

# BIG MONEY OUT

*"DEMOCRACY LOSES WHEN BIG MONEY WINS"*

## BACKGROUND

### **Over 35 Virginia grassroots organizations call for enacting campaign finance reform as a 2021 legislative priority**

*Our legislators represent We the People, not corporations nor special interests.*

Surveys show that [70-80% of Americans](#), including Virginians, irrespective of their party affiliations, agree that the most damaging development in U.S. elections has been a surge in the corrosive impact of money on our elections and public policies. While **spending on Virginia elections in 2019 reached record highs in 2019, at \$121 million**, twice the level in 2011, the cost of the U.S. federal election in 2020 boggles the mind, totaling over **\$14 billion**. This jump reflects an increasing number of people and organizations donating to races [outside their home states](#) and growing spending by deep-pocketed Super PACs and other national groups as a result of the 2010 Supreme Court's ruling on Citizens United. **In Virginia, in 2019, one-fifth of all donations came from out-of-state.**

**Virginia's campaign finance and ethics requirements are weak and lack proper enforcement mechanisms relative to other states. For example, Virginia is one of five states with no limits on contributions.** The 2019 election offered examples of big buck donations flowing across state lines to influence our elections. One Republican candidate for Delegate in District 30 won on a write-in ballot after receiving \$500,000 from an out-of-state donor, and two candidates running for Commonwealth Attorney benefitted from \$1 million-support from an outside PAC. In the 40<sup>th</sup> District, candidates battling for Delegate spent a record \$3.7 million for a position that pays less than \$18,000/year while a Delegate from uncompetitive District 15 reaped a \$200,000 contribution from the NRA. The Commonwealth has no limitation on corporations including public service corporations such as Dominion Power, and few limits on the personal use of political contributions by elected officials, among other significant weaknesses. Clearly, legislators will continue to take money from special interests until the laws are changed.

Nearly 30 years ago, a [1994 report](#) from the Governor's Commission on Campaign Finance Reform, Government Accountability and Ethics recommended that campaign limits should be established in Virginia, citing on page 5 that "...citizens have less faith and confidence that public officials will do the right thing all the time". (See also [1992 report](#), page 26: "Public cynicism over corrupt officials and political systems that favor insiders and special interests is one reason for declining public faith.") As well, Governor Ralph Northam, in a 2017 campaign promise, stated that our current system "...alienates our citizens and makes them lose faith in government." Despite these statements, election spending in Virginia has exploded, increasingly drowning out the voices of ordinary citizens in our election process. There is no time like the present for the Governor or candidates running for governor to step out in support of a full ban on corporate contributions and do the right thing.

Looking toward the 2021 legislative session in Richmond, Virginia lawmakers must enact legislation to establish fair and reasonable limits on campaign contributions, ban personal use of contributions, improve disclosure of on-line ads, ban contributions from public service corporations, and explore public financing of elections. Over 35 grassroots groups from around the state are urging legislators to restore the public trust by addressing the adverse effects that special interest "pay-to-play" practices have on our legislative process. These efforts would begin to fulfill Governor Northam's pledge to support limits on Virginia's wide-open campaign finance system, including capping individuals' donations at \$10,000 and banning direct contributions from corporations and businesses.

The General Assembly should also pass a resolution allowing Virginia to become the twenty-second state calling for election spending to be regulated through an amendment to the United States Constitution which overturns the Citizens United ruling.

**Why should Virginians care about excessive money in politics? Let's look at impact on our public policies.** The growing influence of money on our election systems underpins a growing disconnect between citizens and the issues that they care about, from healthcare to climate change, from access to broadband to under-investment in our schools and local communities.



**Virginia's energy policies and prices** are impacted in large part by Dominion Energy, the State's largest electric utility provider which enjoys a near monopoly. The industry's influence is huge, with more than half a million dollars in annual donations to General Assembly members of both parties. We need look no further than the 2015 "rate freeze" that led to an epic windfall, and more than an estimated \$1.3 billion in overcharges since then. Dominion Energy has been one of the largest corporate contributors to Virginia's elected officials, donating over \$13.4 million to legislators on both sides of the aisle beginning in 1996.

- Dominion Charitable Foundation bequests millions to support community centers, churches, and vulnerable communities. While on the face of it, Dominion appears to be a trusted partner and good community steward, unbeknownst to most, their foundation appears to be supported by legislatively permitted overages that should have been refunded to the residents of the Commonwealth. While Dominion takes credit and smiles broadly for photo ops, the Virginia rate payer is unwittingly footing the bill by way of their payments for excess charges.



**Pharmaceutical lobbyists, which outnumber elected officials 5 to 1, effectively prevented the government from negotiating drug prices**, a big factor in why the U.S. spends \$1 trillion more than needed for quality healthcare.

- Since 1996, healthcare interests have contributed more than **\$100 million** to legislators, including over **\$9 million** from big pharma in Virginia. The annual cost of prescription drugs in the Commonwealth is estimated to have increased by 57.8% between 2012 and 2017, dramatically outpacing the 8.5% growth in residents' incomes over the same period. In 2016, **26% of Virginians stopped taking a prescription drug** as prescribed due to cost.



**The \$137 billion nursing home industry is one of the lobbying world's quiet powerhouses.** An increasing number of facilities have been purchased by out-of-state private equity firms. At the federal level, the industry has spent more than \$4 million on lobbying over the past year.

- **Nursing home residents total 1.4 million in America. There are 19,550 residents living in 287 nursing homes in Virginia.** Residents are often in frail health and living in close proximity to one another accounting for over **40% of all COVID-19 fatalities** in the U.S. are nursing home residents even though they make up less than half a percent of the U.S. population.

- The industry launched a nationwide campaign at the beginning of the pandemic to escape accountability for negligent actions that result in harm or death of long-term care residents during the pandemic, even if the harm is not due to COVID-19. **Many states, including Virginia, have provided immunity from civil liability to nursing homes and/or healthcare providers.**
- In 2017, [102 out of 263 Virginia nursing homes](#) surveyed (38.8%) had an infection prevention and control deficiency cited.
- As the pandemic tore through facilities earlier this year, 40 residents died at Canterbury Rehabilitation & Healthcare Center [outside Richmond](#).
- As of Oct 25, 2020, there have been [1,147 nursing home deaths](#) in Virginia (49.6 deaths per 1,000 residents).



The detrimental impact of money and lobbying influence during the COVID-19 crisis has benefited **private prisons, such as the detention company based in Farmville, Virginia which received millions of dollars in relief through the government's Paycheck Protection Program (PPP)**. The program was created to provide loans to small businesses suffering from the financial impact of the coronavirus pandemic. While small and medium businesses in Virginia struggle to survive, [Immigration Centers of America](#), according to Small Business Administrative data, received anywhere from \$2 to \$5 million in support through the Paycheck Protection Program.

- Prisons in Virginia have an [incarceration rate of 779 per 100,000 people](#), meaning the Commonwealth locks up a higher percentage of its people than many wealthy democracies do. In addition to the private detention center, there is one privately operated prison in Virginia, operated by the GEO Group, the [Lawrenceville Correctional Center](#), which held 1,555 prisoners in 2018. [4.2%](#) of Virginia's prison population is held in this prison.
- GEO's contract in Virginia has what's known as an "[occupancy requirement](#)." The Commonwealth agreed to make sure GEO's privately operated prison is kept at least 95% full at all times, regardless of current crime rates. That means the state is obligated to keep using a third-party provider even when it has less need to do so (and paying for the privilege), and the state is incentivized to maximize incarceration rates.
- Nationally our prison system [costs taxpayers \\$80 billion](#) per year. Of that, [tens of billions](#) are then funneled into the private sector through contracts with healthcare providers, telephone card vendors, food (including "special ethnic food") suppliers, commissary merchants, prison contractors, and countless others.
- According to [Open Secrets](#), private prisons, dominated by GEO Group and its nearest competitor, CoreCivic, in 2020 have contributed over \$2 million to candidates, parties and outside spending group.



Virginia is [15th in the nation](#) when it comes to access to **broadband internet**. Yet, around [600,000 Virginians](#), 7% of the population, mostly located in Southwest, Southside, and the Tidewater areas, lack access to broadband, including [200,000 K-12 students](#) and [60,000 college students](#). About one-third of rural Virginia's homes do not have [access to high-speed internet](#) with [11% of these households having no access to any internet service](#).

- While municipal broadband investment appears to be key in improving broadband access in rural areas, Virginia is cited as being [one of three states](#) with the most restrictions, along with Alabama and Wisconsin. Elimination of these restrictions could lead to 10% greater access to low-price broadband. Still, many residents – where plenty of broadband exists (e.g., in Arlington and Fairfax Counties) – cannot telework or participate easily in virtual schooling due to lack of affordability.
- The telecom industry’s lobbying efforts have had tangible ramifications on state laws governing municipal broadband. In fact, facilitated by more than 631 lobbyists, over [\\$100 million was spent on lobbying in 2019](#) alone to protect business interests at the national and state levels.
- In Virginia, the telecom industry, under the technology/communications heading, is among one of the largest campaign donors, totaling [nearly \\$8 million](#) in 2018/19, and over \$76 million since 1996. In recent discussions about a [pilot program](#) for municipal broadband authorities to compete with the private sector for state grants, push back came from the lobbying arm of telecommunications companies like Cox, Comcast and Shentel, as well as the Virginia Cable Telecommunications Association.

### **What actions can be taken?**

It is only right that the Virginia General Assembly, the first democratically elected legislative assembly in our country, recognize that our state has compelling interests in representative self-government, federalism, the integrity of the electoral process, and the political equality of all persons. In a remarkable expression of outrage about an issue which Americans collectively view as threatening our democracy, 21 states and 900 communities around the country have passed resolutions indicating that “money isn’t speech” and “corporations aren’t people”. These resolutions conclude that election spending needs to be regulated through an amendment to the U.S. Constitution which overturns Citizens United. Virginia should become the 22<sup>nd</sup> state to approve such a supporting resolution to spur congressional action. At the local level, the County Board of Arlington as well as the Alexandria, Falls Church, and Charlottesville City Councils all passed resolutions in 2012 and 2013 asking that Citizens United be overturned through a constitutional amendment.

Campaign finance reform remains a deeply partisan issue despite the survey showing overwhelming support for reform by majorities of both Democrats and Republicans. To effect change, advocacy must broaden to address core liberal and conservative issues.

### **Democrats**

At a “Constitution Day” event in September 2020, Senator Creigh Deeds (D-Bath), the chairman of the Senate Privileges and Elections Committee, emphasized the need for such an amendment to the U.S. Constitution, thus allowing ordinary people to participate in the political process. Delegate Marcus Simon has opined that “campaign contributions involve influence. It’s the appearance of impropriety that is of concern.” Meanwhile, Senator Chap Peterson, who introduced two campaign finance bills in the last General Assembly, stated in a [recently published op-ed](#) that “the aggregation of power by the biggest corporations is the biggest threat to American politics”. This mirrors the thinking of President Theodore Roosevelt, who stated a century ago, ["All contributions by corporations to any political committee or for any political purpose should be forbidden by law"](#). He also proposed public financing of federal elections. 85% of Democrats believe that Citizens United should be overturned through an amendment to the U.S. Constitution.

## Republicans

At the “Constitution Day” event, conservative commentator John Pudner, Executive Director of [Take Back Our Republic](#), indicated that the right recognizes the need for legislative action because election spending, often from the left, has increasingly outpaced money from the right. Additionally, conservatives often highlight the need for reform, pointing out that the Supreme Court’s ruling in Citizens United has limited the rights of states to manage their own elections. Since the ruling, 24 states were forced to drop laws prohibiting or restricting corporate and/or union spending on elections. This included Montana, a Republican state with a century-old law – the Corrupt Practices Act – aimed at preventing out of state companies from pumping money into elections.

- Nationally, 66% of Republican voters support an amendment to address big-money political corruption. Conservatives express concern that crony capitalism is a direct threat to free-market capitalism and a dynamic, globally competitive American economy. [For the first time in a century, more businesses are dying than being created.](#)
- Small and medium-size business owners complain that big money and special interests suppress product innovation and market competition, creating more [monopolistic entities](#) than ever before. In fact, [85% of business leaders](#) believe that our campaign finance system is broken and action needs to be taken to repair it.
- The pervasiveness of campaign dollars and lobbyists in the national security arena represents perhaps the most powerful concern for conservatives. Crony capitalism has promoted big business concentration, and the spread of the military industrial complex is no exception, with money and investments influencing legislators in every congressional district. The [Center for Strategic and International Studies](#) found there was no "effective competition" for more than half of military procurement four years ago.

[Former Republican state senator, Jim Reuben \(NH\) explained to Congress](#) how today's special-interest-controlled pay-to-play campaign finance system is hostile to the conservative agenda. It puts Republicans at an electoral disadvantage, he testified, and it floods swing races with torrents of out-of-state negative advertising dollars. It guts federalism and the 10th Amendment. Reuben affirms MoneyOutVA’s thinking above “that companies can generate a stunning [760-to-1 return](#) on lobbying and campaign contributions in the form of no-bid supply contracts, regulatory favors, loan guarantees, bailouts and tax loopholes. Monopolies and market concentration are up. Innovation and new business startups are down. This is why we have the world's highest drug prices, way too many broadband and cellular dead zones and ethanol in our gasoline.”

## What needs to happen?

The solution is reform, so candidates and elected officials are motivated to serve citizens rather than big businesses and foreign adversaries. Nancy Morgan, coordinator of the organization [“MoneyOutVA”](#)<sup>1</sup>, a Virginia grassroots organization which advocates for campaign finance reform, emphasizes that “after 400 years of representative democracy in Virginia, it is time for citizens to be considered ‘in the room’ where policy-making happens, not just corporations and special interests”. She stated “Virginians need to feel that their government is working for them” and, her call for getting big money out of politics through

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<sup>1</sup> [BigMoneyOutVA](#) is an informal Virginia grassroots group affiliated with [American Promise](#), a non-partisan group working on getting money out of politics through an amendment to the U.S. Constitution allowing Congress and the states to regulate election spending, overturning Citizens United. In the upcoming General Assembly Session, we advocate for passage of 1) campaign finance reform legislation and 2) a resolution supporting the constitutional amendment.

campaign finance reform in Virginia is supported by 35 grassroots organizations from around Virginia (see some representative logos below). She also calls for Virginia legislators to pass a resolution supporting an amendment to the U.S. constitution to allow Congress and the states to regulate election spending. After a decade of escalating election spending as a result of the Citizens United ruling, she says “it is time for average citizens to take action and demand legislative action.” This is a sentiment which echoes the words of Senator Deeds who said in early January, in response to a question about the priority of campaign finance reform, “I think we’ve got to do everything we can to restore people’s trust in government.”

**2021 Legislative Priorities: Campaign Finance Reform Legislation**

- Resolutions Supporting an Amendment to the U.S. Constitution to allow Congress and the states to regulate election spending – Senator Creigh Deeds, Delegate Mike Mullin
- Campaign Finance Limitations – Senator Chap Petersen
- Campaign Finance Study (HJ526) with objective to reach broad agreement for a legislative package which includes comprehensive campaign finance reform – Delegate David Bulova
- Banning campaign donations from public-service corporations - Delegate Ibraheem Samirah (HB 1756) and Senator Chap Petersen
- Restricting personal use of campaign contributions - Delegate Marcus Simons
- Banning Corporate Contributions - Delegate Lee Carter

**Some Grassroots Organizations Supporting Campaign Finance Reform in Virginia**

