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Out of Politics!

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BUDGET REPAIR DEAL INCLUDES CAMPAIGN FINANCE REFORM

In a major surprise to political oddsmakers, the budget repair plan adopted earlier this month by the legislature addressing Wisconsin's \$1 billion-plus budget deficit includes comprehensive campaign finance reform.

Legislators, staffers and special interest lobbyists insisted campaign reform had no chance of passing this session, but they underestimated the impact of the state's growing political corruption scandal. With criminal charges already filed against one state senator and more indictments sure to come, lawmakers were backed into a corner and had little choice but to pass reforms.

Legislative leaders who spent the session stonewalling campaign reform finally relented and hammered out a compromise that could yield a vastly improved campaign finance system. But the agreement remains an IOU for reform because it doesn't take effect until July 1, 2003, and there are questions about the reliability of the funding source for the new system as well as its prospects for passing muster in court.

For details about the plan, see page 2.

'First tremor in a political earthquake': Prominent state senator charged with 18 felonies

State Senator Brian Burke, once the leading candidate for state Attorney General, is the first of perhaps many top legislative leaders to be criminally charged in Wisconsin's political corruption scandal.

The 18-count criminal complaint filed against the Milwaukee Democrat contains detailed descriptions of meetings with lobbyists in his Capitol office where he used his position as co-chairman of the legislature's budget-writing Joint Finance Committee and his influence over budget decisions to secure campaign contributions from special interests represented by the lobbyists. Burke is charged with misconduct in public office, false account by a public official, fraudulent concealment of public records, withholding a subpoenaed document, and alteration of subpoenaed documents. All are felonies.

Wisconsin Democracy Campaign executive director Mike McCabe called Burke's indictment the "first tremor in a political earthquake" and predicted it will be the first in a string of indictments of top legislative leaders resulting from the year-long criminal investigation of corruption in the Capitol.

What's what in the reform plan

Features of the campaign finance reform agreement included in the budget repair bill include:

- Spending limits for all state races (\$50,000 for assembly, \$100,000 for senate and \$2 million for governor) that sharply reduce campaign spending in the highest-spending races and are adjusted for inflation every two years.
- Public financing grants for candidates who agree to limit their spending. The grants are equal to 40% of the spending limits for legislative races and 35% of the limit for the governor's race. The source of funding for the grants is a \$20 income tax checkoff (up from \$1 in the state's old public financing system).
- A ban on fundraising during the state budget process.
- An explicit legal prohibition of so-called "pay to play" activity where public policy is traded for campaign donations.
- Elimination of the partisan campaign committees under the control of legislative leaders.
- A ban on PAC-to-PAC transfers that lead to the creation of "SuperPACs" that special interests use to bundle money for the purpose of running independent campaigns for or against candidates.
- Disclosure of issue ad activity. Issue ads run by special interest groups that are now entirely unregulated and often anonymous are subject to reporting requirements and regulation.
- Matching grants for candidates who agree to limit their spending but who have issue ads or other independent campaigns run against them, or who face opponents who refuse to abide by spending limits.
- Contribution limits the same as current law (\$500 for assembly, \$1,000 for senate, \$10,000 for governor) for candidates who agree to limit their spending, but allowable contributions to candidates who do not agree to the spending limits are cut in half.

Weaknesses in the plan include:

- Unlike the Democracy Campaign's "Voters First" plan and Senate Bill 104 (which is largely based on Voters First) there is no guaranteed source

- source of funding for the public financing grants. Only time will tell whether expanding the income tax checkoff from \$1 to \$20 will produce enough revenue to provide candidates with the grants they are promised under the plan. If it doesn't, the system won't work.
- It doesn't take effect until July 1, 2003. That means the 2002 elections will be conducted under the existing rules, and the current system will be in effect when the new legislature crafts the next state budget.
- The matching grants to allow candidates to respond to special interest attacks or high-spending opponents are funneled through the state political parties, so the parties can determine who receives matching grants. That makes candidates unduly beholden to party leaders.
- The plan is "nonseverable." What this means is that if a court finds any part of the plan unconstitutional, the whole plan is void.

Will it ever take effect?

A potential poison pill is buried deep in the fine print of the campaign finance reform plan included in the budget repair bill that could prevent the reforms from ever taking effect.

The issue is so-called "nonseverability." The provision says that if a court finds any part of the plan unconstitutional, the whole plan is void.

The risk of the whole plan being thrown out is very real. Legislative leaders who negotiated the reform compromise included reporting requirements for issue ads that unnecessarily expose the plan to risk of being overturned in court.

Under the plan, issue ad groups would have to give advance notice of their planned activities 30 days prior to an election. This provision makes the plan vulnerable to legal attack by opponents who will claim the reporting requirement amounts to prior restraint of speech.

By contrast, WDC's Voters First plan simply required issue ad groups to immediately report activity once money is spent or an obligation to spend money is incurred.

McCain, Feingold & company unveil free air time proposal

Senators Russ Feingold (D-Wisconsin), John McCain (R-Arizona), Robert Torricelli (D-New Jersey) and Representative Martin Meehan (D-Massachusetts) launched the next phase of campaign finance reform at the national level by announcing they will introduce a bill requiring broadcasters to provide free air time for candidates.



At a June 19 press conference, the lawmakers said free air time is a vital follow-up to their recently enacted bill outlawing “soft money,” the checks of unlimited size to political parties.

The first McCain-Feingold bill is designed to reduce the supply of

political money. Free air time reduces the demand.

“Providing free air time is a crucial step we can take to make sure our democracy is open to the candidates with the best ideas, not just the most money,” the legislators said in a joint statement. “This proposal simply tells broadcasters to give back to the American people some of the extraordinary benefits they have reaped from the public airwaves they are licensed to use for free.”

The new bill includes these elements:

- A requirement that all television and radio license holders devote at least two hours a week to candidates discussing issues in the weeks before primary and general elections. At least half must air in or near prime time; none could air between midnight and 6 a.m.
- A voucher system enabling candidates and political parties to place free ads on the TV and radio stations of their choice. Federal candidates qualify for vouchers by raising a threshold level of small contributions. Qualifying political parties receive block grants of vouchers they can use on behalf of local, state or federal candidates.

The voucher system will be funded by an annual spectrum usage fee on all broadcast license holders of not more than 1% of gross annual revenues.

The Democracy Campaign is a state partner of the national Alliance for Better Campaigns, which has assembled a coalition of more than 50 national groups that support free air time. WDC is leading the Free Air Time Coalition’s efforts in Wisconsin.

Public supports free air time

Americans overwhelmingly support proposals to require that broadcasters provide free television time for candidates to discuss issues just before elections, according to a nationwide survey by the Pew Research Center for the People and the Press.

The Pew survey found that **73% support free air time**, with 20% opposed and 7% having no opinion. The poll also found that **just 31% of Americans realize that the public owns the airwaves**, and that **70% mistakenly assume that broadcasters pay license fees to use assigned frequencies on the airwaves**, while **just 11% know they get them for free**.

Show your support for free air

Countries *with* free air time include:

Argentina, Australia, Belgium, Brazil, Canada, Denmark, El Salvador, France, Germany, Greece, India, Israel, Italy, Mexico, Norway, Poland, Russia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Zimbabwe and over 25 others.

Countries *without* free air time include:

Ecuador, Honduras, Malaysia, Taiwan, Tanzania, Trinidad & Tobago, and the United States.

In this issue of *Big Money Bulletin*, a declaration of support for free air time is enclosed. You can show your support of the new McCain-Feingold bill and make an important contribution to the free air time campaign by gathering as many signatures as you can. Return the petition to: Wisconsin Democracy Campaign, 210 N. Bassett, Madison, WI 53703.

Fiddling while the dome burns WDC hands out 'Nero Awards'

Wisconsin's governor, 72 state legislators and a state regulatory agency were given "Nero Awards" in June by the Democracy Campaign for failing to respond effectively to growing political corruption in the state.

The awards are named for the 1st Century Roman Emperor Nero, who was famously said to have "fiddled while Rome burned."

The awards went to three top political leaders – **Senate Majority Leader Chuck Chvala, Assembly Speaker Scott Jensen** and **Governor Scott McCallum** – as well as **70 legislative Democrats and Republicans** who supported Chvala and Jensen through a prolonged stalemate over the state's budget crisis and a political corruption scandal that has prompted criminal investigations. The state

Elections Board also was cited for its failure to police campaign finance abuses.

The full report complete with the entire list of lawmakers receiving 2002 Nero Awards is available on WDC's web site at **<http://www.wisdc.org/pr060402.html>**.

While most observers focus on the role the state's most powerful political leaders have played in the budget meltdown and corruption scandal, many state officials bear responsibility for Wisconsin's fall from political grace. Majority party lawmakers in both houses selected their leaders and have remained silent as the leaders manufactured gridlock on countless issues and corruption took root on their watch.

"Silence is an act of complicity," WDC executive director Mike McCabe said in issuing the awards.



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