week with Senator Roland Burris, which, he observed, only intensifies the need for campaign finance reform. Campaign finance reform was the top issue at the town hall meeting last week in Lincolnshire.

The goal of the next two meetings is to have a balance of views presented to the Commission and a discussion of proposed legislation at the same time before making their proposal on where and how reform should be made in this area. There are some very important speakers in attendance and via teleconference to speak on this issue. Mr. Oliver then turned to Anita Alvarez for comment.

Anita Alvarez noted that not only is she a member of the Commission, she is also their newest member in the political field. She recently was elected to the office of Illinois States Attorney and did not have political aspirations until her boss decided to retire. Ms. Alvarez had never been a political candidate before. She thought it would be a good opportunity for her to run and learned a lot along the campaign trail. The thing that she disliked the most was raising money. She felt it was difficult. Initially, she was one of six candidates in the primary and some of those people had been in politics before and already had their own "war chests" and the ability to raise money that she did not have. Ms. Alvarez admitted it was a frustrating experience. It is very expensive to run a campaign. Television and radio ads are quite expensive. Someone told her that it was more difficult for her because she did not have anything to offer in exchange for money except criminal indictments. Ms. Alvarez and her husband made a decision to take out a personal loan to pay some of the expenses of her campaign, but she thought having that extra money made a difference in getting her elected. This is something she will have to face again in four years, and she is very anxious to hear what the speakers have to say on this subject. She also noted that this subject was brought up at the town hall meeting in Lincolnshire, and that several people had some good ideas on how to reform campaign finance.

N. Duane Noland noted that he had the good fortune to run for office a number of times, and the last campaign cost \$750,000 to run for a seat that paid \$60,000. He noted that he held every kind of fundraiser imaginable, from ice cream socials to pork chop dinners, and while these fundraisers raised some money, it was not enough. He does enjoy the fundraising aspect of a campaign because he feels asking friends and neighbors to contribute and support him for the right reasons gives him a responsibility to see that he is being honorable and holding himself in a certain manner. He has a personal prohibition against taking contributions from gambling and tobacco interests. He discussed the fact that many candidates receive money from PACs. PACs are viewed negatively for a number of reasons, but pointed out that a PAC with which he works has a membership of 33,000 and an average contribution of \$41 per person, which is how he feels campaign money should be raised.

Sheila Simon noted that when she ran two campaigns for office in Carbondale. She won one election and lost one. She disclosed her personal assets and set a contribution limit of \$50 per person for anyone who wanted to contribute to her campaign. She felt it made her job better as a public servant because nobody had given her more than \$50.

Patrick Collins noted that he never ran for office, but in his previous employment with the States Attorney's office he ran across people who were involved in "play to pay" in their campaigns. Any view of campaign finance needs to look at both sides of the story. He noted the "licenses for bribes" scandal in Illinois, where money used to buy drivers licenses through the Department of Motor Vehicles was going into fundraising ticket quotas. He also mentioned the "hired truck" scandal in the City of Chicago where an employee of the city was giving contracts to people who made campaign contributions to his son's campaign in Will County. These cross lines in all forms of government. The structural problems of campaign finance are real, and Mr. Collins felt that it is important to come up with smart reform.

Mr. Oliver then introduced the first speaker, Cynthia Canary, Director of the Illinois Campaign for Political Reform.

- **Testimony of Cynthia Canary, Director, Illinois Campaign for Political Reform**

Ms. Canary thanked the members of the Commission for the opportunity to speak to them. She noted that the Illinois Campaign for Political Reform was created nearly a dozen years ago by Senator Paul Simon after co-chairing a task force on campaign finance reform with former Governor William Stratton because of concern about a decline in public trust in government. She noted that a poll was recently taken of Illinois residents about their attitudes toward state government, and 8 out of 10 Illinois residents think the government is on the wrong track. Residents are concerned with corruption in state government, and this exceeds concerns about the economy and the state budget. Strong support exists for tougher campaign finance laws. Illinoisans think the legislature has been doing a poor job in handling campaign finance and reining in corruption. However, they still believe reform efforts are worthwhile and possible. They do believe it can change the crisis of corruption and public confidence. This is a transformative time in Illinois government. Illinois may be ready for a reform and a renaissance in public government. Change will not be easy, but it must come quickly. Otherwise, the people of Illinois and the things they care about will suffer. Public corruption robs people of their tax dollars and their representation.

Illinois has been hurt by its corrupt political system. The schools are rated 49th in the nation, and services for the disabled are ranked 50th. Pensions are dangerously under funded. Cronyism has thrived. Illinois is a wealthy, resource-rich state struggling under a troubled economy. Hard choices will need to be made. Illinois citizens must choose whether they wish to take a new path or continue on the path that they are on. Regarding the establishment of a comprehensive campaign contribution agenda, legislature is the only avenue to making this change and the legislature has an interest in ensuring that changes are not made. The system we have now is not working and political scandals can be boiled down to one common element, the quest for campaign contributions.

Nearly every other state in the nation has some kind of limits on campaign contributions. The Brennan Center for Justice has looked at the Illinois campaign finance system and it has the weakest laws in the five Midwest states. Illinois is one of only five states that do not limit giving by individuals. Limits can make it easier for the average person to run for office. Limits would also reduce the likelihood that citizens will perceive that their government is for sale in exchange for contributions.

Ms. Canary went over some financial information, which was included in a packet for the Commissioners, regarding the amounts and percentages of contributions that were donated in recent past elections. She also noted that garnering large amounts of money does not ensure a competitive campaign, noting that over the past five election cycles 98% of legislative incumbents running in the general election were re-elected. She also noted that each of the last three governors of Illinois raised a higher percentage of contributions from contributions of \$25,000 or more, with Rod Blagojevich raising 58.3 million that included 435 contributions of \$25,000 or more, or 35.3 percent of the money he raised.

In order to build a successful campaign structure, there should be a three-pronged approach. First, limits must be comprehensive; second, disclosure is critical to the fairness of this process; and third, enforcement must be vigorous. With these three elements in place, Illinois can utilize other ways to design a practical system and to set up a responsible system for the State of Illinois. This must be an ongoing task, and one that must begin in this state.

Mr. Oliver thanked Ms. Canary for her comprehensive report and asked her about her specific views on using public finances for campaigns. Ms. Canary stated that she felt very strongly that this was a good idea, but dollar limits need to be a component of any plan.

N. Duane Noland said that he was puzzled by the fact that other states that have campaign donation limits have systems that do not work properly. What kinds of limits would be an improvement over states such as Minnesota, which do have limits and are in need of reform? Ms. Canary stated that limits alone do not help without public engagement and disclosure. We must be vigilant and develop opportunities for scrutiny and adjustments.

Mr. Noland then asked Ms. Canary what she would consider to be “meaningful disclosure.” Ms. Canary stated that the content of reports is not always what one would like to find, even though the information is electronically available. Every state has a unique political culture. In Illinois, we have had thirty years of disclosure, and it has not helped.

David Hoffman commended Ms. Canary for her statement and said he shares her view that imposing limits will help significantly. Comparing Illinois to the federal system, the big donors give contributions to their parties. He thought the parties in the federal system just spent money on behalf of the candidates. Would limiting contributions just shift to a system where the larger donors give money to the parties and the parties dole out the money to the candidates, and would this change things? Ms. Canary admitted that this is a concern. They are currently looking toward the state of Wisconsin, which is doing some independent things with expenditures.

Patrick Collins noted that one problem is that the current beneficiaries of the system are the ones that are going to have to change the way things are done. How can we break through? Ms. Canary stated that this is a bipartisan problem and the way to change it is through public comment and talking to legislators that things need to change.

Mr. Oliver thanked Ms. Canary for her testimony and called Kent Redfield as the next speaker.

- **Testimony of Kent Redfield, Professor of Political Science, U of I at Springfield**

Professor Redfield began by stating that he appreciated the opportunity to speak to the Commission. He is a retired professor of political science at the University of Illinois, Springfield. He has been running the sunshine project for more than a decade. Professor Redfield noted that when the citizens of Illinois had an opportunity to vote in 2006 for the office of governor in Illinois, 63% of the voters took a pass. Clearly, the citizens were looking for answers. Professor Redfield said the Commission would be hearing a lot about disclosure in the coming meetings. If the legislature is serious about disclosure, they could just file reports every three months. He thought it was important that A-1 forms be filed throughout the election cycle in real time, not just within a three month time frame.

Mr. Noland asked for a clarification of what an A-1 form is. Professor Redfield explained that an A-1 is a government form relating to finances and that Illinois needs stricter enforcement of these reports. It is not good enough to find out three months after the fact about a large-scale contribution being given to an elected official. The whole point of a disclosure system is that you don't want your constituents to find out about an expenditure that would be embarrassing to you and them. The current system reflects the political culture that we now have. The current law is minimal and it is difficult for the public to get access to these records. There is a perspective that information on campaign donations belong to the politicians and not to the public.

Professor Redfield noted that the state has its own unique characteristics and not a "one size fits all" area. Illinois needs to design a system that works for Illinois. The current system does not work. Ten years after Illinois put in the best electronic filing system in the country, it still does not work for the people of Illinois. Over \$120 million was spent in the last two electoral cycles in Illinois. A large percentage of contributions came from corporation and non-persons. Professor Redfield stated that only people vote, and only people should be allowed to give money to candidates. A smaller percentage of money comes from individuals. Not all campaign contributions are about elections. A lot of money comes from people who are not interested in who wins the election as long as they have access to power in the end. As an example, he noted that the beer distributors make up the top 5 contributors to elections. Other PACs only give money to candidates on contested issues. It is difficult to get a law to cover people who are trying to get money into the system. Most of the big money goes to leaders and political parties. Professor Redfield stated that when there is a limit to the dollar amount of contributions, it will change the way the money is used. He also noted that most interest groups welcome contribution limits. Big money distorts the election process and is one of the sources of power of legislative leaders. Big money also leads to corruption and the appearance of corruption. We need to make it difficult to be corrupt. The appearance of corruption affects people all the way down the line. Professor Redfield noted that this is the time for change. He then thanked the Commission for the opportunity to discuss this issue.

Brad McMillan thanked Professor Redfield for his report and noted that in a recent Peoria election there was bipartisan money available. One of the side effects was that it brought in outside people to run the campaign and pollute the political process. He asked Professor Redfield if there was a more recent analysis of this process. Professor Redfield said that he did have information on that topic, cited an example of how people felt that they need to raise a lot

of money to determine how to run and said he would provide a copy of this report to the Commission.

Mr. McMillan asked what Professor Redfield's recommendation to be for a limit on campaign donations. Professor Redfield stated that federal candidates do quite well with a \$2,300 limit. He thought that was fair. Systems for the legislature don't work that well. It is not easy to design a system that works and there have to be trade-offs.

Mr. Hoffman noted that Professor Redfield said that he thinks the disclosure requirements are insufficient and asked what he felt needed to be changed. Professor Redfield felt that campaign donations should be held until it was known where they came from. He also felt that it was important not to take money from a group that is not in line with a candidate's values. There needs to be more enforcement and penalties, but this is not a high priority for most people right now. He also felt there needs to be more real-time transparency.

Mr. Oliver thanked Professor Redfield and called upon the next speakers, Judge Albert Porter and Bryan Schneider of the Illinois State Board of Elections

- **Testimony of Judge Albert Porter, Chairman of the Illinois State Board of Elections, and Bryan Schneider, Vice-Chairman of the Illinois State Board of Elections**

Judge Albert Porter thanked the Commission for inviting him to speak and began by introducing several people from the Illinois State Board of Elections who had traveled down with him for the meeting. He noted that the Illinois State Board of Elections was created in 1970 as an independent state agency. It is composed of four Democrats and four Republicans. Chairmanship of the Board rotates every two years. The Board's function is limited to what the legislature says they can do. The Board's function has to do with adoption of rules and regulations, supervision of elections. They estimate that 16% of their budget is used for administration of the Campaign Financing Act and they are doing a lot of other things in addition to that.

Judge Porter noted that the Commission was provided with packets of materials from the Illinois State Board of Elections and stated that some non-profits are required to submit disclosure reports to the state, as well as political committees. Records of financial transactions must be maintained from the beginning of the campaign to determine when the threshold of giving has been reached. All contributions must be disclosed.

The most recent legislation, known as the "pay to play" legislation, was spurred by the people's discontent with the way laws were being manipulated so that contractors were able to get contracts based on contributions. Judge Porter went over House Bill 824 in great detail and noted that the Act mandated that businesses should register within thirty days after the bill had passed. There were extensive technical challenges and staffing and budgeting problems. The Act was passed with no additional funding to implement it. They have had many public meetings and have received many ideas on how to implement the Act. The Board and staff are grateful for the input of many people for their help. \$465,000 was requested to implement the program, and, initially, they received no funding at all. Many people helped put the Bill in effect. The Board of Elections did get an emergency plan together to set up a paper program.

They also got an extension until August 2009 to fulfill the electronic website and that should be completed in time. It is contemplated that over 5,300 entities will register. They have already received over 3,300 registrations to date. Judge Porter thanked his staff for getting them to the point they are to date and said he hoped the Commissioners would look at the materials he provided.

Mr. Collins asked if Judge Porter had a sense of what administrative burden the A-1 forms would make on the State Election Board. Bryan Schneider, Vice-Chair of the Illinois State Election Board, said he would look into it and get back to the Commission with a ballpark dollar amount. Judge Porter added that it would certainly mean an increase in manpower and equipment to do the job.

Mr. Oliver noted that there have been a lot of things written about the perceived lack of enforcement. He asked if the split across party lines has been a problem. Bryan Schneider noted that the State Election Board is very diligent in looking at all the reports received. He felt that those matters very infrequently resolve themselves along partisan lines. Judge Porter agreed with that assessment.

Mr. McMillan asked again for a ballpark figure of what would be needed technology and staff-wise to implement a program using A-1 forms and more frequent reporting of contributions.

Mr. Oliver then introduced Bradley Smith, who was participating telephonically in the meeting.

- **Testimony of Bradley Smith, Chairman, Co-Founder and Senior Advisor, Center for Competitive Politics**

Mr. Smith thanked the Chairman and the Commission and stated that one of the first things to be aware of is that there is no “magic bullet” to solve the problems of campaign finance. It is true that the State needs to look at what is appropriate for this state and other states can only provide guidelines. In the public’s opinion, people don’t like to make public financial contributions. This does not mean that campaign finance reform does not mean it will take place. He hears lots of arguments that each state is uniquely corrupt and stated that Illinois is not unique in facing this problem. Polls do not often show a heavy understanding of this problem. Mr. Smith feels that it makes more sense to look at open contracting and disclosure of donating rather than setting contribution limits. He also noted that most donors do not expect something in return for their donations. This is an area tightly tied in to First Amendment concerns. He hoped that the Commission would look more carefully at the materials he prepared for them.

Mr. Hoffman asked if Mr. Smith felt that no change in campaign financing was required. He thinks a system of no limits makes it harder to unseat corrupt incumbents and asked what role financial limits made on that. Mr. Smith said that a great deal of caution and skepticism was in order going forward. He felt that outsiders, newcomers and challengers tend to rely more on contributions to fund their campaigns and also noted that it is important to make sure that limits did not hurt people seeking office.

Mr. Hoffman asked if, in Mr. Smith’s opinion, there were no limits in the federal system, would it have been an improvement? Mr. Smith stated that he did feel no limits would be an

improvement. Limitations make it hard for grassroots groups to comply with regulations and that it is important to make sure that asking for disclosure does not hurt the smaller donors.

Mr. Oliver asked Mr. Smith if his views were the same regarding lobbyist information. Mr. Smith said that he was cautious about trying to narrow down legislation.

Reverend Willis commented that every time a law is passed, somebody figures out a way to go around it. Corruption is linked to favoritism. If limits are recommended, are there other ways to look for favoritism? Mr. Smith agreed that people will always look for another way to curry favor and this would be the next area to focus on.

Mr. Oliver then introduced the final speaker for the meeting, Mr. Michael Malbin.

- **Testimony of Michael Malbin, Executive Director, Campaign Finance Institute**

Mr. Malbin, who was participating telephonically, thanked the Commission and noted that he had prepared an overhead presentation that he would discuss during his testimony. He felt that disclosure is the cornerstone of sunshine laws in Illinois. Illinois is one of only five states that have no limits on campaign contributions. The question is if they are necessary.

Mr. Malbin stated that he disagrees with Mr. Smith's assessment. In his view, a normal form of corruption involves politicians pressuring donors by implying that unless they contribute to their campaign, it will make it difficult for them to do business. Mr. Malbin felt that most public officials are honest, but sometimes this happens in certain situations. Contribution limits deter and restrain this behavior.

Campaign limits also need to be looked at in the context of what they want to prevent, but also what they want to encourage. Mr. Malbin provided information on what states are currently doing and talked about what they ought to encourage. He noted that having information available on the internet does not solve everything, and on a smaller level does not help as much as it did in the 2008 presidential election. He produced some charts to show the differences in distribution patterns. The charts showed several different scenarios of how allowing different levels of contributions from different sources can change the outlook of how campaign finances affect elections for the Commissioners' consideration. In closing his testimony, Mr. Malbin noted that sometimes you need to build incrementally. It is important to get more people involved in the process.

Mr. Hoffman asked Mr. Malbin if he thought a system of no limits was a system of incumbent protection. Mr. Malbin stated that incumbents have a much easier time when there is no limit on donations. Challengers have a difficult time getting started. He suggested the possibility of setting up limits so first-time candidates could have a higher contribution level which goes down if they run for another term. He thought unlimited contributions favor more powerful legislators.

Mr. McMillan asked if the analysis provided looked at what states have a cap on campaign finance and whether that has brought down the overall cost of spending on campaigns. Mr. Malbin said that the answer was no, he did not think the argument about funding meant that there would be less money spent on political campaigns.

At this point in the meeting, Mr. Collins announced that there would be a short break, followed by public comments.

- **Public Comments**

Brian Smith thanked the Commission for their efforts. He did not feel that Illinois should have contribution limits for residents living in the state or the district. He did think that shortening the time frame of elections would help lessen the amount of money that is spent. Political hopefuls should not be allowed to raise money until they have filed as a candidate. He did not feel that third parties should be allowed to campaign until they were backed by a specific political party. Mr. Smith also felt that restrictions should be in place so that people not living in the state or district would not be allowed to contribute to a local campaign. Also, he thought that term limits should be set and money not spent during an election should be returned to the people. Each candidate should have to start fresh for each election.

Ed Cunningham stated that he has voted in every campaign and contributed money in elections over the years. He felt that sometimes he is disenfranchised by people who make large contributions to a candidate. He is concerned about the reputation of Illinois. Mr. Cunningham would like to see some campaign finance reform so the public feels involved in the process. He knows there are good legislators in Springfield, but sometimes the public is left out of the loop. Mr. Cunningham felt that limits should be set on contributions and lobbyists be limited to education of their causes. He also suggested a limit on how much candidates could raise from small contributions from the public as opposed to how much they could raise from large contributors.

Terry Martin, Executive Director of Illinois Channel, thanked the Commissioners for their work. He noted that Illinois Channel can play a role in transparency and campaign finance issues if properly funded. There are gaps in the system related to information on candidates that the public sees. So much time and money is put into purchasing television time for political ads. Mr. Martin feels that public access was an important way to get information to the public so they can make informed decisions on candidates and receive information on crucial issues. Media is changing rapidly. Over the last several years, Chicago television stations have run debates for major candidates, but the people living downstate don't see them. Illinois Channel re-aired them for the people in other areas of the state. Also, many communities around the state don't even get local news. They only get the news from their local television affiliates. For example, people living in southern Illinois get the news from St. Louis and not what is happening in their own area.

Mr. Martin stated that there are advantages for all citizens in Illinois to have a publicly-funded broadcaster disseminate information for all the people of Illinois. He also felt that the climate and expectations of what government is about needs to be changed.

Mr. Hoffman noted that he heard that approximately 80% of campaign funds are spent on TV ads. He noted that if TV ads were free or highly discounted for political candidates, at least for a certain quantity of ads, spending would likely be lower and there would therefore be less pressure to raise funds. He asked if that was something that the state could mandate with regard to the rates charged by the broadcast industry, perhaps by conditioning the granting of state

licenses on this concession to political candidates. Mr. Martin stated that he did not think it would work. People would start to want to raise money for television advertisements because they would want a say in how their propaganda is disseminated. He also noted that while Springfield is the capital city of Illinois and where the seat of government is, not one major Chicago television station has a full-time reporter living in the Springfield area.

- **Announcements**

Mr. Collins noted that the meeting had run over its original time frame and stated that there would be a town hall meeting in Kankakee on Monday, March 2nd. The next meeting of the Illinois Reform Commission will be held on Thursday, March 5 in Chicago and the purpose of that meeting will be to hear more specificity about campaign finances. The Commission needs to embrace a proposal, or create one of their own. This will not be an easy task.

The meeting was adjourned at 2:12 p.m.