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CASH ATTACK 2010: POLITICAL ADVERTISING IN A POST-CITIZENS UNITED WORLD

**WELCOME:
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PANEL 1: “THE DEMOCRATS”

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**PANELISTS:
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**ILYSE HOGUE,
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BROOKS JACKSON: Well, I think we're ready. Welcome and thank you for coming through snow and Metro fires and various emergencies.

I'm Brooks Jackson. I'm director of FactCheck.org. We are a project of the University of Pennsylvania's Annenberg Public Policy Center. Some of you may be familiar with our website where we try to hold politicians accountable for the factual accuracy of their campaign ads and other statements, something we've been doing now for the past seven years.

Our conference this morning we're calling "Cash Attack 2010: Political Advertising in a Post-Citizens United World." Let me explain what that means and what we hope to accomplish today.

"Cash attack" is the name we gave to a special project at FactCheck.org. It was made possible by a grant from the Carnegie Corporation of New York, a charitable foundation. We made a special effort to track the factual accuracy of ads paid for with corporate and union money freed up by the Citizens United decision. The word "attack" is there because in our experience ads by outside groups tend to be ads attacking a foe, not ads praising a friend.

And Citizens United, of course, is the Supreme Court decision that lifted many of the legal restrictions on the use of money from business corporations and labor unions in federal elections.

Now, we'll never know how much money might have been spent in the midterm elections of 2010 had that decision not been issued or how that money would have been spent. But here are some clues:

According to the Wesleyan Media Project, spending on advertising and congressional and gubernatorial races topped – this is on advertising alone – topped \$1 billion this year, a figure the project, the Wesleyan Project called historic. In House races, ad spending was 50 percent greater than it was in 2008 and in Senate races ad spending nearly doubled.

There was a surge in spending by groups that don't disclose identities of their donors. According to a report issued just last week by the New York City's Office of Public Advocate, outside groups that don't disclose their donors reported spending \$132 million, including 85 million on Senate races.

Several of these groups are represented here today. These groups are far more likely to run attack ads than to run positive ads, according to the advocate's office and that confirms our own casual and informal observations at FactCheck.org.

And what we saw in 2010, we can expect to see more of in 2012. Yesterday, the Los Angeles Times reported that there is now a "financial arms race" underway in Washington with

politicians racing to form new, independent spending committees and to raise even larger sums of money for next time. According to the LA Times, and I'm quoting, "Lawmakers say they fear the unrestricted, independent spending is creating a Congress even more indebted to special interests and prone to gridlock and unlikely to find compromise."

Now, will that turn out to be true? I don't know. I've learned over the years that sometimes predictions like that make good copy but poor prophecy. It's just not given to us to be able to see the future, but we can try to examine the recent past and learn more about exactly what happened in the 2010 elections which were the first to be held in a post-Citizens United world.

How is all of this corporate and union money used? What did it accomplish? And what was the strategy behind all those attack ads from the right and from the left? And what exactly did that spending in the unprecedented flood of political advertising accomplish? What does the evidence show? Is there polling data or other solid information that will tell us the difference, if any, that all that new money made?

To explore those questions, today we've assembled two panels: one on the Democratic, or, liberal side, one on the Republican, or, conservative side. We've asked our panelists to give us a presentation discussing their campaign strategy, the results they take credit for and the evidence that leads them to believe those results were accomplished.

And I'm happy to say that our panelists today include representatives of three out of the five groups that reported the most, at least at the federal level as our – excuse me, that reported spending the most, at least at the federal level, as reflected by reports to the Federal Election Commission. By the way, those reports are incomplete. We know of some groups that have – take the position they don't have to report even though their ads were quite obviously to – in layman's terms, anyway – campaign ads.

On the liberal side, we'll hear from representatives of the Service Employees International Union – at least I hope. Our representative has been delayed, but assures us that he's making his way here. That was the fourth-highest spending group of all at the federal level.

We'll also hear from a representative of MoveOn.org which, among other things, called for – called early for a boycott of Target Corporation after it was disclosed to have given money to a Minnesota group that advertised in support of a Republican candidate for governor.

And we'll hear from the head of the California Labor Federation which bucked the Republican tide with a successful outside campaign in support of the Democratic candidate for governor, Jerry Brown, who faced a Republican who spent \$160 million of her own money, give or take; that's more than any other self-funded candidate in American history.

On the conservative side, after a short break – later this morning, we'll hear from the political director of the biggest-spending group of all: the American Crossroads' Crossroads GPS group. Together, these two groups reported spending nearly \$39 million on ads, much of it from donors not identified.

We'll also hear from the president of the American Action Network, the third-biggest outside spender, according to FEC reports. And from a media consultant and advisor to the National Republican Congressional Committee, which, of course, claims credit for demoting Nancy Pelosi to minority-leader status and elevating John Boehner to be the next speaker of the House as of next month.

We've asked our panelists to keep their presentations tight and to give time for questions from our moderators, from the audience and from FactCheck.org's subscribers, some of whom have sent us questions by e-mail.

As you may have noticed CSPAN is here and the conference is being carried live on C-SPAN 3. We're also recording the conference on video for our own purposes and will post that video on our website as soon after the conference as we can.

We're also producing a written transcript of the proceedings which we'll post on our site when it becomes available.

I'd like to introduce now Dr. Ken Winneg of the Annenberg Public Policy Center, who will introduce our first panel and moderate. Ken?

KEN WINNEG: Thank you, Brooks. Our first panel, as Brooks mentioned, is the Democratic/liberal panel and our first speaker, to my right, will be Ilyse Hogue from MoveOn.org.

Ilyse is the director of political advocacy and communications for MoveOn.org where she has worked for almost five years. Ilyse contributed to MoveOn.org's campaign efforts in 2006 and in 2008 and in the most recent election cycle. She's focused on the debate about health-care policy, health-care reform legislation and the financial reform bill. And she'll be telling us today about her efforts in the 2010 midterm election.

Khalid Pitts who is, literally, blocks away – from my latest e-mail, he will be here. He is from the Service Employees International Union directing – he's their strategic campaigns director and he will be talking about SEIU's efforts in the midterm elections.

And finally, to my far right, is Art Pulaski. He's the chief officer of the California Labor Federation of the AFL-CIO. The federation represents 2.1 million members of 1200 manufacturing, transportation, construction service and public-sector unions. And as Brooks mentioned, his union worked – the federation worked hard for the Democratic candidates in the statewide California elections.

So to begin with, let's hear from Ilyse Hogue from MoveOn.org.

ILYSE HOGUE: Thanks, Ken. It's great to be here with you all today. It's a little odd to be the one to kick it off because MoveOn is in a slightly different category so you're going to

have to integrate, sort of, everything that you hear. We are – we are a PAC which means that we are solely fueled and engined by our members who are all small donors.

Our average donation is \$42 and everybody over \$200 is disclosed through the FEC by federal law. Why this is important is because disclosure and the amount of individual contributions given in this last election cycle became incredibly contentious elements of the debate about our democracy moving forward.

The other thing that makes us different than some of the groups you're going to hear in the Republican panel is Citizens United didn't actually affect us. As a PAC, Citizens United broadens the playing field for C4s and that did not affect us, so what you'll see and what's interesting about our experience in 2010, vis-à-vis 2008 or 2006, is that because we take small donors, because we were operating under the same set of rules as we had in the previous five elections – we've only been around since 1998 – we had to think differently about how we spent our money because we were going to get about the same amount of money since we're fueled by small donors in a larger context of a financial arms race and an advertising arms race.

So that's to lay a little bit of context. It's always really interesting when I hear people like Brooks saying, representatives of the groups that spent the – you know, in the top five because MoveOn.org spent \$1.13 million, about, on advertising in this election cycle and that is true, that put us in the top-five outside groups spending on the Democratic side but compare that to some of the folks you're going to hear on the other side who spent 75 (million dollars), 80 million (dollars). So the top five on the Republican side and the top five on the Democratic side – there's enormous gaps there and that's part of what we want to talk about today.

So I want to give a little bit of context. I'm not going to spend too much time on this because Brooks covered a lot of it but what was new about this election, Citizens United – Citizens United allowed unprecedented levels of expenditures. The other thing it encouraged was the formation of brand-new groups that could appear and then disappear, right, as opposed to MoveOn or SEIU which are longstanding groups that will be around before and after the election that do legislative advocacy and member service. Some of the groups that we'll see, in opposed to the Citizens United world, come up and then they fade back into the background strictly for electoral purposes.

Republican coordination – I'll let the guys on the other side talk about this. It was widely reported – the reason that I think it's interesting that people noted the difference of coordination on the Republican side vis-à-vis the Democratic side on message is what facilitates that level of coordination is a very small number of decision makers that comes from a more concentrated number of donors to the ads, if that makes sense. We've got 5 million members who are funding our ads; labor is very beholden to their constituency, their members. But when you have individual donors who can direct your campaign strategy it facilitates much tighter coordination across the party.

Accounting of ad expenditures, this is something that I just want to touch on; I encourage you guys to look at it more deeply. I think everyone is trying to figure out what to make of what happened in this last cycle. Here's some things that have popped for me: With the post-Citizens

United decision, the line between advocacy and electoral ads has gotten very, very thin, right? So when you see the final accounting of the outside spending that does not actually include millions and millions of dollars spent by the Chamber of Commerce post the energy bill, for example, in July of 2009, because that, by law, was advocacy advertising. But what that means is that we are still facing a dominant national narrative that is set by large corporations coming in, in legislative fights and setting the narrative.

The time span – that’s the same thing, I mean, I usually, you know, I see the last year accounting and really this started right when President Obama started to pass his budget that the outside ad money started coming in. And then inside, outside, a lot’s been made and I won’t spend too much time on this because this is all focused on outside spending. But a lot’s been made about how Democrats closed the gap at the end and if you just look at the final aggregated numbers, in fact, Democrats, by some accounting, did better but what that negates is that the party committees are only able to raise towards the end of the cycle so when you have lots of large donors and corporate money who have deep pockets you can start spending at the very beginning of the cycle and set the narrative and then the other side is going to be on the defense.

Impact of media trends, very quickly, media is in disarray, right? Everyone knows that. Print journalism is trying to figure out how to adapt, television is, one could argue, in a race for the bottom to be more sensational and all of it is in a desperate grab for advertising revenue because the model is changing so much.

The only reason I bring that up is that it’s had an impact on our standards of accuracy which is – thank goodness, that we’ve got people like FactCheck.org actually checking accuracy – but what that means – and I’ll get to an example of this a little bit later – is there is less incentive for television stations to care about – (chuckles) – accuracy because they care about where their next ad dollar is coming and these are not legal decisions being made, this is discretionary decisions made by each television company and then, ability to place ads to influence the dialogue, which I’ll get to in our Target campaign.

So we did a poll right after the Citizens United decision, people don’t like it. There’s a lot – and I am happy to go deeper in depth in this, I don’t want to spend too much time on it – the thing that – the reason I put, sort of, our poll results up here, because we took this in March after the decision, what really jumped out at us is that the feeling that the Supreme Court and the Citizens United decision was indicative of a drift towards defending corporate rights over individual, ordinary American rights, this did not breakdown across partisan lines. Republicans believe this as well as Democrats and so this gave us a sense that one of the things we might see this election cycle was a deep skepticism towards the corporate funding of ads that the Citizens United decision allowed.

Our Target campaign was what allowed us to take the Citizens United frustration we were seeing, from the intellectual to the action oriented, that’s what we do. We’re action oriented. Because Minnesota state law still requires disclosure even though federal law does not, it came to our attention very early in August that Target Corporation had given what, actually, was a very modest amount of money in the grand scheme of things to an outside group in

Minnesota to support a very right-wing candidate for Republican governor who just actually ended up conceding, like, three days ago.

And we started hearing about this from our Minnesota members and so we said, well, we should test this. We should see what people – what people are feeling about it. The response was overwhelming. This was the first test case of a public face in corporation that is dependent on a broad diversity of Americans to shop in their stores, being caught – caught, or being exposed as meddling in the political system.

It's very hard to separate people's attitudes towards that straight meddling versus what they were meddling on behalf of, in this case it was a lot of incendiary issues, right? It was a Republican governor who had a long history of being anti-immigrant, antigay so all of that combined to mean that we saw this explosion of outrage. We saw 500,000 people sign a petition to boycott Target. In the next three days after this came, we saw 1200 protests at Target stores around the country and we saw a lot of defense and back peddling from the company itself even though they didn't, ultimately, end up taking back the money.

The reason I put this up there is because it's often very hard to measure advocacy impact on corporations, right? It's very hard to affect – bottom line, these things are huge, protest is fleeting but what Brandweek actually did was chart the impact on Target's brands value through the course of the campaign and this we know actually made the rounds at lots of other corporations so the domino impact was actually quite large.

If you've got your communications people passing this around corporate headquarters say, whoa, we better think twice, you know, about whether we get involved in this stuff, even in places where disclosure isn't mandatory – because lots of people at this point were doing research about which corporations were donating – it made an impact, and someone in the introduction mentioned the New York City Public Advocate, well, they at the same time were doing organizing on the other side and right after this came out Goldman Sachs committed to not spend under Citizens United because they understood the impact on their brand.

Oh, it's going to do the same thing, isn't? All right, I'm going to show you – it won't show in –

(Begin video segment.)

MR. : Two, three four.

NARRATOR: Target and other big corporations are trying to buy our elections.

CHORUS OF GIRLS: No way. We don't like that.

NARRATOR: But if we all work together we can stop them. Boycott Target. Our democracy is not for sale.

(End video segment.)

MS. HOGUE: So the reason that I show that – we made this cute, little ad. We thought it was really fun. We actually were going to spend a very modest amount of money to get the word about the boycott out.

MSNBC refused to run this ad. Nobody was debating the veracity of the claim. I mean, there's not very much in there that's not factual. They did contribute the money. We were promoting a boycott. They absolutely refused to run the ad. And when we asked why and our lawyer said, can we see why, they said, well, we have a company prohibition against attacking corporations. And we're like, huh, well, that's really interesting because you don't have a company prohibition against corporations attacking politicians.

And we are still in the middle of this debate. But I really wanted to show this ad because first of all everybody went ballistic on the right. Everyone was like, oh my god, MoveOn is attacking Target. They're, you know, putting a knife through – to their throat. And I'm like, this is an animated, happy little ad with people going, we don't like that. But the four-alarm fire that it set off was actually stunning.

And I think – there's two things to take from this. One is this is where the vulnerability is, right? I mean, this is the basic principle that we're fighting; that if people knew that their consumer money was being spent to meddle in elections that actually promoted causes that were not consistent with their values, they would choose to do something else.

And that is so scary to them that they are going to fight this exposure tooth and nail. The second is this is another example of part of why – I can only offer a guess vis-à-vis our conversations with MSNBC – but Target spends a lot more on advertising with not only MSNBC but all of the constellation of press associated with them. We were trying to spend \$50,000.

But this was a deeply disturbing element of this campaign for us because if citizens have less and less avenues to actually make their voice heard, that's very dangerous for democracy.

(Off-side conversation.)

MS. HOGUE: So I put this up because this is actually – FactCheck did this one, too. I just happened to find the PolitiFact one. This is the impact on accuracy. This is an ad from American Action Network that you'll hear my colleague, I think who is here, talk about. I don't know if he'll talk about this ad.

Nobody was saying this ad was fair or accurate. Right? This is an ad that basically said that people had voted in the House and the Senate to give Viagra to sex offenders in prisons. You have to stretch the truth in about 8 million different ways to even believe that this is a possibility. I won't break down the fight for you, but nobody agreed that this ad was accurate.

We have made a decision going into the election that since we couldn't compete dollar-for-dollar, one of the things we were absolutely going to try to do is mobilize against ads like

this. We don't have the money; we have the people power. We have the people that are going to call their local stations, get out and protest when ads like this go on the air.

Well, we did a lot of that. This was up in a lot of different places in House and Senate races. We had thousands of people. Tens of thousands called the stations. Thousands show up at the stations. These are absolutely discretionary decisions made by the station managers. We did not get this ad that everyone agreed was inaccurate – totally outrageous, completely damaging – taken down again because American Action Network spent 80 million (dollars) in this election and we were spending 1.1 (million dollars).

So it's just something to think about in terms of the impact on democracy as we move forward.

This was a poll we did in August. Again, won't spend too much time on it. But you'll see what's – I've got three poll summaries up here, and you'll see what's consistent is that when you get away from leadership of the Republican Party, rank-and-file Republicans and certainly Independents agree with all of these attitudes about the fact that corporations have too much influence already over our legislation and our elections.

So the one that I do want to pull out – there's a couple that were really critical for us. They're actually the bottom two on this. One is that we were in a fight for our lives on the economy. Right? Everybody will agree that this election, at the end of the day, was about the economy, even though the corporate-money fight was very prominent.

One of the things that we saw in August was that people were starting to say there is no way for America to fix its economy unless we get corporate lobbyists out of the system. And that was, like, an "aha" moment.

And then the second one is that most Americans – Republicans, Independents and Democrats – self-identified – believe that corporate spending in election – this was the fight, right? Is it free speech? No. Most American believe it is political bribery for corporations to be able to expend – spend unlimited amounts in the elections.

And this is when we started to see the shift in the narrative of people saying, oh, this is really important. I mean, it's good political strategy, right, if people believe it's bribery and they already feel like we can't fix the economy if corporations are meddling? But it's actually a fundamental principle that makes us an American democracy, right, is that there is the opportunity for an equal voice – that democracy is not for sale to the highest bidder.

So one of the things that we did – again, didn't have the money but had the people – was to – we did about 150 report releases in Senate and House races that broke this down. We started to think, money's pouring in, we can't compete, but what we can do is actually make the connections for people that – we know that people don't like this. So if we do these report releases that show, in Wisconsin, in this case, how much money is coming from these outside groups, we can help start to sway voters' opinions about whether or not they can trust the candidate that is being supported by those outside groups.

The reports actually got an enormous amount of press. Local report releases are always like, hmm, I don't know how it's going to go. These got an enormous amount of press being – showing the pitch at which this issue was being debated.

Last poll: Public wants to know – we did this one in October. This was when everybody was, like, debating 23 of the 24-hour news cycle whether people care about if – the anonymous donors behind the ads. And so we wanted to actually get to the bottom of that. We found that actually 84 percent of people – 84 percent of voters believed that they have a right to know who is actually buying ads in their elections because it goes to motive. And motive goes to who the candidate is responsible to after election.

Fifty-six percent – 53 (percent) of Independents – less likely to vote for a candidate if they know that ads supporting them are paid for by anonymous corporations and wealthy donors. So this was key, right? And this is where we get into moving forward. If they know – when you have groups with names like American Action Network or American Crossroads, they don't always actually know that those are groups that were just formed in this election cycle that take anonymous money. So it was really critical for us to try and make that connection.

This one – so this is an example – I'll just – it's another 30-second ad of us trying to make that connection in the Mark Kirk race. Let me just say, we spent – again, we spent \$64,000 trying to get this message out. Crossroads GPS spent 4.4 million (dollars) to win this race for Mark Kirk.

(Begin video segment.)

NARRATOR: Mark Kirk voted to reward corporations with tax breaks for shipping jobs overseas. Now the Chamber of Commerce is spending over \$75 million to help Republicans like Mark Kirk get elected.

And where has the chamber been getting some of their money lately? From foreign corporations and countries like China, Russia and India – the same companies that threaten American jobs.

It's time to connect the dots. Exactly who is Mark Kirk working for? Because it sure isn't Illinois.

MoveOn.org Political Action is responsible for the content of this advertisement.

(End video segment.)

MS. HOGUE: So the reason I show this ad is we can't participate in the arms race. I said that at the beginning. We are totally fueled by our members, many of whom are being affected by the economic conditions. Our average donation is \$42 million. We spent about, you know – we spent just over 1 million (dollars) on ads, more on-field.

So what we can do is spend our ad money wisely. So we took all of that knowledge from all of the polls and all of the trends and we actually put it together to make this ad, which was with the intent to expose the fact that there was corporate money behind Mark Kirk's campaign.

We did not win. Right? We just didn't win. And this is – I'm going to wrap up because I know my time is up. But I show this at the end because we came very close. Alexi Giannoulias, with one of the hardest names to pronounce in politics, was a virtual unknown, very young guy who went into one of the most high-profile Senate races. He came very, very close to upsetting that race.

And I want to end by saying a couple things. Because the Republicans took back the House, because they won – and I will admit – in many cases they won the dominant narrative, which is always easier for the outside party to do – we did it in 2006 – it's very easy to make the mistake and say, people don't actually care about the arms race; people don't care that corporations and wealthy donors are actually hijacking our electoral process and our democracy.

I think that is a fundamentally flawed conclusion to make. Everything that we saw actually showed two things: One, people care. It makes them angry. And if we do a better job of actually connecting the dots, à la that ad, for American voters there will be a backlash.

The second thing is actually scarier to me than a backlash. As a group that represents 5 million middle-class, working Americans who are worried about their homes, worried about their jobs, I am much less worried about a backlash than I am about everyday voters looking at the arms race, looking at the money, looking at the anonymous donors and saying, well, I don't matter; I should not participate. I can't beat them because I can't pay as much. I protested. I knocked on doors. The ground war didn't matter in light of the air wars. And that is fundamentally dangerous for our democracy.

So we will continue to push forward. We will work to overturn Citizens United. But in the next election we are going to see that if we all don't get together and make these connections for voters, we are going to see a disenfranchised electorate and a democracy that's increasingly for sale to the highest bidder. And that is not America.

MR. WINNEG: Thank you very much, Ilyse.

Normally I would hold questions until the end, but our second panelist has just arrived and I need to get his presentation loaded up into the laptop. So while Khalid comes up we'll put his presentation in. And if there are any questions from the floor for Ilyse, I welcome them now.

(Off-side conversation.)

Q: So what do you foresee for the 2012 elections? What amount of money do you foresee being spent on these ads?

MS. HOGUE: You know, I think that's anyone's guess. We saw the other side threaten to spend 400 million (dollars). They didn't this past cycle because they didn't need to. Right?

We just weren't keeping up in a way that required them to spend everything they had in their arsenal.

What I perceive is, starting now, no break from elections. Right? Campaigning starts now, ads will start now. What I perceive is that – certainly we're seeing on the Democratic side more of a push towards big-money fundraising. There's been one independent expenditure already announced.

This is a divergence from what we did in 2006 and 2010. In fact, in – I'm sorry, 2008 and 2010. In 2008 President Obama, in fact, asked that no outside groups run ads. I think that the donors sort of – on our side have started to feel like unilateral disarmament may have been a big mistake.

So I think we're going to see a lot more of everything thrown at the wall. We're going to see our side fighting for disclosure, fighting for – fighting against – way stronger against ads that are inaccurate and really taking that fight to the TV stations themselves, the last bastion of where voices can be equalized.

We're going to see more money raised on our side. I believe and maintain at the end of the day we will not raise as much money as the next panel. We just won't because the Republicans have so fundamentally carried the water for corporations and legislation and wealthy and legislation that there's just not as much money on our side.

So while we can't compete dollar-for-dollar, I think we'll see a lot more of everything in the 2012 ads. It's a little scary. It is.

MR. WINNEG: This will be the last question and then we will proceed to Khalid's presentation.

Q: Cameron Joseph, National Journal. I was wondering – there's been a lot of conflict over the tax agreement that Obama made with Republicans. You guys have been fighting that pretty hard. How much is it – are you going to be working with the Democrats in the next two years? And how much are you going to be trying to spur them to do what you want to do rather than kind of working to protect their campaigns? Where is the balance in terms of fighting Democrats you may not agree with on every issue versus making sure Republicans who you really don't agree with in those things win?

MS. HOGUE: A little off-topic, but topic of the day – the tax-cap fight that we're very involved in.

We fundamentally – I mean, I think, like our whole panel – we fundamentally work for our members. So we make strategic decisions all the time, but to the extent that our members believe that many of the Democratic campaigns are not representing them in a genuine way, we just fundamentally can't support those campaigns.

We saw that with the primary in Arkansas this year. So I think we're going to see a lot more assertion of the fact that much of the Democratic base does not believe all the candidates are created equal. All Democrats are not created equal. There's a very large and pronounced concern about corporatist Democrats.

And so to the extent that you're asking specifically about the presidential campaign. You know, our members are frustrated. They think the Republicans are dominating too much the debate. I think it's way too soon to see how that's going to play out and so much of it has to do with who's running on the other side.

Certainly, President Obama has done far more to help this country than President Bush did in the last eight years. So it's – you know, we'll see how that plays out.

And you can ask your question later.

MR. WINNEG: Okay, thank you very much. (Laughter.) Thank you very much, Ilyse. And now, I'm pleased to introduce Khalid Pitts from the Service Employees International Union to proceed with his presentation.

KHALID PITTS: Right, thanks, Ken and Ilyse and Ken, it's an honor to be here on the panel. I want to apologize. I have a newborn at home. I'm a first-time dad – and nervous first-time mother – and we had a little issue this morning, so I apologize for being late. (Chuckles.) And it's great to be here talking about elections even though it didn't out, as from this panel's perspective, the way we wanted it to be.

And so I wanted to give a kind of a – a brief description of some things SEIU did in this election as well as an analysis from – again, this is from our perspective – as well as kind of how we look forward – looking forward towards 2012, again looking at, again, what, from our perspective, what worked, what didn't work and perhaps lessons we've kind of learned that you hopefully learn a lesson in each election cycle to do better the next election cycle.

So I've kind of dubbed this the good, the bad and the ugly. So first off, what are our goals for SEIU? It's not just about electing Democrats and you'll see – as you see in this presentation, you know, we have internal goals and external goals. You know, one of them, directing candidate engagement and that's talking to the candidates, making sure that we're trying to endorse and elect proworker candidates, whether they be Democrat or in some degree, Republican.

Engaging – we wanted to do – engage our surge in base voters in this election, typically those that are a drop-off from a presidential election, particularly those that helped elect majorities in 2008 – the majorities in the Congress as well as President Obama. We wanted to build the capacity of our members, you know, from their ability to talk about issues, to be educated about issues.

We even have members who actually run for offices and wanted to enhance that. Again, engage in the political discourse, which we do every day, whether it's talking about elections,

talking about organizing, talking about legislative issues like the tax cuts. And then internally, as you know, every organization does, we want to strengthen and expand our political infrastructure so we can get better and more efficiently engaged – our members and the general electorate in that order.

So we hear talk about media ads and so we want to talk about our messaging points and what we try to get across and try to be kind of be broad here, again, having the time frame of 10 minutes to talk about. So you know, we think about elections. We wanted to frame this election in the sense that as a choice for those who voted for change in 2008 and continue that change going forward.

We also want to set up a contrast between those, again, who are on the side – and seems of interest of the middle class, the uninsured, the noncorporate interest. And so in doing that, we want to show there is, you know, there was, as Ilyse kind of talked about, whether it's American Crossroads or others.

There are some – one, there are some – or you're thinking about some elements – some elements, I say – of some of the tea party activists. There are some – extreme conservative interest that were backed by corporate money and shadowy groups like Crossroads GPS and the feeling that if corporate interest take control of Congress, you know, on economic issues, we're going to see a return.

And you saw in some of the – you know Paul Ryan's and the policies that were being pushed by Republican members running for Congress return the Bush-era tax policies and economic policies that got us in this place – mess in the first place – that we're slowly digging our way out of.

There are going to be a reverse on some major reforms as we move forward that we worked very, very hard on, both in labor and outside labor, like MoveOn, around health care, around Wall Street accountability. There'll be a push for policies that will continue the inequities that hurt – that would hurt both our income, for job creation and hurt the middle class.

And then looking at seniors, there are policies – and going back to – using on this issue, Paul Ryan being a poster child – that would hurt seniors. A social pact that we made many, many years ago with our seniors that is – there's a feeling on our organization's end, that is in deep jeopardy if policies that are enacted by many of the Republicans that were elected in this cycle go forward.

So one of the ways – that's kind of broadly what we talked about. I want to kind of show you how we kind of try to communicate that message and highlight a few races to do that. And I will – actually going to run them back, to back, to back, to back and then kind of point out a couple things in each of those races. So first up is Sharron Angle, who we all know was majority leader Harry Reid's opponent in Nevada. And let's see if this works.

(Begin video segment.)

MS. : Sharron Angle's dangerous ideas will make her life worse at every stage. If she was raped and got pregnant, Angle would force her to have the baby. Her college loans ended. If she's looking for work, it's tough luck with Sharron Angle. At retirement, her social security, phased out. At every stage, it would be worse for her – worse for all of us. Sharron Angle, too dangerous to have real power over real people. SEIU COPE is responsible for the content of this advertising.

(End video segment.)

MR. PITTS: Let's see, we'll go to the next one. And just before I go to the next one, you'll see the tagline on some of these ads – you'll see SEIU COPE. That is our PAC. We hear lots of reports about – a side note – lots of reports about unions spending their members' dollars and they don't have a say.

Our COPE – our PAC dollars are raised voluntarily by our members. Again, I underline the word “voluntary” by our members who give, on average, \$7 out of their paycheck. And you think of a janitor in Houston who's making about 5.25 (dollars) an hour. That \$7 really means something. So we try to be very judicious and very good steward of the money our members voluntary (ph) give for election communication.

Next, we're going to go with Tom Ganley. I think this is a radio ad, I believe.

(Begin video segment.)

MR. : Millionaire used-car salesman Tom Ganley is running for Congress. But how much do we know about Tom Ganley? We know Ganley was sanctioned for deceptive advertising at his used-car dealership and sued repeatedly for illegal employment practices. Ganley also signed a pledge to support the Republican agenda 100 percent in Washington.

What will that mean for Ohio? One more vote against unemployment benefits for workers who lost their jobs. One more vote to protect tax breaks for companies who ship jobs overseas. One more vote to allow insurance companies to deny coverage to children with preexisting conditions. And one more vote to allow Wall Street banks to continue taking advantage of ordinary Americans.

Tom Ganley will be one more Republican vote against Ohio's middle-class families. Tom Ganley is wrong for Ohio. SEIU COPE is responsible for the content of this advertising. SEIU.org. Not authorized by any candidate or candidate's committee.

(End video segment.)

MR. PITTS: All right and Tom Ganley ran unsuccessfully against Shelley Berkley in Ohio 7. Again, I tried to pick our races that were, again, either a battleground state or a big highlighted race on a national stage with Senator Reid. Tim Burns ran in Pennsylvania 12, John Murtha's old seat.

(Begin video segment.)

MR. : If Tim Burns makes it to Washington, who will he work for? As a corporate CEO, Tim Burns used a tax loophole to help his company defer taxes on foreign earnings. And while Burns says he would never ship jobs overseas, now, we find out he took tens of thousands in campaign contributions from those who sent U.S. jobs overseas and support free trade deals with Mexico and special trade status for China. Tim Burns – good for corporations and special interest, bad for us. SEIU COPE is responsible for the content of this advertising.

(End video segment.)

MR. PITTS: Okay. And then finally, the big Senate race in California, Barbara Boxer against Carly Fiorina. Now, this ad is different in the sense that it is actually – does not have SEIU as a tagline on it. Like many organizations, particularly unions, when elections happen, we actually wall off within the building and we have a side that actually coordinates with the candidate and talks for our members.

And then we have a side that actually does what we call – you'll see this ad – an Independent expenditure. Those two sides do not work – have no knowledge of what goes on. I actually – I'm actually on – was on the coordinated side, so I actually did not see this ad until it actually ran and did not know the details of this ad in terms of where it went, how big it was until it was actually disclosed to the general public.

(Begin video segment.)

(Music.)

MS. : Carly Fiorina, you laid off 33,000 employees. You shipped 9300 of our jobs overseas while you walked away with a \$45 million golden parachute. Carly Fiorina, it's time to face the music. Women Vote is responsible for the content of this advertising.

(End video segment.)

MR. PITTS: So you saw some different kind of – you know, different kind of – from kind of start with one of those hard-hitting contrast ads as well as something more lighthearted. As I said, we have a – we call them different – people call them different things. We have a red side, we have a blue side. That was a blue side ad where we actually work with coalition partners, pooled money together.

Again, Ilyse talked about the enormous amount of resources that were on the other side, forcing a lot of organizations to kind of pool their resources together. And still, we did not spend as much money as you saw from corporate interest and individuals that we still don't even know. So each of those ads were different in a way, but all had common themes, in a sense.

They showed a contrast between the two candidates on issues that were important to, again, middle class – to women, to base voters, to Independents and swing voters, whether

talking about choice in Angle ad, talking about – in Tim Burns’ ad, talking about ship – you know, voting to you know, voting to ship, you know, to start putting jobs overseas, point him out as – he was a corporate CEO, creating that connection within the voters and within the voter’s mind.

In the Ganley ad, again, talking about shipping jobs overseas, you know, talking about some unsavory employment practices of him as an employer. Again, Ohio, you know, being a tough state – facing tough economic times, but as well as talk about replying wholeheartedly to the Republican agenda, talking about unemployment insurance as kind of intertwined within the tax debate, talking about, you know, giving blank checks to insurance companies. And again, shipping jobs overseas and letting corporate interests kind of run, you know, run things.

And in the Fiorina ad, you know, it laid out the issue of – you know, the mass layoffs she – that they had here, 33,000 that her company engaged in, 9300 shipping overseas. And again, her being able to walk away with \$45-million golden parachute, again, showing that you know, the Average Joe and Jane America – some of the policies that were enacted were getting the shaft while those at the very top were, again, still living the high life.

So what are the results? Of course, we kind of know some of the results. But again, I’m going to show from the SEIU perspective. The House and the Senate are very important, but equally important to unions, particularly, many individuals, are governors. And so we targeted – again, we want to focus on where we targeted at.

That’s where we spent money, we endorsed, we talked to our – engaged our members. They walked out and volunteered, knocked on doors, made phone calls. In those races, we had about 19 races that we endorsed. We won 11 of those 19 races, I believe? Yeah, yeah – of races we won. You see the purple state up there.

We – all forget in our geography – that is the state of Wyoming. Wyoming is purple because we – actually it was a Republican governor that we actually endorsed there. So let it not be said that unions do not endorse Republicans or support Republicans. And in fact, I mentioned earlier that we had members of – actually SEIU members who run for political office.

We actually have had two members of our – who run for state office in New Hampshire, both Republicans and both were on a father-and-son team. So that’s kind of a – kind of a wrap of our perspective from the state – on the state level. We saw some major wins in like California and New York and Illinois but some tough losses like in Michigan, in Pennsylvania and Ohio – very, very, very close race in Ohio and in Florida as well.

On the Senate side, again, focusing on where we spent money, where we endorsed, where we focus our attention. The – I’d like to say, before I came to the SEIU, I worked many years in the gun control movement and the NRA used to cut off a scorecard and you know, we have an 85-percent winning percentage.

Oftentimes, they’ll just endorse someone – pretty good in races that – in the House side that were you know, noncompetitive and say, you know, we endorsed – our influence won that

election. But it actually – on a very, very small level, it was where they actually spent some money at in terms of either paid – in terms of paid media or paid mail.

So again, you see some big wins. We saw in California with the Fiorina ad. New York is purpled (ph) here because we actually had two seats open, both Senator Gillibrand and Senator Schumer were up. So we had some – you know – some big wins out there. Colorado was a very big win.

But again, we had some tough losses on the Senate side. Illinois was a tough – you know, was a tough loss. Wisconsin was a tough loss – amazing that the voters let go an 18-term senator for someone who said on the campaign trail that he didn't know enough about some of the issues to speak about them. So sometimes, so much for experience. It was a very volatile electorate, as we'll talk about a little bit more here.

And then just briefly on the House side, it was a little – I didn't want to get into these little – I mean you go to The New York Times or The Wall Street Journal or The Washington Post, who have a big media design team to put their little graphs together, it was me in my home on my little laptop, so – (laughter).

But on the House side, where we saw the big – the volatility. You know, we won about 38 percent of the races we were engaged in. So you look at about 58 for governors, 50 percent for state. Again, taking into whole – and state – and then you look at on the district level, where we know the districts are – have been cut, sometimes to protect incumbents, sometimes create a swing district.

We saw a lot of these races – you know, these losses in swing districts and those districts that kind of trend Republican, trend Democratic times, kind of go – sometimes with the – go with the national trend. A lot of seats that Democrats picked up in 2006 and 2008 were lost, but also a lot of seats that Democrats held for a long period of time, long-term incumbents were defeated or decided to retire and their open seat went to the Republican side.

So what worked and what didn't work? What worked – what worked for us – we found, again, direct candidate engagement, more people participating – what we call our walk-a-day-in issues. What we do is to get endorsed in the SEIU for the most part, particularly on the national level, you've got – what we ask is that a candidate spend a day walking in the shoes – so you know, a day in the life of one of our members so they can see what it's like to be a home-care worker, to be a janitor, to be a service worker, to be a nurse.

SEIU members are more engaged. More people volunteered. More of our members were engaged in this election, engaged with COPE. There's a good engagement with – a great engagement of – surge in base voters. I think African-Americans are critical in races in California and Massachusetts, Illinois, particularly in those governors' races. Latinos are extremely critical in California and in Nevada and Senator Reid's race. And the youth team to roll out in some places – in the Oregon governor's race.

What failed? We failed to elect more pro-worker candidates and I just want to click on, again – I want to show you an ad that we thought – not an ad – (inaudible) – work, but I’ll talk – a message that didn’t work – or a messenger, let’s say.

(Begin video segment.)

MS. : My daughter, Casey (sp), has special needs. She faces a lot of health problems, so I worry about health insurance. That’s why I’m so upset that Senator Blanche Lincoln voted to allow health insurance companies to deny coverage to people with preexisting conditions. I guess Blanche Lincoln sided with the big insurance companies because they could afford big campaign contributions. We need a senator that’s going to truly stand up for what the working people need. SEIU COPE is responsible for the content of this advertising.

(End video segment.)

MR. PITTS: Now, I show this ad because that ad was actually run during Senator Lincoln’s primary race with Bill Halter. You know, in retrospect, you know – I don’t think it was – you know, we talk – a race that we shouldn’t have got into, but it was a race that – where I think we were the wrong messenger. A great message, but a wrong messenger.

We don’t have a large – there’s not a large union density in the state. We don’t have a particularly large number of members. And to some degree, we were the wrong message – messenger – because it allowed Lincoln – it damaged her but it also allowed her to say that corporate interests are coming into, you know – she didn’t say corporate interests – specials are coming into Arkansas and trying to take over this election.

And for the most – and that’s something we’d want to represent. We always try to represent what our members actually want – want to do and what they want to move on. So quick analysis.

The good – you know, retention of the Senate control. We won in some key governors’ races. We won some key ballot initiatives that’s sometimes not really talked about, but really affect how – state governments are funded, how elections are run, how many things happen on the state level. The bad – the GOP gained 64 seats. We lost a lot of state legislators, race, chambers. And we lost some key races on the governor and the Senate side.

The ugly – I think we lost the message around the economy and I think – and at least from our perspective, some of the reasons why – you know, high unemployment, economic insecurity, no clear national jobs program. There’s a failure to take action. I think on the – clear action on the middle-class tax cuts, a debate we’re having right now. And failure to connect with the general public around – on jobs.

I think – Ilyse talked about corporate contributions are through the roof. And we’re going to see – because it’s a united decision and we all can see a continuation of that. We saw intense attack on our public union members out there. We – the new speaker of the House is very anti-public – against unions.

Redistricting battles is going to be very tough because of governor races and chamber races being lost. On the governors' side, you know, we lost some states that were important to Obama's reelection and you see it from Pennsylvania to Michigan, Ohio, Wisconsin. It's much easier when the governor is of your party to work that party apparatus.

And then some disturbing trends on – in some of the exit polling. The one thing I want to point out is the very end, although you see union households are still strongly supporting Democrats as they have before, union households were only about 17 percent of this electorate. In the past, normally, they've been about 23 percent of the electorate, where we saw a decrease in terms of union household participation but also what is happening with – with the labor movement in general in terms of a bit of a shrinking and something we'll address.

And finally, I just kind of want to look towards 2012. I just want to say this – two things – one, it's sometimes easy to be right-wing. You know, people come to escape problems through individualism. You know, my issue is different from your issue, no kind of collective body. American was kind of founded based on freedom, you know, leave me alone. It's a message saying, government, get out of my life; leave me alone.

And so when I see 2012 kind of you know, looking forward to what Dems are going to be doing, what we're going to be doing is I think you're going to see kind of – I say redefining, reasserting. I think you're going to see a reasserting of Democratic core principles.

We're seeing this around the battle of the tax cuts, a kind of root it – and you know, kind of the opportunity and the quality, not in sort of a mythic past that you see many in the conservative side are pushing in terms of this mythic past of the agrarian past of America that we're not going back to. But what I see on the Democratic side – I think you're seeing that we're winning the battle.

You know, look at the exit polling, still a battle of ethnic and generational politics. Again, this country is turning browner and it's going to continue to trend browner. And those constituencies are continuously supporting progressive policies. And again, you're seeing the young turning out to, again, support progressive politicians. You know, again, we talk about – if you get someone to vote when they're 18 for one – you know, support a candidate, a party, you tend to see that trend continuing on through their lives.

So though this was a tough election and we knew that we were going to lose seats, again, it's – from the perspective of our union, I think the perspective of some progressives, it's time to get back to work, reassert the core values of what progressivism is about, supporting working families, supporting opportunity and supporting equality. So thanks.

MR. WINNEG: Thank you very much, Khalid. And we're going to return back to my original format of we'll hold the questions till after the session. And I'd like to introduce Art Pulaski from the California Labor Federation. And I'm going to help with his media. (Inaudible.)

ART PULASKI: Where were you when we needed you? (Laughter.) We need help with our media.

MR. WINNEG: Working for the Annenberg Public Policy Center.

MR. PULASKI: That's my line. Good, thank you, Ken. I'm going to talk from here so Ken can control up there. I appreciate the invite. And I especially want to thank the Annenberg Public Policy Center and FactCheck for doing this and also for inviting me to participate in it.

I'd like to say, from the beginning that even though unions in California are IEs, independent-expenditure operations probably spent \$30 million. It's important that I say that we believe that big money is a bad thing for American politics and that, in particular, Citizens United is a travesty in that it encourages more of that and what we see now, of course, is more shadowy organizations with an unlimited amount of money and often with anonymous contributions really being destructive to the future of our democracy.

And if there should be a law, if there could be a law, I would say it should be that all politics must be grassroots politics with no paid advertising and only public expenditures. Given that, we had to stay competitive and so I want to share with you just a few thoughts about how we engaged in the election for this year.

We had several challenges as we faced – unions, as we faced the elections in California not the least of which was the fact that we were dealing with Meg Whitman who had bragged that she was going to spend \$150 million of her own money in the race. She ended up spending \$170 million – more, of course, as Ken said earlier, than any candidate has ever spent on a statewide race in the history of America.

As opposed to Jerry Brown, who, if you walked into his office, his campaign headquarters, you would find a sparse, small almost abandoned warehouse, the center of which was a picnic table with wooden benches where they had their meetings. So it was really quite a dramatic difference if you compare the well-funded army of campaign consultants for Meg Whitman as opposed to the way Jerry Brown had four people in his campaign headquarters.

So our priority in our campaign work always is – is first, our members and how do we engage in our members in grassroots politics? We have 2.1 million members. We did a very intensive campaign with them. As a result, our members voted by a greater than 2-to-1 margin for Jerry Brown in the governor's race. But we had to deal with the enormous imbalances in resources and so we had to do much more this year than just engage our members and get them out to vote.

We put together a blueprint that we shared with all of our unions in California because we had to have some way to represent the different independent-expenditure and member-communications programs that we were engaged in so to show the many dimensions of our campaigns we had this blueprint which showed the various subcampaigns that we were doing. The first, of course, as I mentioned, was the member-communications program. The second is the independent-expenditure operations that our union is engaged in, in a very unified and

coordinated way. The third this a thing I'll talk about in a minute and that is we call million-more voters, MMV and finally our earned-media efforts.

But let me take you back to an important piece of this campaign in terms of timing and that was back in the spring. To understand the challenges that we faced, we needed to look back at the previous gubernatorial election of 2006 and there we had a similar – we had a number of similarities and the first was that we had a well-funded campaign by Arnold Schwarzenegger against, then, Phil Angelides. Phil Angelides did not have the resources to compete with, then, Arnold Schwarzenegger.

But the other thing was, that in early spring of 2006, Arnold Schwarzenegger led Phil Angelides by four points. In early spring of 2010 Meg Whitman led Jerry Brown by four points so there were similarities in both of those cases that were important to us. As soon as – before the final vote was counted in the June primary of 2006 Arnold Schwarzenegger engaged in a barrage of advertising that knocked Phil Angelides off his feet. Phil Angelides could not counter those ads until Labor Day because he didn't have the money but by Labor Day the election was done and decided and there was no way that Phil Angelides could recover.

So we were determined that we were not going to allow the same thing to happen again and that was important for us that we maintain, during the summer time, a competitive advantage or – that our candidate remain competitive with Meg Whitman so that he would not be knocked off his feet and therefore be unable to recover. And the fact is, that during the summer Meg Whitman had 112 days of advertising without any response from the Brown campaign, conserving its resources until after Labor Day.

So to keep Brown competitive during that critical time of the summer, labor stepped up in a number of ways, the biggest engagement we involved in was what we called California Working Families for Jerry Brown. It was an independent-expenditure campaign which launched a number of ads hitting Meg Whitman where we knew she was vulnerable. Those ads were paid for, primarily by, actually by many of our unions but especially by SEIU, the Building Trade Unions and the state firefighters'.

We had several unions who were also supporting similar independent-expenditure campaigns including the nurses union with a series of radio ads and AFSCME which did related TV advertisement. That early independent-expenditure for California Working Families spent about \$9 million. The AFSCME campaign on TV spent about \$2 million so we had about \$11 million or more spent during the summer in advertising to hit Meg Whitman.

I want to show you, just, I think, one of those ads and, Ken, if you can help me with this we're going to show you an ad that California Working Families put forward which was called "crumble".

(Offside conversation.)

MR. PULASKI: Thanks. "Crumble".

(Offside conversation.)

MR. PULASKI: Maybe we can start it again and pick up the sound.

(Begin video segment.)

MR. : In six years, huge losses from failed – For 28 years she didn't bother to vote, no government experience at all. Now Meg Whitman says her time at eBay qualifies her to be governor. What's her record as CEO? Overhead spending up 2000 percent, fees hiked six times in six years, huge losses from failed mergers and after she resigned, the new CEO cut Whitman's bloated spending and lowered fees. California is in crisis, under Meg Whitman it could crumble.

MR. PULASKI: So in addition to the paid media, as I said, it's very important for us to engage in grassroots kind of activity. There were a couple of things happening simultaneous to that. One was a program we put together that was called Wall Street Whitman and it was a – we actually had some negotiations going with the Wall Street Journal because it – apparently our program – our ad program on the Internet looked an awful lot like the Wall Street Journal, the mastermind behind that is with me here today, our communications director, Steve Smith.

And so we engaged in some earned media and some online media that supplemented the paid media activity and also there was a brilliant program put together by the California Nurses Association called Queen Meg and that was a street-theater kind of thing where a woman made to look like Meg Whitman, but more like a queen, followed her everywhere to – it was the “dog” Whitman campaign to really sort of smoke her out and tell the truth about what she really was and it was really a brilliant kind of program that was going on and that kind of grassroots stuff is what we try to do the most of.

The result of all these combined efforts was pretty profound and over the summer photos began to question Meg Whitman. Her negatives rose and, importantly, the more money she spent the more her negatives at that point begin to go up in spite of the fact that over those 114 days she was engaged in a nonstop saturation bombing of radio and TV ads without any response from the Brown campaign. That's why we think it was so crucial for us to keep him competitive during that summer time.

As we headed into Labor Day the race was a dead heat. In the fall we were also dealing with a likelihood of a dampened turnout by Democrats and so we were – we had to calculate how to engage in making sure not that we advance persuasion but also how we make sure that we also turn voters out. This is where the next IE and what I think is probably, ultimately, our most important IE came to play. This is the “million more voters” program. Three years earlier we began to put together some microtargeting efforts with people like Larry Grisolano and Ken Strasma who helped us find – it was originally intended that we find a million voters in the X-urban areas of the state.

That is, the traditional strength of our movement, of course, is in the major cities on the coast. But there is a population growing, of voters, in the inland areas of the state, the more conservative areas of the state, the swing areas of the state. So we engaged in this process of

microtargeting to begin to find people who were of labor sympathy, agreed with us on our issues but were not union members, in the more conservative areas of the state. And unlike the traditional independent-expenditure operations we, again, wanted to think of ways that we would reach out to voters on a very personal basis.

I view this, by the way, and as I've said to a couple of folks back home: The microtargeting that we engaged in to create a million more voters – which started as a million voters, by the way, and became 1.5 million, 2 million and is now up to 2 million and growing – so it's a very significant population portion of California. I see it as the good versus evil of microtargeting. Meg Whitman's microtargeting, if you would go into a community and ask everybody to come together in a house meeting and bring the mail pieces that Meg Whitman sent to them you would find, in fact, mail pieces of people, next door to each other, competing with the mail piece that she sent to another neighbor, contradicting herself. That's the evil portion, I think, of microtargeting.

For us, our purpose was to engage people of shared values to give them a voice, to let them know they're not alone and I think that's the good part of microtargeting. And so "million more voters", in fact, was engaged on that and we did extensive field and online targeting with swing voters, as well. For example: The California School Employees Association had a program called CAUSE for education improvement. They trained a thousand leaders to recruit 10,000 activists, just within their 200,000-member union, to go out and knock on doors in their neighborhoods, to begin to talk to people so based on the microtargeting technology that we put together.

And so what we have is, really, an attempt to move this back down to the grassroots, the personal contacts, engaging people together to give them a voice in commonly shared issues. This is the exciting part of what we think about in terms of independent-expenditure operations, not the TV ads although we had to engage in those to stay competitive, as well. I want to give you one other example of how we used the microtargeting of "million more voters". This is with the Asian American-Asian Pacific Islander API community.

We found that there is an unusually high percentage of undecided voters among the API community and they were getting little information on the governor's race so we did a targeted communication of about 200,000 API-community folks where we found them from our microtargeting universe. We then communicated with them in four languages: Mandarin, Cantonese, Korean and Vietnamese. We found that by talking to those people around these issues, when they voted four years earlier there was a 25-point margin in favor of Arnold Schwarzenegger by the API community.

As a result of our communications with these folks it completely turned around from a 25-point advantage to Republicans to a 17-point advantage for Jerry Brown. It was the most dramatic turnaround we'd seen in any community in terms of the election of the governor's election of California of this year so we think the Republicans really took the API community for granted this time and we actually moved a program.

The Latino project was also very dramatic and SEIU was the primary leader in Cambiando California, the Latino project. There were a couple of others in Los Angeles and San Diego run by the local-labor federations, as well, but as a result of that the percentage of voters in the governor's race among Latinos rose from 12 percent to 22 percent. In other words, 22 percent of all voters in California, this time, were Latino voters and that is a growing thing. And so that was a very crucial IE, particularly when we had the revelations about Whitman's housekeeper Nicki Diaz and how that affected Latino voters and SEIU's program took full advantage of that in terms of communicating to those voters.

So can we go to GoTV? In the final several weeks it was clear to us that Brown was in a pretty good position. He was a few points up but we still had to boost turnout. We used the "million more voters" technology again to reach out to do a blitz of voters through media, through field and through mail. We found that among those 2 million voters that we had targeted through "million more voters" technology, about 750,000 of them needed persuasion and about 1.55 million of them needed just to get out to vote so we figured out how to communicate most with those folks.

And again, we ended up reaching out to people not just by mail, not just by paid ads but by the community of people and volunteers that we had developed over that six-month period and we probably knocked on the doors of voters in 1500 precincts plus 800 precincts so 2200 (sic) precincts out of some 30,000 precincts in California so a significant number of precincts we hit. Beyond what our normal membership would do in the grassroots political action of our union members that of course we do precinct operations as well.

So the result of this was – all of this was a historic sweep of statewide candidates for the first time ever in California's history of the statewide constitutional officers. And of a number of marginal congressional districts there were probably four or five marginal congressional districts that we protected that we saw major money coming from the conservatives especially in the Fresno area we moved resources around and we saw that happening. Another example of the "million more voters" advantage was that we did research 10 days out on all the statewide candidates just to see how they were positioned.

Our candidate for attorney general, Kamala Harris, was behind and so we moved an extra million dollars over to an IE in the Los Angeles basin on TV ads for Kamala Harris and as a result of that she won by the slimmest of margins. It took us about two weeks to figure out the final vote count that she had won. But the "million more voters" technology applied to that race also, it made the difference in the election in a very clear way. So we probably, as I said, labor spent, \$30 million on independent-expenditure programs. We're sorry we had to do that, we hope someday we won't have to do that. We think we need public financing.

But for us it was, through the research we had done, we see that the way for the future for us and that is union members: 2-million-plus, Latino voters: 2-million-plus, "million more voters": 2-million-plus, African-American voters: about 900,000, Asian-American voters: about 800,000. You put those together and they comprise almost 75 percent of all voters in California in the last election and so we were on to something in terms of the communities of

interest we are pulling together and the techniques we are using to pull them together and it's not just paid media on TV. Thank you very much.

MR. WINNEG: Thank you, Art, very much and we are a little bit behind schedule so I'm going to go right to questions from the floor if anybody has questions.

Q: Thanks. Son, thanks. Ken Vogel, POLITICO. I wanted to follow up with a lease from MoveOn. You guys obviously have your roots in, you know, large, anonymous contributions as a 501(c)(4), I understand that now you're a PAC and are making this – or attempting to make this, really, a sort of big issue.

I'm wondering, though, given President Obama's really aggressive statements and policy preferences on this issue, if there's any risk that Democrats, if they do, in fact, engage in this kind of political activity whether it be anonymous or not, this kind of, you know, big-money outside-group advertising in 2012 if they – if there's a risk of them sort of looking hypocritical? And then, I guess, as a preface to that I'll ask you how much of an affect do you think that President Obama's state-of-policy preferences on this had?

MS. HOGUE: So two parts to that question. First of all, MoveOn's roots are actually as a PAC. We were started in 1998 by 200,00 individuals who gave small donors. We did open a (c)(4) that was called the Voter Fund and to participate in the 2004 election. And I'm only going into this because we are at a FactCheck.Org conference. And this is one of the most twisted facts about MoveOn.

At that time, we took large donations. They actually weren't anonymous. There was a large donation by George Soros, so every time you hear George Soros is buying MoveOn – he gave us a one-time donation in 2003, never taken money from him again, never used the (c)(4) for electoral purposes beyond the 2004 elections. So every election we participated in since then has been entirely PAC-driven.

We did experiment with a large donation. We figured out it actually didn't work for us, that our strength came from our members' direct ownership over our campaigns. That was our model of organizing. That was what provided strength not – our strength not only during the election, but in the legislative fights that actually make the difference in the policies in our country. So that's one.

The second question – it's, I think, you had two more, Ken, but I missed – I think, about the last one, which was – I think Obama's stated policy actually had a lot of impact in 2008 – a lot. Some in 2010 – I can't quantify it, but I think to the extent it had an impact, it is because Democrats – and certainly MoveOn, and I heard Art say this – we believe in the principle that democracies should not be for sale to the highest bidder.

So when Obama had the platform and said, let's do this the right way, let's give every American the chance to have an equal voice in who governs them, we lined up right behind him. We think that that is the best way to govern our country.

Now, unilateral disarmament meant this time we lost the House, right? Well, you can't actually govern your country if you're going to not have the representation in there. So there is this dynamic tension. Oh, I think that was the last part of your "will it backlash," right? That was the last part of your question. There is a dynamic tension –

Q: Of hypocrisy. Like the potential for – (inaudible, cross talk).

MS. HOGUE: Like the potential of hypocrisy. Absolutely. You know, it's – god, people like to believe the left is a lot more ideological than it is. We call our members "pragmatic progressives." I think people – the American people are sophisticated enough to recognize that we've got to fight on a couple different fronts, right? I mean, it's no good to actually hold the principle that every American should have an equal voice if you are not going to ever have any chance of implementing that through any of the three branches of government. You know, that's why I answered this man over here by saying, I think we're going to see a lot of things thrown at the wall.

I think to the extent that we are supporting candidates whose stated preference is to actually level the playing field for every voter to have a say, we'll make strides. But yeah, it's an – it's an ongoing struggle – and not an inconsequential one.

Q: And this is to follow up. Would MoveOn consider – and I don't know, I think that you still actually have this 501(c)(4), although not active as well as a 527, right? Would MoveOn consider shifting its activity to those groups which could be funded by large contributors if there was, you know, the appetite there among donors?

MS. HOGUE: Yeah, we no longer have a 527. We do have a (c)(4). I don't think we will consider shifting our electoral work there. There's other stuff that we've done through their corporate advocacy and stuff like that. I don't think we'll shift our (c)(4) – I mean, our electoral work there. We are – you know, it's both of principle, then a pragmatic take. We work best when our members actually have ownership over our work.

MR. WINNEG: And Khalid would like to add to Ilyse's response.

MR. PITTS: Just to add one thing. As a MoveOn member – long-time MoveOn member, I've given small donations for many, many years. And just on this issue about, you know, giving. You know, Ilyse talked about that on the left – to continue this political discourse where until we can get money out of the election, I think that we have to understand that that money will serve a purpose in this election to getting your voice out both whether on issues or for candidates. And we just want a level-playing field.

I think what you're seeing – what you saw in 2000 – what you saw in 2010 is a representation of corporate interests have decided, as part of their business model, is to give to conservative – and create conservative institutions and vehicles that they can funnel money in. It's good for business to elect conservatives.

You see this issue right now – the tax debate going on right now currently. Tax cuts for the wealthy, an expansion of the estate tax as opposed to continuing unemployment insurance and aid to more needy – more needy – many needy families. So I do think you’ll see over the next two years – because you look – you know, elections are kind of running sort of retrospectively. Look at what worked last time and what can I do the next time to improve upon what, you know, what’s the next new thing.

So I do think you’ll see a kind of attention in the debate about interest, you know, in terms of, on the more progressive side, going into institutions. I think – for one thing, I think that those both on a corporate level and both of large and individual donors have to get over the mindset of giving because I’m giving for a moral cause or it’s a good thing, and giving because there is a voice that is underrepresented out there. And I need to – and I need and my people like me need to – need to be engaged in that discourse. And part of that way of being engaged in the discourse is funding institutions that could help amplify voices of members like MoveOn or members of, even, the SEIU or other labor organizations.

MR. WINNEG: Other questions? Yes.

Q: Yeah, this is Jill Lawrence from Politics Daily. And this is for Khalid. How much did SEIU spend in 2010? And do you think you’re going to be able to keep up with the corporate level of contributions in 2012? And my other question is, is it important to you that people realize that these contributions are voluntary from union members? Because right now, it seems like you’re losing that narrative.

MR. PITTS: So 2010 – we’re still trying to kind of gather that because one of – kind of two things: we both do things on a national level, and then we have – we have states. We have locals in states who actually engage in political discourse both on a state level. So we’re still getting some of that information back. But we spent upwards of over \$40 million in this election. Nowhere, again, close even – you know, aggregated all the – from the labor community and those on the progressive side did not compare to what was flowing into some of these newly formed, you know, 501(c)(3)/(c)(4) organizations.

In terms of looking forward, keeping up, I think – you know, as I’ve said, some of the things – that our goal was – one of our goals were to get our members more engaged. Part of that engagement is, again, voluntarily raising funds among our members to speak in an electoral discourse. We saw a dramatic increase in this election cycle of our members being engaged. We have a strong political program that – and a member-to-member program with members talking to members of why is it important to get engaged in, you know, in elections and both from your feet and your voice, but also with your – with your pocketbook. And it’s extremely important for us to get that message out there, that these are voluntary contributions.

And in fact, if you looked back in October, there was a series of letters to the editor from our former national political director Jon Youngdahl that actually spoke to this issue trying to clear up distortions that are made on the right about, you know, union contributions and what money we spend. We spend money – let’s make it very clear, here – we spend money engaging

in two different conversations: conversations with our members – member to member internally – and we spend money on speaking to the general public.

The money we use speaking to the general public is money that our members voluntarily give every year. In fact, in a state like Michigan, we actually have to go back to those members every single year and ask them again to sign off that we can use your money to speak to the general public. But I feel good about – as you go forward, I feel good about, you know, where our union is positioned in terms of resources.

I think the real fight is, again, as you know, Art and I talk about, is with this Congress – and this current Republican Congress – is the public and the very vehement, anti-union sentiment. And you will see Republicans going after – making public employees the bogeyman and the reasons why we have these deficits, not the fact that they want to – they'll add to the deficit by giving tax cuts to a millionaire and not the – and not the janitor who's making 5.25 (dollars) an hour and trying to feed his family.

MR. WINNEG: In the back?

Q: Hi. John Ward, Daily Caller. Two things – Khalid, if you could expand a little bit on Ken's question in regards to whether it's hypocritical for the left to allow more money to come in perhaps anonymously or not. And then, when you just said that, you know, businesses giving it to conservatives because it's good for business, is that a bad thing? Because I mean, President Obama himself has said that the private sector is the main engine for job growth.

MR. PITTS: No. I think – it's, again, it's a business model, you know. Knowing small-business owners out there, it's a business model. I think it's – for them, they have made a decision to do that. You know, you don't – the money they spend – their shareholders or the employees have no say in terms of how they spend their money.

So it's interesting how the right likes to point that – try to indicate that union members who, for the most part, you see – you know, more than 2-to-1 support progressives and progressive policies and seem to not have any issue with, you know, how their unions spend the money.

Of course, you're going to have people, you know, outliers out there. But again, we – for an – for an organization, for an individual to get money from our union, particularly a congressional and a governor or a senator – it has to be endorsed. And it has to be endorsed by the local unions within that state. You've got five local unions within that state. They've got to – they have a process for endorsing. We have an endorsing process. And that's how, you know, we go out and decide who we got to target, who we got to support.

In terms of back to Ken's question, you know, again, this is a debate that's going on, you know? We can take the moral high ground and turn the other cheek, but it's only so many times that cheek is going to get slapped. And you can't – in this, the battle of issues and ideas – you can't go into it with your arm tied behind your back. And it's a question that the rest of them have because the labor movement cannot continue to bankroll the entire progressive side of the

political discourse. It's very difficult. And as you see what trends are happening from the percentage of union households shrinking, it's going to be increasingly harder to do.

MR. WINNEG: And we have time for one final question in this session. And it's going – leave it to Brooks.

MR. JACKSON: I'll claim the prerogative; Brooks Jackson, FactCheck.org. I have to note that two of the ads we saw here presented by our panelists were ads that we at FactCheck.Org had criticized as being false or misleading: The MoveOn.org saying that money from foreign corporations was financing Chamber of Commerce ads attacking Democrats; the Chamber of Commerce says that's not true. There's no evidence that the Chamber of Commerce uses foreign dues money to finance those ads. They say they don't. They have plenty of money from domestic corporations – which now is legal to finance that sort of thing.

And the Service Employees ad accusing Blanche Lincoln of voting against requiring insurance companies to cover pre-existing conditions. We found, in fact, she cast a key vote in favor of that.

So I've got a – go to a question here from one of our subscribers, Cathryn Hopkins (ph). And I'll paraphrase here to tone down some of her rather strong language – and she says this sort of thing:

Does it bother your conscience at all, or do you believe that the end justify the means? And is win, win, win the only end?

MS. HOGUE: We stand by that ad. What we – and as did every television station without the profit motive, given what we were spending. To the specific, the Chamber of Commerce was taking donations into a general fund and paying for ads out of that general fund. Money is fungible.

And the greater point that was being made that we felt resonated, actually, across that race – across the national discourse – was that when you've got multinational corporations who interests actually transcend that of the American voter, who have far more money than the American voter – playing in these races, is it fair to point that out so that the voter can discern for his or herself whether that candidate being backed by that money will hold their interests at heart? Absolutely.

Not only does my conscience not bother me, I feel a moral imperative to point that out on behalf of our members because a more informed electorate – where every voter has an equal voice – is a stronger democracy. And at the end of the day, that's what we're about.

MR. PITTS: Thanks. I just – you know, just to the Blanche Lincoln ad – I think, and we'll – can go back and look at her procedural votes and what we used for our characterization, our description of her votes that she did make votes that actually, you know, were wrong on that – were wrong on that issue. And we point that out. We did several ads, you know, pointing out

where we thought Blanche Lincoln was out of step with progressives and out of step with her constituents. And as Ilyse said earlier, you know, all Democrats aren't, you know, are alike.

Do you know, if you look at SEIU's books? You know, when we make our filings you can see, you know, where we got our money from – you know, where we spend – where we spend our money. We don't see that same case with the Chamber of Commerce about where they're getting their money from and how that fungibility of that money internally is being used.

And in going back to this Lincoln ad, I was actually glad you actually brought it up because I just want – because I know POLITICO is here and other organizations. I just want to make it extremely clear that SEIU does not believe it is wrong – it was wrong to go into that election – that primary election with Blanche Lincoln and Bill Halter. I want to make clear that we felt – I kind of, in retrospect, feel like we possibly were the wrong messenger.

The message was right. She was – you know, her years in the Senate – she was trending and continuing not supporting progressive issues, whether on Wall Street accountability, whether on health-care insurance companies, whether on a host of issues.

And as Ilyse said, all Democrats – all progressive – all Democrats aren't alike. And I think, as you go forward, I think our organization will continue to support those progressives and those candidates who support pro-worker issues and families, and not support those ones who don't.

MR. WINNEG: Okay, thank you. Please join me in thanking this panel. (Applause.) And we're going to take a short 10-minute break to set up for the Republican – the conservative panel, who I'm sure will have a response to some of the things that were said earlier. So we'll be back at around 11 o'clock.

(END)