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## State ethics measure irks feds

Agency says limits on contractors' donations could bring funding freeze

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Illinois' new pay-to-play ethics measure could put state transportation money from Washington, D.C., in jeopardy.

Gov. Rod Blagojevich's administration says it knew this was a possible obstacle, but a lawmaker who worked on the measure sees it as only a small hurdle.

The dispute was first reported Wednesday on [www.sj-r.com](http://www.sj-r.com).

The Federal Highway Administration sent a letter Tuesday to the Illinois Department of Transportation outlining its concerns with House Bill 824, which would bar some state contractors from making political donations, and a broader executive order Blagojevich issued. Lawmakers approved the ban on donations from contractors over the governor's veto.

The idea is to reduce the appearance of "pay-to-play" politics — people with large-dollar state contracts giving campaign cash to politicians who oversee the contracts.

But FHWA division administrator Norman Stoner wrote that restricting contractors' rights to donate to political campaigns violates federal laws and regulations promoting competition in contracting.

"These provisions are not consistent with the economical and efficient use of federal-aid funds," wrote Stoner, who is based in Springfield. "They limit the pool of potential bidders and impose requirements unrelated to the qualifications of contractors to perform the work in a competent and responsible manner."

The highway administration will not authorize federal funding for projects once the law and executive order take effect in January, Stoner wrote.

Agency spokesman Doug Hecox said it's uncertain what impact that will have because he doesn't know how many federal-aid projects Illinois planned to start in 2009. Projects already in the funding pipeline are not affected, he said.

The federal agency will try to find an alternative, he said.

"We think we can work out something. We just don't know what form that will take," Hecox said.

Lawmakers and Blagojevich fought over the ethics measure this summer, with Blagojevich greatly expanding the contractor ban legislators sent him and also issuing an executive order. Lawmakers then overrode his changes on their initial ban, so both that measure and the executive order begin together.

Blagojevich spokesman Lucio Guerrero said this possibility was why the administration included a "safety clause" in its executive order, saying it would not apply if the federal government protested.

"This is something that we warned the General Assembly about," Guerrero said.

But a lawmaker who worked on the ethics restrictions said the legislature could simply exempt federally funded highway projects to address FHWA's concerns.

"I see the (FHWA) letter as nothing more than a minor roadblock on the road to a more ethical Illinois," said state Rep. John Fritchey, D-Chicago.

This isn't the first dispute between the highway administration and a state over contractors.

In 2004, the agency protested an executive order in New Jersey with similar restrictions on donations to politicians. The two sides went to court. The New Jersey governor lost, then issued an amended order exempting federally funded transportation projects from the restrictions.

Hecox said the agency isn't trying to derail ethics reform, but also can't let federal rules be circumvented.

"We just want to make sure that the state isn't affected unduly by a very well-intentioned law," Hecox said.

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