



THE COFFEE PARTY USA
WAKE UP AND STAND UP

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Special Briefing: Money in Politics

MISSION: The Coffee Party Movement gives voice to Americans who want to see cooperation in government. We recognize that the federal government is not the enemy of the people, but the expression of our collective will, and that we must participate in the democratic process in order to address the challenges we face as Americans. As voters and grassroots volunteers, we support leaders who work toward positive solutions, and hold accountable those who obstruct them.

Problem Summary

Across the political spectrum, there is recognition of fundamental problems with our current legislative process including:

- Legislators influenced by big money and special interests.
- Toxic media environment where powerful interests use ads to trump facts.
- Members must spend disproportionate time raising money instead of legislating.
- Civic-minded people are discouraged from running for office.
- Poor budget discipline and surging national debt.
- Abuse of earmarks, tax-breaks, and sweetheart contracts for powerful interests.
- Tolerance for corruption and poor personal conduct of Members
- The weakening of essential checks and balances on corporate power
- Manipulation of procedural maneuvers which degrade the legislative process.
- Decisions determined by narrow agendas rather than solutions based on the common good of the whole.

The Supreme Court's recent 5-4 ruling in *Citizens United* decided that:

- Money equals speech.
- Corporations have the same rights as persons, which appears to allow them to speak so loudly and so often that propaganda can out-compete information.
- The Constitution does not protect a level playing field among public and wealthy private interests in the crafting of public policy.

Some Possible Solutions

In terms of short-term systemic change, there is currently one Bill with significant traction in Congress that is designed to address these issues:

Fair Elections Now Act (H.R. 1826)

- Creates voluntary publicly funded campaigns.
- Makes public office accessible to average citizens without connection to wealth.
- Has 140 co-sponsors so far (including Representatives of both parties).
- Will cost a very small amount compared to the waste that takes place every year through lobbyist-related spending.
- Possibly the best single reform for changing the political culture- the reform that makes other reforms more possible.

Fair Elections is an innovative approach to the problem of money in politics. It combines what works in our current system --citizen small donations-- with matching public funds to ensure competitive campaigns. And it rejects what doesn't work: big money from lobbyists and special interest groups seeking access and influence. Five states from Arizona to Maine, Fair Elections is ushering in a new and more accountable politics.

Benefits of Fair Elections

1 - Open, Competitive Campaigns

Good government requires robust competition among diverse candidates for public office. Fair Elections filters the most highly-qualified candidates based on their demonstrated small donor support. It ensures voters a meaningful choice in leadership and that big money is not a precondition to seeking and holding public office.

2 - Strengthens Public Accountability

Candidates are accountable to the voters and their conscience alone. Rather than spending countless hours raising money for re-election, politicians can attend to the people's business, for which they were elected. Decisions are made on the basis of independent judgment and constituent concerns.

3 - Cherishes Political Speech

Under Fair Elections, qualified candidates have the funding they need to make their voices heard. Consistent with the First Amendment, Fair Elections respects the right of independent groups to enter the political debate, while extending speech opportunities to more and diverse voices across the political spectrum.

4 - Raises Citizen Participation

Democracy is strengthened when citizens engage in the political process. Rather than rely on a tiny fraction of wealthier Americans to fund political campaigns, Fair Elections encourages candidates to build citizen-driven grassroots campaigns and rewards broad-based support, by leveraging small donations with matching public funds.

5 - Reduces Wasteful Spending

Responsible stewardship of the nation's tax dollars requires that politicians are not beholden to special interest groups. In countless documented cases, large contributions have resulted in billions of pork barrel spending and inefficient regulation that is inconsistent with a competitive free market. By replacing special interest contributions with broad-based citizen support and public funding, Fair Elections gives leaders the independence they need to evaluate policy based on merit and public interest alone.

Track Record of Success

Experience with Fair Elections in five states has shown that candidates willingly forego the big money game, and the countless hours it demands, when given the alternative of raising small donations matched with public funds. In Maine, Arizona, Connecticut, North Carolina, and New Mexico, Fair Elections systems are meaningfully changing the way politics is done: more candidates from diverse backgrounds are seeking office; the level of electoral competition has increased; incumbents spend time working on issues that matter to voters; and the number of citizen small donors has increased several fold. Today over 75% of Republican and Democratic elected officials in Fair Elections states say no to big money in favor of Fair Elections.

The ABCs of Fair Elections

Start-up: Candidate Qualifying

Candidates qualify for Fair Elections funding by collecting a large number of small donations from their constituents

Primary: Small Donor Match

Qualified candidates receive competitive level of multiple matching funds on small in-state donations

General: Grant + Small Donations

Nominated candidates receive competitive grants and match on small in-state donations in place of larger private donations

Fair Elections Provisions

1. Candidate Qualifying and Seed Money

Candidates seeking to participate in Fair Elections collect a set number of qualifying contributions of \$5-\$100 each from their constituents plus a baseline of \$50,000 or more in total contributions. Contributions provide seed money to jump-start the candidate's campaign and are limited to residents of the candidate's home state.

2. Primary Funding

Qualifying candidates receive a Fair Elections start-up grant to launch their campaign and additional matching funds of \$4 for every \$1 raised from their constituents in contributions up to \$100 each. Matching funds are capped at a competitive spending threshold, consistent with historic spending levels and media market costs. Qualifying candidates may raise additional unmatched contributions up to \$100 each on an unlimited basis.

3. General Election Funding

Participating candidates who win their party's nomination are eligible to receive competitive public matching funds in the general election, supplemented by \$4-to-\$1 public matching funds on in-state donations of up to \$100 each. A competitive spending limit on public funds is observed. Qualifying candidates may raise additional unmatched contributions up to \$100 each on an unlimited basis.

4. Discounted Airtime and Public Debates

Participating candidates are eligible to receive discounted media rates for campaign communications in the run-up to the primary and general election campaigns. Media vouchers are also provided to participating nominated candidates for use in the general election. Candidates agree to take part in public debates.

5. Administration and Review

An independent office of the FEC will be charged with administering and updating the program. A five member board of Presidential appointees will lead the office, with four members recommended by House and Senate party leaders and the fifth member by consensus of the original four. Qualifying requirements and funding levels will be subject to review and amendment after each election to ensure viability over time.

Funding Fair Elections

1. Cost Estimate

The estimated cost of the Fair Elections program for House and Senate elections is \$1-\$1.5 billion per year, depending on the level of candidate participation.

2. Funding Mechanism

The Senate bill calls for funding from a 0.5% surcharge on government contracts in excess of \$10 million. The House bill calls for funding from 10% of the proceeds of broadcast spectrum auctions.

This Fair Elections Now Act Summary is used with the kind permission of AMERICANS FOR CAMPAIGN REFORM, WWW.YOUSTREET.ORG

Responding to the *Citizens United* Decision

The Supreme Court's 5-4 decision in *Citizens United v. FEC* dramatically expanded the rights of special interests and corporations to influence elections. The window of opportunity is short for elected officials to take action before the 2010 elections:

- The decision removed meaningful limits on corporate spending in elections;
- Corporations have already increased funding to allied groups like the Chamber of Commerce in advance of the 2010 elections.
- A number of Congressmen have released campaign finance reforms within the bounds of the decision, while others have advocated for a Constitutional amendment that would remove the issues presented by the Supreme Court decision.

Why This Decision Matters: A corporation may now contribute unlimited funds advertising its support for or opposition to a candidate. A corporation cannot donate or coordinate directly with a campaign. Some analysts have been dismissive of this as a "game-changing" decision, noting that it would be dumb politics for a company like Exxon to fund a bunch of television advertising before an election. Those analysts miss the point- large corporations will fund other groups to carry water for them, be it a puppet group like "Citizens United", or the Chamber of Commerce, which is already receiving record contributions heading into the 2010 election.

Long-Term Solution

The only way to legislatively overturn a Supreme Court decision is a constitutional amendment. This is difficult, but people are passionate about this, and amendments have passed many times before in our history. In the House, Rep. Donna Edwards (D-MD) introduced language for a Constitutional Amendment (attached below).

In the Senate, Chris Dodd (D-CT) and Tom Udall (D-NM) have introduced an amendment as well, though the language is different from Edwards' (attached below). Other Senators that have expressed interest include Ben Cardin (D-MD) and John Kerry (D-MA). A more robust constitutional amendment could deal with *Citizens United* but also a larger issue about leveling the playing field among public and private special interests in influencing the crafting of public policy.

Short-Term Solutions

The Supreme Court decision may have been a setback for democracy, but it left several issues of campaign finance unresolved, and ripe for Congressional legislation.

A set of proposals have been advanced by Rep. Chris Van Hollen (D-MD) in the House and Sen. Chuck Schumer (D-NY) in the Senate. Ideas being floated: Ban foreign contributions; prevent bailout recipients who have not paid back federal funds from

spending unlimited funds; impose new disclosure requirements on corporate donations; implement stand-by-your-ad provisions on corporate-backed ads; allow candidates airtime to rebut corporate ads. Any of these remedies will be challenged in court.

Schumer and Van Hollen have promised to hold hearings and enact legislation “Before the 2010 elections.” The Senate Judiciary Committee, chaired by Patrick Leahy (D-VT) has been holding hearings for weeks. Representatives will decide whether they support enacting campaign finance reform before the 2010 elections.

Rep. Mike Capuano (D-MA), has introduced the Shareholder Protection Act of 2010, (H.R. 4790) requiring shareholder and board of directors’ approval of corporate expenditures and boards of directors would have to vote on political spending over \$50,000. This will face both legal and logistical challenges.

Rep. Alan Grayson (D-FL) has also sponsored a set of bills responding to *Citizens United*. (attached below). Of his five proposed bills, one has been referred to Committee.

Edwards Amendment

“SECTION 1. The sovereign right of the people to govern being essential to a free democracy, Congress and the States may regulate the expenditure of funds for political speech by any corporation, limited liability company, or other corporate entity.”

“SECTION 2. Nothing contained in this Article shall be construed to abridge the freedom of the press.”

Dodd-Udall Amendment

The constitutional amendment would authorize Congress to regulate the raising and spending of money for federal political campaigns, including independent expenditures, and allow states to regulate such spending at their level. It would also provide for implementation and enforcement of the amendment through legislation.

Rep. Grayson’s “Save Our Democracy” Reform Package (H.R. 4431-4435)

- **The Business Should Mind Its Own Business Act (H.R. 4431)**
Implements a 500% excise tax on corporate contributions to political committees, and on corporate expenditures on political advocacy campaigns.
- **The Public Company Responsibility Act (H.R. 4435)**
Prevents companies making political contributions and expenditures from trading their stock on national exchanges.
- **The End Political Kickbacks Act (H.R. 4434)**
Prevents for-profit corporations that receive money from the government from making political contributions, and limits the amount that employees of those companies can contribute.
- **The Corporate Propaganda Sunshine Act (H.R. 4432)**
Requires publicly-traded companies to disclose in SEC filings money used for the purpose of influencing public opinion, rather than to promoting their products and services.
- **The Ending Corporate Collusion Act (H.R. 4433)**
Applies antitrust law to industry PACs.
- **The Ending Corporate Collusion Act (H.R. 4433)** has been referred to Chairman Conyers' Judiciary Committee for action.

Money in Politics Links

Common Cause

<http://www.commoncause.org/site/pp.asp?c=dkLNK1MQlwG&b=4764307>

Democracy 21

<http://www.democracy21.org/index.asp?Type=NONE&SEC={7312017B-C135-42F0-B5C0-EE029011F519}>

Democracy Matters

<http://www.democracymatters.org/site/c.lgLUIXOwGnF/b.3742845/k.BE78/Home.htm>

Fix Congress First / Lawrence Lessig <http://www.fixcongressfirst.org/>

League of Women Voters

http://www.lwv.org/AM/Template.cfm?Section=Campaign_Finance_Reform&Template=/TaggedPage/TaggedPageDisplay.cfm&TPLID=22&ContentID=4347

Brookings Institute <http://www.brookings.edu/topics/campaign-finance.aspx>

Move to Amend <http://www.movetoamend.org/motion-amend>

Public Citizen http://action.citizen.org/t/10315/petition.jsp?petition_KEY=2190

Sunlight Foundation <http://www.sunlightfoundation.com/>

The Campaign Finance Institute <http://www.cfinst.org/>

Fair Elections Now Act <http://fairelectionsnow.org/>

Americans for Campaign Reform (YouStreet) <http://youstreet.org/press/policy-papers>

Public Campaign Library on money and politics <http://library.publiccampaign.org/new>

Video - Getting a Grip on Money and Politics <http://www.smallplanet.org/Video/>

Video - Clean Elections: Changing the Face of Democracy <http://www.youtube.com/watch?v=BtwC67DCfPg>

Center for Competitive Politics (Anti-Campaign Reform) <http://www.campaignfreedom.org/>