



Big Money Bulletin

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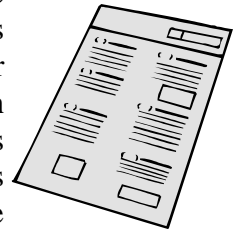
Out of Politics!

June
2001

Secret, Illegal Campaigning Exposed

A *Wisconsin State Journal* investigation has revealed widespread use of state offices, equipment and resources by state employees – on state time – to assist legislative candidates in apparent violation of state ethics and campaign finance laws, leading the Wisconsin Democracy Campaign to press for an investigation by the state Ethics Board and to file a formal complaint with the Elections Board.

WDC staff have been providing information to *State Journal* reporters since last November. The newspaper's probe of the political activities of state employees working in the four taxpayer-funded legislative caucuses ultimately unearthed hundreds of pages of records showing how state offices and resources are used for campaign purposes. The Dane County District Attorney, with the help of his counterpart in Milwaukee County, is investigating evidence of wrongdoing by the four caucuses as well as reports that one of the caucuses may have violated the state's open records law by destroying or hiding documents sought by the newspaper.



The *State Journal* series documented numerous and repeated violations of the state ethics laws governing campaign activities by state employees and legislators as well as those prohibiting the solicitation of “any contribution or service for any political purpose” from state employees “while the officer is engaged in his or her official duties.” The stories also show campaign finance laws dealing with unlawful political contributions and prohibiting collaboration between legislative campaigns and independent political groups were apparently broken.

Records obtained by the State Journal show collusion between a purportedly independent political group, Project Vote Informed, and state employees who were working on behalf of candidates who were aided by PVI. State campaign finance law makes it illegal for groups such as Project Vote Informed to coordinate their activities with a candidate or those working on the candidate's behalf.

WDC has called for the elimination of the caucuses, which cost an estimated \$3.9 million annually. But the legislature's Joint Finance Committee voted unanimously without debate to keep funding for the caucuses in the state budget bill.

See related article on page two.

Welfare for incumbents makes legislature a 'gated community'

Welfare... continued

Nearly \$470,000 in state tax dollars are spent annually to support each state legislator in Wisconsin, creating an enormous electoral advantage for current office holders, the Wisconsin Democracy Campaign found after analyzing the almost \$62 million budget for legislative expenses for the current fiscal year.

Three legislative expenses in particular represent clear abuses of taxpayer money, prompting the WDC to call for the elimination of legislative caucus staffs, payments to private law firms for assistance in redrawing legislative districts, and election-year mass mailings.

The estimated \$3.9 million annual cost of the caucus staffs is over and above what is spent on legislators' personal staffs and support agencies that help research issues, draft bills and respond to constituent concerns.



Election-year spending on legislative newsletters and related mailing expenses totaled \$765,327 in 2000. Legislators generally may not send any constituent mass mailings at taxpayer expense after the end of May in an election year. A month-by-month analysis of mass mailing expenses in the Senate in 2000 shows that \$145,086 was spent in May, while the average amount spent in the other months was \$18,089.

Republicans and Democrats have already spent or have committed to place in escrow to pay private attorneys \$2.1 million to help them redraw legislative district lines in a way that favors them. This is above and beyond the \$827,200 Governor Scott McCallum included in his proposed 2001-03 state budget to be split between the houses to pay personnel and consulting costs for redistricting, which is itself a 57 percent increase over the \$527,600 spent on redistricting the last time around following the 1990 census.

continued next column...

"It's ironic that so many legislators oppose campaign finance reforms that provide public financing grants to candidates who agree to limit campaign spending. They're fond of dismissing it as 'welfare for politicians' or 'socialized campaigning,'" WDC executive director Mike McCabe said. "Those same people have no problem going on the public dole and spending the taxpayers' money to get themselves reelected."

McCabe added, "the system that's in place now has made the legislature a gated community. Only favored insiders can get in, and once they're in, the system keeps them there."

Gail Shea bids goodbye to WDC

Wisconsin Democracy Campaign senior research analyst and former executive director Gail Shea retired last month, ending a six-year stint with the WDC during which she played an instrumental role in building the organization.



Gail Shea

A former elections and campaign finance law administrator with the state Elections Board, Gail is one of Wisconsin's foremost experts on campaign finance issues and elections law. Her encyclopedic knowledge of the arcane details of campaign finances and her passionate commitment to reform will be sorely missed and cannot be replaced.

Fortunately for the cause of reform, she vows to remain active on the issue. Everyone on the staff and on the board wishes her the very best in her retirement. Thank you for all you've done for WDC, Gail!

61 Fat Cats Gave Candidates \$895,000

About five dozen households made 11% of the total large individual campaign contributions to legislative candidates and statewide officeholders in 1999-2000, a Wisconsin Democracy Campaign study shows.

Seven of the big donors, including Chicago Blackhawks hockey team owner and liquor wholesaler William Wirtz, violated campaign finance laws by contributing more than \$10,000 in a single year or to a single candidate.

In all, 61 families and individuals contributed \$10,000 or more during the two-year election cycle. They represent four-tenths of 1% of the 16,938 individuals or families that made contributions of \$100 or more. Their contributions totaled \$894,829, or 11% of the \$8.4 million in total large individual contributions.

Contributions from these well-heeled donors averaged \$14,669. The \$894,829 contributed by the 61 households was equal to 35 percent of the \$2.55 million in total contributions of under \$100. The average small contribution is \$25.

“The way elections are being financed is profoundly undemocratic,” the WDC report concludes. “The democratic ideal of one person, one vote goes out the window when just 61 households in a state of over five million people play such a disproportionate role in paying for campaigns.”

Four of the top five fat-cat contributors were owners of construction companies, which are one of the most influential special interests. Overall, a total of 12 – one in five – contributors who gave \$10,000 or more were involved in the building or road construction industries.

The biggest giver was the Baker family of Fond du Lac, owners of CD Smith Construction Co. They contributed \$35,094, most of it to former Gov. Thompson within two weeks of the firm receiving a \$29.5 million no-bid prison building contract by the State Building Commission then chaired by Thompson.



Reform legislation remains bottled up in committee

Both houses of the state legislature spent the first 100 days of the 2001-02 legislative session in a stall, refusing to act on comprehensive campaign finance reform legislation that does what voters overwhelmingly called on their elected representatives to do.

In the advisory referendum that was on the ballot in 57 counties on November 7 and in Brown County on April 3, 90 percent of voters urged state lawmakers to pass reform legislation that limits campaign spending, requires stricter limits on contributions and requires full and prompt disclosure of election-related activities.



Reform proposals like the Voters First bill do exactly what the voters demanded be done – reinstate campaign spending limits, tighten restrictions on campaign donations and ensure disclosure of all electioneering activities.

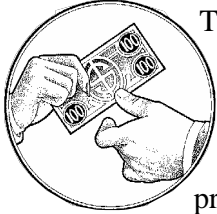
Voters First is the first and only comprehensive reform proposal to have legislative sponsors from both parties in both houses and has the support of a coalition of public interest groups that has now grown to 45 groups. The measure, which has been introduced as Senate Bill 62 and Assembly Bill 155, remains bottled up in committee in both houses, as are other comprehensive campaign reform proposals.

As campaign reform bills languish in committee, the only sign of activity has been early indications that members are trying to change the reform measures to create a partisan advantage.

“Both sides will do everything they can to turn Voters First into Voters Third,” WDC executive director Mike McCabe said. “The changes they have in mind are aimed at putting their interests and those of their big donors ahead of what’s best for ordinary citizens and the health of our democracy.”

Special interests court the Sweet 16

Joint Finance Committee members who reviewed the proposed 2001-03 state budget have accepted more than \$2 million in campaign contributions from special interests, according to a Wisconsin Democracy Campaign analysis.

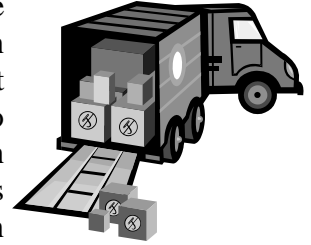


The report shows bankers and the financial industry led in special interest contributions to the 16-member budget-writing panel with \$259,185, followed by health professionals at \$217,442. Legal and lobbying firms and manufacturing interests round out the top four categories, which also mirror the top special interest campaign contributors to the current legislature as a whole.

The full report, "Who's Courting The Sweet 16?" is available on the WDC web site at www.wisdc.org.

WDC Moving Offices July 6

In order to get more space for a growing organization at a lower per-square-foot cost, WDC is moving to new offices at 210 North Bassett Street a few blocks off the Capitol Square in Madison. We'll be in Suite 215 and the ZIP code will remain the same – 53703.



Our telephone and fax numbers will remain the same – 608-255-4260 for the phone and 608-255-4359 for faxes – and our web site and e-mail also will be unchanged. If you're in the neighborhood, stop in and visit us in our new digs.



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