



**Testimony of The  
Illinois Campaign for Political Reform  
In Support of HB 5531**

**The Small Donor Democracy Matching System for Fair Elections Act**

The Illinois Campaign for Political Reform (hereafter “ICPR”), a non-profit, bipartisan reform group appreciates this opportunity to testify before the Illinois House Committee on Elections and Campaign Finance in support of HB 5531, the Small Donor Democracy Matching System for Fair Elections. My name is David Melton and I am a Board member of ICPR. I am joined today the Honorable Susan Garrett, who is ICPR’s Chairman of the Board.

**Why reform is needed**

As the prior witnesses and the media have made clear, Illinois is currently in the midst of a gubernatorial campaign between two billionaires that may well break the record nationally for spending in a governor’s race. The unprecedented nature of this race has justifiably raised serious questions in the minds of many citizens as to whether our current campaign finance system appropriately serves the needs of our democratic republic, or whether it gives too much power to rich special interests upon which politicians of all stripes are forced to increasingly rely in the face of ever escalating campaign costs.

We at ICPR have long believed that the current system of financing campaigns leaves much room for improvement. The current system discourages

many otherwise qualified candidates from running for office by making their ability to raise money, particularly from rich special interests, impossible, impractical or unappealing; it forces legislators to pay an undue amount of attention to the relatively small group of large contributors, at the expense of the interests of the general public, thereby distorting public policy; it burdens legislators and candidates with the rigors and distraction of “call time”, diminishing the time available for them to focus on their public responsibilities; and it raises serious questions in the minds of the public about the potentially corrupting effect of large donations. The problems with the current system have been further aggravated by decisions of the US Supreme Court over the past ten years, such as the *Citizens United* case.

### **The Solution: Small Donor Matching**

The proposed legislation significantly reduces or eliminates many of these problems by creating a campaign finance system alternative which amplifies the voices of ordinary voters and makes it possible for candidates to forego reliance on large donors. It does so without running afoul of many of the restrictions the US Supreme Court has imposed, because it utilizes a **voluntary** system rather than a **compulsory** system, which candidates have the option to participate in or to forego. Candidates opting into the system receive public funds, matched to small contributions from qualified voters. In exchange for these matching public funds, the candidates must agree to accept limits on the sizes and types of other contributions they will accept.

The proposed bill would create such a system for candidates for the six statewide constitutional officers (Governor; Lt. Governor; Attorney General; Secretary of State; State Treasurer; and State Comptroller), as well as for candidates for the Illinois Senate and House. It would be administered by the State Board of Elections (hereafter “the Board”).

### **Small donor matching details**

In order to qualify to receive matching funds, a candidate would need to demonstrate that they have a meaningful number of supporters, by collecting a specified number of small donations from qualified voters in the State (for Constitutional Officers) or the relevant electoral district (for Senate and House Candidates), and then submitting an application documenting that fact with the

Board. Unopposed candidates would not be eligible for matching funds. Following certification by the Board as a “Qualified Candidate”, the candidate would periodically receive public funds matching up to the first \$150 from any qualified voter at a 6 to 1 ratio. In other words, each \$100 contribution would be matched by \$600 in public funds. This is intended to make it possible and worthwhile for a politician to primarily fund his or her campaign through relatively small donations from average voters, rather than primarily relying on large donations to fund their campaign. In exchange for these public matching funds, the candidate would have to agree not to accept contributions from lobbyists and not to accept contributions in excess of \$500 from others (unless a self-funding candidate injected a large sum of money into his or her own campaign, in which case that limit on other contributions would be raised to \$2500.) Candidates could receive contributions from individuals residing outside the relevant electoral district and non-voting entities, but only up to the agreed maximum individual contribution, and such contributions would not be matched. The current limitations on the use of campaign funds and reporting requirements regarding campaign contributions would remain in place. Once an election was over, the candidate would return any unused public funds to the Board, along with appropriate reports.

The public matching funds in the program would come from the State’s general revenues, with the bill proposing annual appropriations of approximately \$40 million per year, or about two tenths of one percent of the State’s overall budget.

### **Small donor matching benefits**

To limit the State’s overall financial exposure in connection with such a system, the bill imposes two sorts of caps. First, the act would limit the State’s exposure in any election to the actual amount of the funds previously set aside. If the matching payments during an election threatened to exhaust the fund, the Board would notify participating candidates when 90% of the fund had been exhausted that the remaining 10% of the funds would be held until the end of the election, and any matching fund requests would be satisfied on a pro rata basis at that point.

Second, the act limits the amount of matching funds available to candidates for different offices at different amounts. Candidates for Governor would be limited to receiving a total of \$5 million in matching funds in a campaign; candidates for other statewide constitutional offices would be limited to receiving \$1 million in matching funds in a campaign; candidates for State Senate would be limited to \$300 thousand dollars in a campaign; and candidates for the State House would be limited to receiving \$100 thousand dollars in a campaign. The Act would require the Board and the Legislature to evaluate the adequacy of these limits following each election, because it would be important to the overall success of the program to set these limits high enough to convince candidates that participating in the program would give them enough funds to run a campaign with a realistic chance of success, by enabling them to effectively get their message out to the public. The limits would also be adjusted to account for inflation.

The Board would be empowered to administer the program.

Similar types of programs have been adopted in various places around the country, as the next witness will explain in greater detail. The most well-known of those programs (and the one on which this legislation is largely modeled) is the small donor matching system used to help finance New York City municipal elections. That program has been remarkably successful over the years, with 70% to 80% of all candidates choosing to participate in the system.

Studies of the New York City system have also revealed a number of other important aspects of the small donor matching scheme. A study by the Brennan Center has shown the system has increased the diversity of candidates running in the elections, by essentially making it feasible for a wider range of individuals to actually conduct realistic campaigns. That same study also showed that voter engagement and participation rates improved significantly, apparently because voters felt more engaged when following elections in which they had made a small contribution. In addition, post-election analysis by the Board that runs the New York system has shown that the amount of money a candidate can raise becomes a less important factor in deciding races, when candidates have enough money to run an effective campaign, even when there are non-participating

candidates who choose not to participate in the system and continue to instead rely on rich special interests or large personal fortunes to fund their campaigns.

The adoption of a small donor matching system is not a panacea, that will magically solve all the problems of our democracy. It would, however, be a significant improvement over our existing campaign finance system. It would give politicians a realistic option, other than having to sell their soul to the highest bidders or be the beneficiary of a large personal fortune. It would enable politicians to focus more on the greatest good for the greatest number—i.e. the interests of *all* the people, rather than focusing unduly on the interests of the relatively small rich class who are currently able to afford to make substantial political contributions. It would help give more real meaning to the phrase “one person, one vote” and would help move us away from a system in which the motto might more realistically be currently expressed as “one hundred dollars, one vote”.

Thank you for this opportunity to share our views with you on this proposed legislation.