

Testimony before Senate Committee on Rules and Administration Hearing on S. 1285, the "Fair Elections Now Act," to reform the finance of Senate elections and on the high cost of broadcasting campaign advertisements

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Good morning, Chairwoman Feinstein, Ranking Member Bennett, and distinguished members of the committee. Thank you for your invitation to give testimony today. The issue that you are considering this morning is extraordinarily important to our political process and to the American public. On our most recent national election day last November, exit polling data confirmed what many of us already believed to be true -- dissatisfaction with the state of our government was remarkably high. When the leading exit poll asked what issue was very important in determining their vote that day, 42 percent said "corruption and ethics." That was the number one answer; higher than terrorism, the War in Iraq, healthcare or the economy.

These polling numbers certainly reflected the series of well documented scandals that intertwined Jack Abramoff, administration officials, and a number of members of Congress together with politics, public policy and money.

The sordid corruption headlines have also opened the door to a broader discussion of the role of money in political campaigns. The unsustainable rise in the cost of running for office affects who can run and who politicians must turn to in order to raise enough campaign cash to remain competitive. Elected officials are forced to run to the open arms of well heeled special interests, big money bundlers, and elite political donors in order to keep up with their competition. Today, we have a never ending chase for the campaign dollar. To remain in office, elected officials spend more and more time raising money in order to pay for escalating campaign costs. If the general rate of inflation was the same as the rising cost of campaigning, our economy would have collapsed years ago.

The average cost to win a U.S. Senatorial campaign in 2006 was about \$7.8 million—a new record. A large portion of what a campaign raises is to pay for television ads. Approximately \$1.6 billion was spent in 2004 on political ads on local television by candidates, parties and outside groups. Taken as a whole, this massive expenditure amounted to roughly 80 percent of the television stations' revenue increase from 2003 to 2004. In other words, four out of every five dollars in new revenue came from political ads in 2004 and that trend has continued. In the 2006 midterm elections, a non-presidential year, an estimated \$2 billion was spent on political advertising.

These astronomical costs drive elected officials and challengers to a constant state of fundraising. For example, Democratic freshman Members in the House were told by their incumbent colleagues that they need to have one million dollars in the bank by the end of this year if they want to be in good shape for next year's elections – the quick math on that is raising a net \$20,000 per week, week in and week out, all in the quote unquote

“off” election year. Pundits and experts have predicted that the entry fee for a presidential candidate who wants to be taken seriously is 100 million dollars by January 1, 2008. That’s five times what the same early ante figure was just a dozen years ago.

This non-stop rise in the cost of political campaigns puts Members of Congress in an awkward position. Instead of being able to focus on the work their constituents elected them to do, elected officials are compelled to spend vast amounts of time dialing for dollars and shaking hands in pursuit of the cash they need to retain their seat, lending an ear to the interests who can give the maximum contributions allowable under current law.

Who are these people writing these checks? They are a micro demographic within the 300,000,000 people who live in this country. The average American can’t afford to give a candidate 4,600 dollars—the maximum allowed for an individual - 2,300 for the primary and 2,300 for the general election. According to the Center for Responsive Politics, less than two-tenths of 1 percent of the U.S. population gave 86 percent of all itemized campaign contributions for the 2004 elections.

In this political system of high flying rangers and pioneers, as the top bundlers of the Bush campaigns were named, in this world of Abramoffs and others who give money and expect favors, how do we level the political playing field? How do we shut down the money chase and allow our legislators to spend their time pursuing their constituents’ interests? How do we turn the current incentive system upside down and drive elected officials and candidates to the voters they want to serve instead of towards the big check writers at the next fundraiser?

Fortunately there is a common sense answer that will refocus elections on voters and volunteers instead of campaign cash and political bundlers. The Fair Elections Now Act (FENA) puts everyone in our country on an equal footing and provides candidates for Congress a way to run without joining in the campaign money chase.

FENA draws upon model laws in Maine and Arizona that have been in place for a number of political cycles and provide an alternative to the pay to play system. Under FENA, Senatorial candidates would qualify for public funding by collecting a set number of small contributions based on the size of their state’s population. In California, for example, you’d need close to 30,000 five dollar contributions to qualify for the funding. Once qualified, these candidates would receive funds sufficient to run a competitive campaign while agreeing to strict spending limits and forgoing all private contributions. In California, candidates for U.S. Senate would get a baseline amount of about \$20 million. If their opponent uses public financing they get they same amount and you have a financially level playing field. If the fair elections candidate has an opponent who raises more than the \$20 million in private donations they receive additional “fair fight” funds to keep a level playing field. They also can receive additional matching funds if attacked by outside expenditures.

The system is constitutional within the Buckley v. Valeo framework. It expands political speech, ensuring that those without access to wealth can speak with a forceful voice

during the campaign season. Decisions in several court cases brought by opponents of the Maine and Arizona public financing laws have consistently upheld the key elements of the system.

The cost of FENA is relatively small—less than one thirtieth of one percent of the federal budget. In fact, there were more than \$64 billion in earmarks in 2006 while Fair Elections would cost us less than one billion dollars.

It may seem counterintuitive for an incumbent to support a bill like this. After all, each Member of Congress won their election using the current system, many on repeated occasions. Yet I know that many Members are deeply troubled by the current unbounded private financing set-up and a good number also find campaign fundraising their least favorite part of being an elected official. FENA offers a fair and practical alternative.

Clean Elections, as it is known at the state level, has changed the faces of democracy where it has been implemented. It opens up the possibility of running for office and winning to a more broadly diverse range of candidates. In Maine, for example, Deborah Simpson, a low wage worker, single mom, and grassroots civic activist is now a member of the state legislature, where she pays particular attention to policies that affect children living in poverty. She credits the Clean Elections system as her successful entry ticket into the political arena.

To date, publicly financed elections are the law for at least some offices in seven states—Arizona, Connecticut, New Jersey, New Mexico, North Carolina, Maine, and Vermont—and two cities—Albuquerque, New Mexico and Portland, Oregon. Hundreds and hundreds of candidates have run successfully using the system. In Maine, 84 percent of statehouse seats are occupied by publicly financed elected officials. And in Arizona, nine out of the current 11 statewide elected officials, including Governor Janet Napolitano, were elected under a public financing system.

The public is strongly behind the idea of this alternative. Last spring, Public Campaign and other campaign reform organizations commissioned Lake Research Partners, a Democratic firm, and Bellwether Research, a Republican firm, to do a nationwide poll on publicly financed elections. They found that seventy-four percent of voters support a proposal for voluntary public funding of federal elections.

Support for public financing of Congressional elections cuts across party lines. Eighty percent of Democrats, 78 percent of Independents, and almost two-thirds of Republicans support this reform. There is strong support across gender lines, age groups, and geographic regions, with this proposal garnering no less than 60 percent support in all demographic subgroups we measured.

In the poll we probed why people might like this idea. Fully 82 percent of voters believe it is likely that, as a result of publicly financed elections, candidates will win office based on their ideas, not because of the money they raise, and 81 percent believe it is likely politicians will be more accountable to voters instead of large contributors. Additionally,

77 percent felt that special interests will not receive as many favors, tax breaks, and deals from politicians. These results, coupled with the exit poll data I mentioned earlier, make it vividly clear: the American public isn't just ready for change, they're clamoring for it.

I think these two reasons are why we've seen tremendous growth in support for publicly financed elections. More than 110 Representatives and Senators have publicly stated their support for this kind of system, a near tripling of support levels from a year ago. Outside Congress, it's not just the good government and reform-oriented groups, like Americans For Campaign Reform, the Brennan Center for Justice, Common Cause, Democracy Matters, Democracy 21, Public Citizen, and USPIRG, that have taken up the cause of the Fair Elections Now Act. At the bill's introduction, some of the most established and respected organizations in our country, representing tens of millions of Americans also supported this measure, including the NAACP, the Sierra Club, the Dolores Huerta Foundation, and the League of Women Voters. And there are business leaders on board as well; people like former Seagrams CEO Edgar Bronfman, Costco's President & CEO Jim Sinegal, New Yorker Alan Patricof, often referred to as the "father" of venture capitalism, former Stride Rite CEO Arnold Hiatt, and former Nixon administration official and founder of the Blackstone Group, Pete Peterson.

It is possible to change politics for the better. And we must do it together. Working alongside each other we can leave behind the unsustainable money chase and its negative side effects. Together, we can create a new system based on the widely shared American values of fair competition, equal opportunity and inclusive participation. It is an idea whose time has come. Thank you.