

Mountain of Money Fuels Gavin Newsom's Surge to Recall Finish Line

The California governor has taken full advantage of the state's loose financing rules for recall elections, overpowering Republican challengers for whom the cavalry never arrived.



By Shane Goldmacher

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Gov. Gavin Newsom's bid to fend off a recall in California has been bolstered by an infusion of tens of millions of dollars from big donors in recent months that delivered him an enormous financial advantage over his Republican rivals in the race's final stretch.

There had been moments over the summer when Mr. Newsom, a Democrat, had appeared vulnerable in public polls, as California's unique recall rules seemed to provide an opening to conservatives in one of the most reliably Democratic states in the nation. But Mr. Newsom raised more than \$70 million this year into an account to battle the recall, much of it in July and August, allowing him and his allies to dominate the television airwaves and out-advertise his opponents online.

California has no limits on donations to recall committees, and Mr. Newsom has taken full advantage of those loose rules. His contributions have included an early \$3 million from Reed Hastings, the chief executive of Netflix; \$500,000 from the liberal philanthropist George Soros; and \$500,000 from the Hollywood producer Jeffrey Katzenberg. Dr. Priscilla Chan, a philanthropist and the wife of the Facebook founder Mark Zuckerberg, contributed \$750,000, and the real estate magnate George Marcus gave \$1 million.

Millions of dollars more have come from interest groups with business before the state, including labor unions representing service workers, teachers and prison guards, the real estate industry and Native American tribes that operate casinos.

On the Republican side, the financial cavalry never arrived.

Mr. Newsom's aggressive efforts to keep any other prominent Democrat from running consolidated the party's financial might toward protecting his post. In a California recall, voters consider two questions: first, whether to recall the governor and second, whom the replacement should be. During the last recall election, in 2003, Democrats struggled to sell the famously unwieldy slogan "no on recall; yes on Bustamante" as Arnold Schwarzenegger, a Republican, swept into the governorship.

This year, Democrats and Republicans in the state seem to agree on one thing ahead of the election on Tuesday: The money mattered. All told, Mr. Newsom has spent more battling the recall than he did on his 2018 election.

“If Gavin didn’t raise the money, given the amount of apathy and angst, he could have lost,” said Kerman Maddox, a Democratic strategist in California who has also worked as a party fund-raiser. “I’m just going to be real.”

Dave Gilliard, a Republican strategist involved in the recall efforts, said of the cash gulf: “It’s definitely made a difference.”

Despite the large sums involved in the recall, the race’s total cost is actually less than that of a single ballot measure last year, when Uber and Lyft teamed up to successfully press for rules allowing app-based companies to continue to classify drivers and other workers as independent contractors. That ballot measure drew roughly \$225 million in spending because of the state’s many large and costly media markets, including Los Angeles.

Mr. Newsom used his financial edge to swamp his Republican rivals and proponents of the recall on television by a nearly four-to-one ratio in July and August, spending \$20.4 million to the recall supporters’ \$5.6 million, according to data provided by the ad-tracking firm AdImpact. Some of those ads framed the race in the starkest of terms, with one spot saying the recall’s outcome was “a matter of life and death” because of the coronavirus.

On YouTube and Google, the financial disparity was even more stark. Mr. Newsom has spent nearly \$4.1 million, according to Google disclosure records, while his leading Republican opponent, the radio talk show host Larry Elder, has spent a little more than \$600,000.

Reed Hastings, the chief executive of Netflix, gave \$3 million to Mr. Newsom’s campaign. Cayce Clifford for The New York Times

Dr. Priscilla Chan gave \$750,000. California has no limits on donations to recall committees. Steve Jennings/Getty Images

The sudden emergence of Mr. Elder as the Republican front-runner — he entered the contest in July and had raised more than \$13 million by the end of August — provided Mr. Newsom with a ready-made Republican foil. An unabashed conservative, Mr. Elder had left a trail of radio clips in which he outlined positions unpopular with Democrats on issues like the environment, abortion and the minimum wage.

“Lo and behold, he got a gift from the gods in the name of Larry Elder, the conservative African American version of Donald Trump,” Mr. Maddox said, adding that the specter of an Elder governorship had motivated

big and small donors alike.

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It had not always been clear that Mr. Newsom would have such a decisive cash advantage. Some party contributors were slow to engage. Ron Conway, a San Francisco-based venture capitalist who organized early anti-recall efforts and fund-raising in the spring in the tech community, said he had been dismissed early on. “At the time, many people thought I was being alarmist,” he wrote in an email. “They don’t think that anymore!”

State records show that nearly two-thirds of donations of \$10,000 or more to Mr. Newsom’s main anti-recall account came after July 1. And overall, more than 80 percent of the donations over \$10,000 to that account came from inside California.

“Democrats would rather not have to fund an off-year race in California,” said Dan Newman, an adviser to Mr. Newsom. “But they didn’t hesitate once it was clear what’s at stake.”

Mr. Newsom’s campaign said it expected to pass 600,000 donations by the election after running a robust online donation program. Still, much of the money came from giant contributions, with \$48.2 million in his main anti-recall account from donations of \$100,000 or more.

In late August, at a donor retreat in Aspen, Colo., for contributors to the Democratic Governors Association, attendees said there was some grumbling and irritation at the need to divert any resources to a state as blue as California — especially given how many tough governors’ races are set to unfold in 2022.

The governors association has sent \$5.5 million to the Newsom operation opposing the recall so far.

“It doesn’t bode well for Democrats in 2022 if they have to burn millions of dollars on a recall in the most liberal state in America,” said Jesse Hunt, the communications director for the Republican Governors Association.

From the start, Mr. Newsom’s campaign framed the recall as a Republican power grab, which made it particularly unappealing for some bigger G.O.P. contributors to inject themselves into the race, according to both national and California Republicans. The state’s unusual requirement that the names of top donors appear in advertisements was also a turnoff, along with general disbelief that California could ever truly be flipped.

“You have a lot of people who are for us but who never believe it could be done,” said Anne Hyde Dunsmore, the campaign manager of Rescue California, one of the pro-recall efforts. “No, the money didn’t come in, and no, it wasn’t for a lack of asking.”

Larry Elder, who has emerged as Mr. Newsom's leading challenger, raised \$13 million in his first two months in the race. Allison Zaucha for The New York Times

Some significant checks did come. Mr. Elder received \$1 million from Geoffrey Palmer, a real estate developer and top Republican donor. Saul Fox, a private equity executive, made a \$100,000 donation. And Mr. Elder quickly lapped the rest of the Republican field in fund-raising with big and small donations.

John Cox, the Republican who lost to Mr. Newsom in a 2018 landslide, has spent millions of his own dollars running again. Among his costly moves was campaigning with a 1,000-pound Kodiak bear named Tag, who also appeared in Mr. Cox's ads.

Kevin Faulconer, a Republican former mayor of San Diego, raised more than \$4 million for his candidacy, and Kevin Kiley, a Republican state assemblyman, raised more than \$1 million.

Caitlyn Jenner, the transgender activist and former Olympian, received a wave of publicity upon her entrance to the race. But her bid, and her fund-raising, have mostly fallen flat. As of late August, Ms. Jenner had raised less than \$1 million and had less than \$28,000 in cash on hand — with more than that in unpaid bills.

Gale Kaufman, a Sacramento-based Democratic strategist, said the fractured and financially weak Republican field “kept them from ever being able to create a ‘yes’ campaign” — for the recall — “that resonated.”

“They’re not speaking with one voice and they’re not saying the same thing,” she said.

Mike Netter, a Republican who was one of the recall's early grass-roots organizers, was frustrated by Democratic attacks that the push was a Republican effort to seize power. He said that little conservative support had materialized after the recall proponents put the measure on the ballot.

“If we’re supposedly so Republican-driven, where’s our money? Where’s the air cover from our supposed right-wing secret organizations?” Mr. Netter said, citing the lack of big donations from the party and leading in-state Republicans like Representative Devin Nunes. “No one has believed in us this whole way. And it’s not like we have that kind of money. It’s not like the Koch brothers are my cousins or something. I went to San Diego State.”

Shawn Hubler contributed reporting.