



Hurry Down Sunshine:

Why Campaign Finance Reform and Lobbying Reform Are Critical To Cleaning Up Philadelphia's Culture of Corruption

I. Campaign Finance Reform

Philadelphia has come a long way and has a long way to go on campaign finance reform. Campaign contribution limits and online disclosure of contributions were an important first step in limiting the influence of contributions on elections and policy in Philadelphia. And while Pennsylvania as a whole continues to have woefully inadequate restrictions on political giving—we are one of the few states that does not limit campaign contributions—Philadelphia has now established itself as a leader within the state, with Pittsburgh coming within a single vote on its City Council of passing contribution limits in 2008.

Common Cause/PA recommends changing the annual limit on campaign contributions to a limit on contributions made during each four-year election cycle. Limiting contributions on an annual basis greatly advantages incumbents, who are better positioned to raise money than challengers in the early part of an election cycle. Incumbents can more easily raise the annual limit during each year of an election cycle—something a challenger might only be able to do if he or she were running a full-bore campaign for the four years preceding an election. Encouraging candidates to get their donors to “max out” every single year also has the effect of lengthening campaigns and forcing incumbents and challengers alike to run perpetual campaigns.

Secondly, Common Cause/PA recommends improvements to the city's online campaign contributions database. As designed, the system is very friendly to a candidate or campaign treasurer who understands contributions in terms of reporting cycles and filing deadlines. However the system could be greatly improved to be more accessible and usable to citizens seeking information about contributions. By contrast, the campaign contribution database for the state of Maryland is set up to allow quick, easy, downloadable searches of contributions by donor, amount, date of contribution, and many other criteria.

For example, a search for contributions greater than \$250 to a candidate “Nutter” for 2007 yields a page with 15 links to 15 different reports filed by the Nutter campaign. These reports are not

sortable by contributor, amount of contribution, date of contribution, etc., which severely limits the usefulness of this information, especially if a journalist or citizen activist is trying to access it in a timely manner. Using the Maryland system, a search with much wider parameters quickly yields results in a much more useable format—a spreadsheet of contributions of \$4,000 to Maryland Gov. O’Malley from donors in Philadelphia since 1999. (See Exhibits A & B, on p. 6-7.)

Common Cause/PA recommends enhancing the City’s contributions database to make records more easily searchable, and to make these searches downloadable in Excel or similar spreadsheets.

Public Financing of Campaigns

Growing numbers of Americans are becoming aware that our system of financing election campaigns is broken beyond repair and needs to be replaced by an entirely new system. They understand that real democracy is impossible as long as the people we want to be our elected representatives in government - our public servants - must raise or possess large sums of private money. Common sense tells them that genuine political equality and public accountability - essential hallmarks of democracy - cannot exist within a system in which money counts more than votes.

During the 2007 primary, Mayor Nutter and eight current members of the City Council signed pledges of support for the principle of publicly financing elections in Philadelphia. Nationwide, 15 major cities now offer public financing for qualifying candidates, including New York, Los Angeles, San Francisco, and Portland, OR.

The New York system has been particularly successful. Candidates for Mayor, City Council, and Citywide offices receive \$4 in public funds for every \$1 in contributions up to \$250, for a maximum total match of \$3.1 million for mayoral candidates and \$82,500 for City Council candidates (see accompanying *Center for Governmental Studies: Local Public Financing Charts 2007*, p. 3). According to New York City’s Campaign Finance Board, the number of contributors to candidates nearly doubled during the first year of public financing in 2001, up to 139,400 from just 71,600 four years earlier. 2001 also saw a near doubling in the number of candidates running for city office in New York.

Newly elected Councilwoman Helen Foster, an African American who represented a predominantly African American district in the Bronx, told the Center for Governmental Studies that the \$4-to-\$1 match “allowed people from her district, which is a district that is relatively

poor, to make their donations cont.” She testified, “I was very encouraged. People would come and give me \$10 and happily give the \$10 knowing it would multiply.”¹

Another newly elected Council David Yassky noted that, “People undoubtedly gave more money than they otherwise would have, because of the campaign finance system. . . I got a lot of contributions of \$250, which is the maximum amount that gets matched, from people who I’m sure would have given \$100 in the absence of the matching program.”

The impact of such a matching system for Philadelphians can be imagined by considering past campaign contributions from some of the cities wealthiest and poorest neighborhoods.

Zip Code	Average Income ²	Total Federal Campaign Contributions, 2007-08 ³
19121	\$10,146	\$24,060
19133	\$14,900	\$2,800
19140	\$17,312	\$24,755
19103	\$93,967	\$3,504,787
19106	\$96,082	\$1,145,811
19118	\$111,558	\$1,195,830

Certainly a matching program will enhance the giving power of anyone giving up to \$250; however because many of the wealthiest donors already give the maximum in Philadelphia, or \$2600 for 2008, the power of less wealthy donors will be greatly enhanced with a 4-1 match.

Common Cause/PA recommends that the Task Force endorse public financing as a goal for the city, while recognizing that more work needs to be done to draft a plan that adapts elements of other city’s successful programs for Philadelphia. This endorsement would recognize that public financing

- Eliminates the perceived and real conflicts of interest caused by the private financing of public officials’ campaigns;
- Allows qualified individuals to mount competitive campaigns regardless of their access to large contributors or their economic status;

¹ *A Statute of Liberty: How New York City’s Public Financing Law Is Changing Local Elections*, CGS, 2003

² U.S. Census Bureau

³ www.campaignmoney.com

- Limits the ever increasing costs of running for public office;
- Frees candidates and elected officials from the burden of continuous fundraising;
- Shortens the length of campaigns.

II. Lobbyist Registration

When business executives evaluate opportunities for expanding or relocating, or even remaining in Philadelphia or the Commonwealth, one of the factors they consider is the governance climate. Does government have high standards for integrity, or is it a “pay-to-play” city or state. The harsh fact is that Pennsylvania, too often, is considered in the latter category. What that means is a business which wants to be heard in legislative or regulatory circles had better be prepared to “pony up” an important capital investment to hire lobbyists and/or make substantial campaign contributions to "useful" elected officials. Until 2007, Pennsylvania was the only state that did not regulate lobbying, contributing to an environment in which the sky was the limit on what amount it might take to play the “game” of influencing public officials through lobbyists or campaign contributions (the only restriction on campaign contributions is a ban on corporations donating funds from the corporate treasury).

In practice, the ability to fill the halls of government, whether it’s city hall or the capitol, gives registered lobbyists an enormous advantage over ordinary citizens. Combine this influence with the ability of lobbyists to direct campaign contributions from their clients to their favored lawmakers or candidates, and lobbyists become arbiters not just of policy but also elections. Finally, the ability of lobbyists to treat elected officials to lavish private receptions and dinners gives them a level of access and influence unavailable to most citizens.

Philadelphia should likewise move to register lobbyists, require disclosure of lobbyist expenditures and activities, and consider enacting a lobbying code of conduct and ethics.

- Ban lobbyists and principals from providing any gifts to public officials and public employees;
- Mandate full disclosure of lobbyist expenditures – including the name and title of the beneficiary public official/employee, description of the benefit, value of the benefit, and date and place presented;
- Require lobbyist disclosure of issue areas and specific legislation on which they have been lobbying;
- Ban lobbyists from buying meals for individual legislators. The new federal lobbyist regulations passed in 2007 allow legislators to attend events sponsored by lobbyists where food will be provided if they are “widely attended”; one way to strike a balance is to require lobbyists to invite all members of a legislative body to any given reception.
- As part of registration, require all lobbyists to participate in a training covering city ethics laws and restrictions on lobbying.

- Exempt certain activities from lobbyist reporting requirements, such as appearances before a legislative committee at the specific invitation or request of a regulated lobbyist, or professional services in drafting bills or in advising and rendering opinions to clients as to the construction and effect of proposed or pending legislation where these services do not otherwise constitute activities as a regulated lobbyist.

Exhibit A: Search Results from Maryland Campaign Contribution Database

Search for contributions of \$4,000 to Maryland Gov. Martin O'Malley from donors in Philadelphia since 1999:

O'Malley, Martin	1886 PAC	Philadelphia	PA	\$4,000.00	10/19/2007
O'Malley, Martin	ArcWheeler	Philadelphia	PA	\$4,000.00	1/11/2006
O'Malley, Martin	Ballard Spahr Andrews & Ingersoll, LLP	Philadelphia	PA	\$4,000.00	4/22/2003
O'Malley, Martin	DOMUS Inc	Philadelphia	PA	\$4,000.00	4/19/2005
O'Malley, Martin	Doyle Consulting Group, Inc. Duane Morris LLP Government Committee State & Loca	Philadelphia	PA	\$4,000.00	10/25/1999 11/15/2007
O'Malley, Martin	Lurio And Associates	Philadelphia	PA	\$4,000.00	10/25/1999
O'Malley, Martin	Ninth Decade Fund	Philadelphia	PA	\$4,000.00	1/9/2006
O'Malley, Martin	Obermayer Rebmann Maxwell & Hippel LLP	Philadelphia	PA	\$4,000.00	11/27/2006
O'Malley, Martin	One Step Closer PAC	Philadelphia	PA	\$4,000.00	5/2/2006
O'Malley, Martin	Philadelphia PAC	Philadelphia	PA	\$4,000.00	12/28/2005
O'Malley, Martin	Philadelphia PAC	Philadelphia	PA	\$4,000.00	4/1/2002
O'Malley, Martin	Wallace, Roberts & Todd, LLC	Philadelphia	PA	\$4,000.00	4/19/2005

Exhibit B: Search Results from Philadelphia Campaign Contribution Database

Search for contributions above \$250 to Michael Nutter in 2007:

15 Total Hits, 1 Pages

Doc Type	Summary	Select Images to Display
CFR - Schedule I - Part C - Contributions Received From Political Committees (Over \$250.00) 05142007-03607	<p>Name: Nutter for Mayor</p> <p>Party: DEM</p> <p>Cycle: 8</p> <p>Year: 2007 <input type="checkbox"/></p>	
CFR - Schedule I - Part C - Contributions Received From Political Committees (Over \$250.00) 06142007-04793	<p>Reporting Period - From: To:</p> <p>Name: Nutter for Mayor</p> <p>Party: DEM <input type="checkbox"/></p> <p>Cycle: 2</p> <p>Year: 2007</p>	

[CFR - Schedule I - Part C - Contributions Received From Political Committees \(Over \\$250.00\)](#)
[06142007-04987](#)

Reporting Period -
From: To:

Name: Nutter for Mayor

Party: DEM

Cycle: 3



Year: 2007

Reporting Period -
From: To:

Name: Nutter for Mayor

Party: DEM

Cycle: 2



Year: 2007

Reporting Period -
From: To:

[CFR - Schedule I - Part C - Contributions Received From Political Committees \(Over \\$250.00\)](#)
[05042007-02403](#)

Name: Nutter for Mayor

Party: DEM

Cycle: 2

Year: 2007

[CFR - Schedule I - Part C - Contributions Received From Political Committees \(Over \\$250.00\)](#)
[05042007-02269](#)