Dear Friends

Never in my lifetime has the influence of money in politics been so clear to so many.

Never in my lifetime have I been so energized by the possibilities for change.

The upsurge in activity began with the response to the Citizens United ruling in 2010 and swelled as the Occupy encampments captured the nation’s attention and spread across the country in 2011.

The Occupy protesters have dramatized the inequality of income and power in our society in ways we have not seen in decades. Whether the problem is spiraling student debt, home foreclosures, unemployment, or an energy policy that favors Big Oil, the underlying problem is the same – a democracy that works for the few at the expense of the many.

It’s not just the protesters in the streets who understand this. Americans of all political persuasions have come to understand that we need to reduce the influence of big money in the political process if we want government to serve the 99 percent. Polling tells us that this has become a top-tier issue for voters. More than half now say that reducing the influence of money and special interest lobbyists are among the most important factors in selecting a candidate for whom to vote.

This truly is our moment.

Public Campaign has worked swiftly and nimbly behind the scenes to build an effective movement for change during these volatile times.

It’s easy for the public to rail against Wall Street or decry the political power of deep-pocketed donors. But it’s most important that we do the hard work of channeling this energy into policy solutions now. That means changing the way campaigns are financed and run so that forward-looking, common sense policies that benefit everyone have a chance to succeed.

This is our challenge – and I am happy to say that the staff of Public Campaign has embraced it with insight and vigor.

We are shifting and growing in the ways we do our work.

- We are turning to clergy, neighborhood leaders, and environmentalists to take up the call for common sense campaign reforms, and we are providing them with new resources to win on their issues.

- Our research is more targeted and focused on the divide between the 1% and the 99%. We do research in tandem with policy and advocacy organizations to weave a collective narrative about how to fix our democracy.

- We do research to support grassroots organizing so that more and more people will share the message and unite behind a call for solutions.

- We get tough on politicians and corporations who stand against pro-democracy reforms.

We are providing tools and building blocks for a powerful pro-democracy movement…

SAVE THE MIDDLE CLASS

This truly is our moment.
All the while, we continue our day in and day out work to create policy changes at the state and federal level. This has meant working with state activists to help them amend laws in response to recent legal rulings and to seek support in the face of repeal attempts and budget cuts that threaten their progress. It has meant weaving a strong call for campaign reforms into the agendas of allied groups.

Our work in the field has the dual value of opening up state politics and broadening the base of support for change at the federal level. It is no accident that the key House champions of the Fair Elections Now Act – U.S. Reps. John Larson, Walter Jones, and Chellie Pingree – come from states where public funding of elections is in place.

As you read this report, you will get snapshots of our recent work. This is not an exhaustive account. In these stories and others, you will discover the new face of the movement for campaign finance reform. Its promoters are grandmothers in Iowa, church leaders in Florida, and environmentalists who are using sharp new tactics to halt the influence of Big Oil.

We are providing tools and building blocks for a powerful pro-democracy movement, whose focus is jobs, the economy, and the environment.

Join us in creating a new democracy – a democracy of, by, and for the people – for a nation that delivers on its promise.

Nick Nyhart
President and CEO
“Our real focus is on banks and Wall Street. …This is the sector that drove the economic crisis. Yet, they are back to profitability, back to giving bonuses. And we are still suffering,” said Liz Ryan Murray.

Her organization, National People’s Action, worked with Public Campaign in early 2011 to examine the influence of political money while organizing to hold banks accountable.

The partnership led to a report on Chase Bank’s efforts to buy influence through campaign donations and a dramatic action, inside and outside a Chase shareholders’ meeting.

“We also worked with them in the debate over deficit reduction, showing how much money the financial sector had poured into the elections of Super Committee members. The way the Super Committee was heading, we saw what it was going to mean for housing, for health care, for the poor. It was going to be a disaster.”

“Public Campaign was great at working with us behind the scenes to sharpen the message to hold banks AND government accountable,” she said.

Now, the organization’s work is intensifying. Its members are part of large, spirited protests at bank shareholder meetings across the country, seeking to remove tax loopholes that benefit a select few and place a greater burden on nearly all Americans.

“One of the great things Public Campaign can do is respond to what we need. They collaborate and ask, ‘How do we move the ball? What’s going to help move your campaign? What’s going to help your affiliate right now?’

“Some of our affiliates are now weaving the call for common-sense campaign reforms into their messaging on reducing income inequality,” she said.

“Our message is that government is not the problem. Government is the prize. And it’s sitting in a trophy case on Wall Street.”

Liz Ryan Murray is policy director for National People’s Action, a network of community organizing groups with 26 organizations in 14 states.
“I turned to Public Campaign when I was looking for smart and effective allies in campaign finance reform,” said Steve Kretzmann, Executive Director of Oil Change International.

“I knew we had to address the hold that big energy companies have over Congress through their lobbyists and campaign contributions,” he said.

Kretzmann’s organization advocates for clean energy policies – in particular, to shift public subsidies away from fossil fuels toward clean energy alternatives.

With assistance from Public Campaign, the organization launched the Dirty Energy Campaign. “We created a web site. It shows how much money flows from big energy companies into Congress – in the form of campaign contributions – and how much money flows out – in the form of taxpayer subsidies to energy companies.

“It’s very clear. You can go to www.DirtyEnergyMoney.org. People can look up their own Senators or Members of Congress and see their donations and votes on energy issues, such as whether they supported a bill to close tax loopholes for Big Oil companies.”

The campaign has quickly grown from four to 35 partner groups.

“There is more and more activity in this area now,” said Kretzmann. “350.org had a couple hundred people dressed as umpires for an event ‘blowing the whistle’ on the flow of Big Energy money to elected officials.”

“Together with Public Campaign, we have had a significant role in making these issues more visible.

“Often, when there are subsidy votes on Capitol Hill, to oil, gas, and coal companies, we do a joint press release talking about donations to the officials taking the vote. Now, some of our leaders on the Hill are realizing these donations are liabilities. That’s what we want. We are trying to stigmatize contributions from the oil, gas, and coal companies.”

“The President’s decision on the Keystone pipeline shows the growing strength of the environmental movement. But having said that, I don’t think we will win in the long term on these issues without seriously addressing campaign finance laws.”

Public funding of campaigns must be part of our agenda, said Kretzmann, and it’s starting to resonate more broadly in the environmental community.

“The analysis from Public Campaign has helped a lot of environmentalists understand that progress on our issues will not occur unless we address corporate power over our democracy,” said Kretzmann. “We need a government that stands for the many and not the money.”
One poll after another shows that Americans are concerned about the obscene amount of money in elections and its influence on the political process. But many politicians will not change unless they are forced. That's where Public Campaign Action Fund and its executive director, David Donnelly, come in.

The Action Fund, a 501(c)4 organization, launched Campaign Money Watch in 2002. This hard-charging project has educated voters about the unsavory ties of selected officials during peak times in the election cycle. With careful targeting and well-honed political savvy, the project is making a difference in officials’ home districts – where they feel it the most.

The year 2011 offered Campaign Money Watch an opportunity to make an impact in one of the most closely-watched voter recall efforts in recent times.

Arizona State Senator Russell Pearce, best known as the architect of Arizona’s strict anti-immigration law, was up for a recall in his home district of Mesa. Pearce also had been a staunch opponent of Arizona’s Clean Election law and was under investigation for receiving prohibited gifts from executives with the Fiesta Bowl.

Campaign Money Watch seized an opportunity to work alongside Citizens for a Better Arizona and organized labor to educate voters about Pearce’s history of corruption.

Campaign Money Watch sent eight informational mailings to 16,500 constituents in his district. Voters learned about Pearce’s free gifts and travel, provided by Fiesta Bowl executives. They learned about all the money he got from lobbyists and special interests outside his district. And they learned about his repeated resistance – as Senate president – to common sense campaign finance reforms. Some voters received as many as five different post cards and flyers.

Those mailings helped turn the tide with key swing voters, said Randy Parraz, leader of the Pearce recall effort and president of Citizens for a Better Arizona.

“In the end, those mailings made the difference with independent voters,” said Donnelly, of the Action Fund. “They just couldn’t trust their senator anymore.”

“The Russell Pearce effort in Arizona speaks volumes about the value of a separate 501(c)4 organization and a political action committee,” said Nick Nyhart, president of Public Campaign. “Public Campaign can not engage in political campaigns. Yet, it advances our cause when politicians are held accountable for their ties to monied interests.

“Now that Pearce is out of office, the Clean Elections law in Arizona is on more stable footing,” Nyhart continued. “For the first year since Arizona voters passed the Clean Elections initiative in 1998, there was no major legislative effort to repeal it.”
The United States imprisons more people than any other nation in the world. While the U.S. has less than five percent of the world’s population, we hold almost a quarter of the world’s prisoners. There are several reasons for this, but it has become apparent that a driving factor is the political influence of private prison companies as they seek to expand their revenues.

In November, 2011, Public Campaign joined with PICO – a national, faith-based organizing network – to release a report on these corrupt practices. Entitled, “The Unholy Alliance,” the report showed how lobbying, campaign contributions, and privileged access among private prison officials have led to a growth in private prisons and harsh incarceration policies for nonviolent offenders.

Private companies have made huge profits off the mass incarceration of non-violent drug offenders, many of whom are young men and women of color. They are now turning their attention to the detention of Latino immigrants. To reverse this trend requires a major effort to reduce the influence of these companies and their money with state and federal lawmakers.

The report has given new energy to PICO’s grassroots campaign to reverse punitive incarceration policies that tear apart families and do little for community safety. The PICO network – which includes 54 affiliates in 19 states – has gotten behind the call for Fair Elections laws and is calling on elected officials to reject campaign contributions from private prison officials.

Here are some of the report’s findings:

- Private prison companies employ dozens of lobbyists to push for policies that support their bottom line. Between 2001 and 2011, three large prison companies spent a combined $22 million lobbying Congress. This includes money spent to increase funding for border enforcement.

- Just one of the three big prison companies, Corrections Corporation of America, employed 204 lobbyists in 32 states over a period of 8 years.

- The involvement of prison companies in elections has grown. At the federal level, from 2001-2011, the industry gave at least $3.3 million to political parties, candidates, and their political action committees. At the state level, they gave in excess of $7.3 million during that period.

- Through leadership in the American Legislative Exchange Council (ALEC), private prison companies have played a key role in promoting harsher sentencing for non-violent offenses. These include three-strike laws, mandatory sentencing, and truth-in-sentencing. They are also behind the recent spate of anti-immigrant state laws that are putting more and more immigrants behind bars.

Public Campaign and PICO released the report together at a gathering of 500 faith leaders in New Orleans in November, 2011.

Bishop Carroll Johnson, Jr., a PICO leader in Florida, described prison privatization as “a scheme rife with the potential to make politically connected corporations benefit from a steadily increasing supply of our young people.” In February, PICO was successful in beating back a proposal to privatize Florida’s prisons.

For the full report, see http://www.publicampaign.org/reports/unholyalliance
The idea of Fair Elections dates back to the early 20th century, when Progressive Era reformers and President Teddy Roosevelt sought to curb the undue political influence that multimillionaires had wielded during the Industrial Revolution.

It was not until the late 1990s, however, that a successful movement emerged for full public financing of elections. The movement has had its most tangible progress in the states. Some form of Fair Elections has passed in eleven states and four municipalities, giving community leaders in those places the option of running for office by relying on a combination of small donations and public funds.

Fair Elections has proven popular with candidates and voters. In Maine, the first state to adopt full public funding of elections, nearly 80 percent of the state’s lawmakers were elected with public funding in 2010. In Connecticut, which has a much newer program, 145 out of 187 General Assembly seats (77 percent) are filled by “Clean Elections” candidates. In Arizona, about one third of Legislative seats, the Governor’s office, and several other statewide elected positions are held by “Clean Elections” candidates.

The special interests displaced by these reforms have often worked to undermine them. Arizona’s law has frequently been under attack since it was adopted by voters as a ballot initiative in 1998. Opponents, often with backing from wealthy interests who want more power in the legislature, rail against the laws as “welfare for politicians.” Public Campaign has worked with allies in the field to successfully fend off most of these challenges.

The year 2011 brought the biggest challenge yet in the form of a Supreme Court ruling that overturned the “trigger funds” provision in Arizona’s law. Arizona Clean Elections, like other systems, had provided for “trigger funds” to level the playing field in the event that publicly funded candidates were outspent by privately funded opponents or outside groups. The Court upheld public financing generally but threw out this provision, undermining the viability of several state statutes.

In September 2011, Public Campaign, together with Common Cause and the Brennan Center for Justice, gathered legal scholars and state-based activists to craft policy responses to this ruling. Participants developed proposals that incorporated small donors matching funds similar to New York’s long-running program. Public Campaign then helped state organizations to move those proposals through their legislatures. The goal is to keep the laws true to the initial intent – so people without access to big money can run competitive campaigns and voters’ voice is the most important one in elections.

Meanwhile, despite this setback, the year 2011 ushered in an exciting prospect for a possible big victory in the states.

Governor Andrew Cuomo has pledged to play a major role in advancing a public financing bill in New York State. A broad partnership of business leaders, unions, and advocacy groups will work with the governor to build public support for the legislature to pass reform legislation.

The governor has had success in the past using his bully pulpit to prompt progress on contentious issues, including same-sex marriage. Prominent business leaders and political donors are getting involved, laying the ground work for a public education campaign during the 2012 elections.

8: Number of statewide offices in Arizona that are held by “Clean Elections” candidates.
Public Campaign has played a supportive role, working with the Brennan Center to help form New York Leadership for Accountable Government (NY LEAD, for short). This group of more than 80 prominent business and civic leaders in New York will use their political clout with the governor and state lawmakers to move an agenda that includes public funding of campaigns. Early on, Public Campaign brought key members to this group, several of whom are playing leadership roles in meetings and interactions with Gov. Cuomo and his staff.

Public Campaign also has been supporting Citizen Action of New York with a wide range of activities, as it typically does when a state partner is facing a large campaign and a good chance for success. This includes assisting with the field operation and all elements of the communications strategy. At the same time, Public Campaign is aggressively fundraising and building a national coalition to support public education efforts in New York.

“The advantage of running as a Clean Elections candidate for me is that I truly have much more time to spend with my constituents. I don’t have to worry about attending fundraising events, creating fundraising events, and having that be my focus. I can really talk about issues and spending time going door to door and meeting with constituents and understanding what the issues are that concern them… People perceive that [Clean Elections] is a good way to be running and that I am more interested in their interests and not some private, particular interest that has been able to give me funding.”

Chris Rector (R)  
Maine State Senator

68: Percent of Republican House members in Maine who were elected using Clean Elections.

77: Percent of lawmakers who opted out of big donor fundraising in Connecticut’s last election.
Enhancing the role of small donors in politics is a way to amplify the voices of ordinary people and counter the oversized influence of the 1%. It is an approach strongly favored by voters from both major political parties. And it has become even more important in the wake of two recent decisions from the U.S. Supreme Court.

In the Spring of 2011, Sen. Dick Durbin (D-Ill.) and Reps. John B. Larson (D-Conn.) and Walter Jones (R-N.C.) reintroduced the Fair Elections Now Act – legislation that would create a small donor-based public financing system for congressional candidates. Public Campaign’s legislative team assisted the lawmakers to revise their proposal, following the Supreme Court’s decisions in *Citizens United* and *Arizona Free Enterprise v. Bennett*. They also assisted Senator Durbin’s office with preparations for a hearing that was held before his subcommittee.

The Fair Elections Now Act would provide public campaign funds for Congressional candidates who are able to raise a threshold amount of small donations in their districts. Donations of $100 or less would be matched on a 5-to-1 basis, much like New York City’s successful public financing program. The measure is attracting support on Capitol Hill, especially among lawmakers who dislike the tedious chase for donations that occupies so much of their time.

“If there’s going to be real change in the way we do business in Washington, it has to start with the way we finance our congressional campaigns,” said Durbin, the No. 2 Democratic leader in the Senate.

Meanwhile, Public Campaign also has been working to make it easier for small donors to participate. Public Campaign led a successful effort to persuade the Federal Election Commission (FEC) to allow political donations through text messaging. Eight other organizations and a variety of lawmakers were involved in the effort, which resulted in a positive FEC ruling in June 2012.

Public Campaign also organized four briefings for Capitol Hill staff to generate additional interest in campaign reform. Events included a debate between well-known supporters and opponents of reform, a documentary showing, and a discussion about reform and the Occupy protests.

*For more information about the proposed small donor/public financing system, read about the Fair Elections Now Act at www.fairelectionsnow.org.*
List of Donors/Funders

Public Campaign wishes to thank the many donors, large and small, who support our work for Fair Elections. A special thanks to our larger donors and foundation supporters in 2011, who are listed below.

$25,000 or more
Anonymous
Arca Foundation
Compton Foundation
Harold Simmons Foundation
Large Grants Program of the Unitarian Universalist Congregation at Shelter Rock
Piper Fund and Proteus Fund
Public Campaign Action Fund
Rockefeller Brothers Fund
WhyNot Initiative

$5,000 - $25,000
Grant Abert
Anonymous
ARIA Foundation
Elaine Attias
The Copen Family Fund
The Elsie Proctor Van Buren Foundation
Rosemary Faulkner
Lawrence Hess
Jewish Communal Fund
Robert Klausner

John Langan
Linked Fate Fund for Justice of Tides Foundation, on the recommendation of Connie and Jonathan Cagampang Heller
Arthur Lipson
Nancy Meyer and Marc Weiss
Mitchell Kapor Foundation
Tivka Grassroots Empowerment Fund via Tides Foundation
George Wallerstein

www.publicampaign.org
Here is a sampling of the reports that Public Campaign produced in 2011 to deepen understanding of the Big Money story and build a call for change.

- For Hire – Lobbyists or the 99%? How Corporations Pay More for Lobbyists than in Taxes
- Fool Me Twice? – Corporations Pay Congress to Rip Off Taxpayers Again
- Wall Street and the Supercommittee – the $41 Million Question – produced with National People’s Action
- The Unholy Alliance – How the Private Prison Industry is Corrupting Our Democracy – produced with PICO National Network
- The Artful Dodgers – How a Dozen Multinational Corporations Spent a Billion Dollars on Lobbying and Campaign Contributions and Avoided Taxes
- Payback Time? The Supercommittee and Fossil Fuel Subsidies – produced with Oil Change International
- House Supercommittee Members Raised $371 K in Financial Sector Money in Third Quarter
- Rep. Scott Tipton Continues to Rake in Big Bucks from Special Interests
- Half of Rep. Bob Bishop’s Third Quarter Fundraising Came from Oil Interests
- House Supercommittee Members took $126,000 in Oil and Gas Money during Third Quarter
- Issa’s Big Pharma Money
- Big Oil’s Campaign Cash
- Boehner and Cantor Go to Wall Street
- Paul Ryan’s Budget Defense
- Dodd-Frank Repeal Backers’ Wall Street Cash
- Oil Money and the ‘Super Congress’ – produced with Oil Change International
- A ‘Pay per View’ Congress
- Rep. Hensarling sides with Wall Street after Receiving More than $1 million in Cash from the Industry – produced with Common Cause
- As Senate Begins Financial Reform Debate, Industry Spends Tens of Millions to Influence It – produced with Common Cause and Public Citizen
- ‘No’ Votes on Derivatives Bill Received 30% More from Financial Interests – produced with Common Cause
- Where Will Senators Stand on Wall Street Reform? Those Opposed to Moving Forward Have Taken 25% More in Campaign Cash – with Common Cause and Public Citizen
- Possible Republican Leadership Represents $38 million in Campaign Cash
- Supercommittee Members Camp and Upton Took Big Cash from Wall Street, Big Oil and Insurance Interests in the Third Quarter.
- Supercommittee Member Toomey Raised $40 K from Corporate Wall Street PACs

To read or download most full-length reports, go to http://www.publicampaign.org/reports.