



# Dark Money In State and Local Elections

June 15, 2012

by Lauren Feeney



In the wake of Wisconsin's \$63.5 million recall election, we caught up with Mother Jones reporter Andy Kroll to discuss the role of dark money in state and local elections.

Lauren Feeney: Big national organizations like American Crossroads and Club for Growth Action are pouring money not just into the presidential election, but also into state and local races. Why?

Andy Kroll: Three words: Return on investment.

You can turn an election a lot easier at the congressional level than you can at the presidential level. People talk about buying a presidential election. Pro-Romney groups are projected to spend possibly \$1 billion dollars in this election and the Obama camp nearly \$750 million. So buying a presidential race is

incredibly difficult. But you can significantly influence if not turn the tide in a congressional election with a lot less money.

There's a great example — in 2010, you had Congressman Dan Maffei who was in New York's 25th district. Two weeks away from the election, Maffei had a 12-point lead over his opponent, Ann Marie Buerkle. American Crossroads — Karl Rove's super PAC — sweeps in and drops \$400,000 in attack ads against Maffei in the final stretch. Buerkle squeaks out a win by 648 votes.

In the Ohio senate race right now, you have Senator Sherrod Brown running against the state treasurer, Josh Mandel. Sherrod Brown has already had about \$7 million dollars spent against him, and he expects a whole lot more before the November election. Seven million dollars is frankly not all that much for Crossroads GPS, American Crossroads, American Action Network. But knocking off Sherrod Brown is knocking off a progressive champion, a member of the senate willing to take on Wall Street, willing to take on student lenders, willing to take on Republicans. And defeating Sherrod Brown puts Republicans one closer to Republican control of the Senate. We all know how much influence you can have if you control the chamber. Democratic control of the senate is the only thing standing in between Republicans pushing through all these hardline policies that have come out of the house since 2010.

It's also true at the state level — state legislatures, state houses, state senates, gubernatorial races. If you can turn an entire state's legislature red, as we saw Wisconsin in 2010, the sky is the limit. You can curb the collective bargaining rights of public employees, slash public education, jam through a voter ID bill that some say is discriminatory, redistrict your state in favor of your own party.

Feeney: And as we saw in the recent Wisconsin gubernatorial race, much of the money comes from outsiders that don't even have a right to vote in those elections.

Kroll: About three dollars out of every five collected by Governor Scott Walker's campaign was from out-of-state donors. Some of the bigger names included Sheldon Adelson, the Las Vegas casino tycoon; Bob Perry, a homebuilder in Texas. When you're at the state level you really see in black and white how donations are given with a very specific agenda. In January of 2011, soon after Governor Walker came into office, he met with Diane Hendricks, this businesswoman who would later give him half a million dollars for his recall defense. She asked him, when are we going to turn Wisconsin into a red state? When are we going to get right to work? When are we going to take on these unions? And Governor Walker replies, well, we're going to go after the public employee unions first; we've got to divide and conquer. "Divide and conquer" were his exact words. Governor Walker has not said if he would veto a Right-to-Work bill for Wisconsin. Mitch Daniels, in Indiana, did the same thing. He wouldn't comment on it and then the moment the bill got to his desk, he signed it. So Diane Hendricks very clearly sees her \$510,000 donation to Governor Walker as an investment upon which she will get some returns, whether it's lower corporate taxes, a Right-to-Work bill of some kind, or just more measures going after unions. Her donation is not just charity. Her donation is transactional. You see that so clearly at the state level.

Feeney: You were able to actually travel to Wisconsin to cover the recall election, but do you worry that, given the decline of local news coverage, some of these state-level stories might go uncovered?

Kroll: The decline in local news coverage definitely makes it more difficult for communities to know just who exactly is behind those ads they're hearing on the local radio station. What's Coalition for American Values or Right Direction Wisconsin? I did a little test when I was in Wisconsin. I said, "There's this group doing ads on television. They're called Right Direction Wisconsin. You guys know anything about them?" And people were like, "They like Walker, obviously, but we don't know, we're not really sure." Well Right Direction Wisconsin was essentially the state front for the Republican Governors Association, which is this deep pocketed organization that gets money from some of the wealthiest donors and corporations in the country. People in Wisconsin, the ones that I talked to, had no clue that big pharmaceutical companies and banks were funding the group that was running ads on their television. Not having a local watchdog to put out that basic kind of information leaves people without crucial context that they would use in deciding how to vote, which obviously then determines the course of their state.

I will say though, having been in Wisconsin off and on over the last 16 months — there are good local reporters there. There are a number of Patch sites, the AOL organizations, that did scrape beneath the surface and try to bring necessary context for the people who read their sites, and that was very encouraging to see. Was it enough? Probably not. But it's better than some states where people are completely in the dark about who is pouring money into their elections.

Feeney: You mentioned the Republican Governors Association, about which you wrote a great piece in February. Can you tell us about their strategy for influencing elections?

Kroll: The Republican Governors Association is this ingenious outfit — and I don't mean "ingenious" in a positive way necessarily. It's benignly named, and in the early years of the organization it was just an excuse for Republican governors from around the country to get together and share ideas. What it's become in recent years though is this: essentially a dark money machine that collects donations from wealthy individuals and corporations around the country, amasses those donations in Washington, then spits the money out into important governor's races around the country wherever they think can tilt the scales and deliver victories for Republican governors. The machine allows wealthy donors to scrub their fingerprints off the donations, because the money goes through RGA before being sent out into these gubernatorial races. And they've found ways to funnel the money to maximize its impact. Some states don't have bans on corporate spending in their elections, some do. So the RGA takes money from individuals like David Koch or hedge fund guru Paul Singer in New York and sends that to the states where they can't use corporate money, and diverts the corporate money to states where they can use it. They spent \$132 million dollars in the 2010 races helping to elect a wave of Republican governors who shocked the country by going after unions and slashing education and implementing a hardline agenda. It didn't get much attention, but it was an incredible amount of money; more than the top five conservative outside spending groups combined. And next thing you know, they've helped elect Scott Walker in Wisconsin, John Kasich in Ohio, Terry Branstad in Iowa.

Feeney: Most of the spending we've been discussing so far has been to benefit Republicans. Are Democrats in this game?

Kroll: The Democrats are absolutely part of this game. In 2008, President Obama and his top campaign aides really wanted to keep a tight control on their message and have the campaign to be the main voice for Obama, so they put the kibosh on outside spending. Come 2010, with the Citizens United decision, the SpeechNow.org decision, super PACs — now the Republicans have really taken it to the Democrats in the outside spending battles, and the Democrats are playing catch up. President Obama has a super PAC fighting on his behalf, Priorities USA Action it's called. The president has given his imprimatur to the super PAC; he's essentially blessed it. But Democrats don't really like super PACs. President Obama slammed them before he half-heartedly blessed them, or blessed the one that supports him, anyway. It's not part of the Democratic or progressive worldview to think that these outside groups — essentially the tools of billionaires — can raise and spend unlimited amounts of money.

Feeney: What are some of the tools you use to follow the money?

Andy Kroll: I have this image in my head, as someone who grew up in the Midwest and watching Home Improvement with Tim Allen — I always envision myself as having this tool belt when I report on money and politics. There are a lot of different tools and methods that you can use and frankly need to use to follow the money, find the people behind the money, and find the folks that are finding the loopholes and cracks in the system to exploit. The Center for Responsive Politics' Open Secrets site is one. Sunlight Foundation does a great job of helping us track money in very simple and almost stylish ways. There's The National Institute for Money in State Politics out in Montana; they're very helpful. And there are different databases and different websites at the state level which can be kind of scattershot, but Wisconsin for instance has a great site, The Wisconsin Democracy Campaign. It helps to be good with stuff like Excel, so you can download big chunks of data from say the Federal Election Commission and sift it and sort it and look for trends and outliers.

I can't say how useful it is to get out and hit the pavement. Rarely can you get into a fundraiser, but you can stand outside. You can talk to people. We are able to know where a lot of events are thanks to the Party Time website, run by the Sunlight Foundation, where they collect invitations for fundraisers sent anonymously, post them online, and you can go to an event and just hang out outside and grab people. Tell them, "Oh hey, I'm a reporter from Mother Jones. Who are you? Who else is at this thing? What are they asking for, in terms of a donation?" Donors like to brag. They like to feel like they're important. The other thing is you've really got to work the phones. You've got to be willing to make a dozen phone calls for every one returned. There are an array of different tools, and you really have to use all of them if you want to get the full, nuanced picture of how all this money is flowing into our elections.

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