



Republican National Committee

Office of the Political Director

November 16, 2010

Dear Chairman Steele,

This letter is to inform you that I will be leaving my position as Political Director of the Republican National Committee effective November 16, 2010.

I believe I have a responsibility to share with you and the members of the Executive Committee my assessment of the RNC's current state so that improvements can be made for the critical presidential election cycle now facing the GOP.

The Republican National Committee has a solemn responsibility to its members, to every Republican voter, and to the country at large to function with the highest integrity and effectiveness. The RNC has a uniquely impactful role to play in American elections, and therefore in putting America back on the right track. Sadly, if left on its current path, the RNC will not be a productive force in the 2012 campaign to deny President Obama a second term, retain our House majority, and elect a Senate majority.

I offer the following key facts in the hope they will help the RNC more effectively organize our party for the crucial next cycle.

During the 2010 cycle, the RNC allowed its major donor base to wither. In the last two non-presidential cycles of 2002 and 2006, the RNC raised \$284 million and \$243 million respectively. So far this cycle, the RNC has reported raising just \$170 million. Less than \$18 million (10.53%) of that total came from contributions of \$1,000 or more, collected from a mere 5,379 donors. This is a fraction of either the previous cycles.

Most of the \$170 million raised to date has come from small-dollar donors contributing online, by phone, or through the mail. These contributions do not result from personal

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solicitation by the Chairman but, like other macro-political trends, are reflective of the anti-Obama/Pelosi/Reid wave that drove energy and intensity to historic highs this cycle.

In addition to lacking the tens of millions of dollars that historically flow from major donor programs, one of the most dramatic consequences of the failure to raise major donor contributions was that the cost of every dollar raised was much higher than has been the norm for the committee. Historical fundraising costs have been less than 50 cents per dollar raised: Estimates for cost-of-funds this cycle were much higher, and some estimate that they were closer to 70 cents on the dollar.

The RNC in this cycle raised far less money than normal and spent a far higher percentage of those fewer dollars to raise what it did.

Had there been appropriate focus on major donor fundraising, the Committee could have seen growth in major donors similar to the growth in small-dollar direct marketing based fundraising. The energy and intensity that drove the cycle so well for our party was also present in the major donor community. The RGA, NRSC, NRCC, American Crossroads, American Action Network, other outside groups and various campaigns applied themselves successfully to raising major donor dollars, making clear they were available for effectively run programs. None of these have the brand strength and potential of the RNC.

Regrettably, too much of the nearly 30-cents-on-the-dollar not spent on fundraising was spent on things other than winning elections.

For this two-year cycle, political spending will be right at half the political spending of the 2006 cycle (a cycle in which our base was demoralized; President Bush had approval ratings in the 30's; and our majorities in Congress, the Senate and among Governors were swept away).

For the 2010 election year itself, RNC cash transfers to state parties for political purposes were just \$13.1 million—less than a quarter of the \$56.7 million cash transfers to state parties in 2006 for political purposes. And in 2010, the RNC went \$15 million into debt to fund these programs.

In the previous two non-presidential cycles, the RNC carried over \$4.8 million and \$3.1 million respectively in cash reserve balances into the presidential cycles. In stark contrast, we enter the 2012 presidential cycle with 100% of the RNC's \$15 million in lines of credit tapped out, and unpaid bills likely to add millions to that debt.

The RNC's low cash-on-hand figures are not simply the result of early spending or transfers to state parties. While the RNC spent \$11 million more in 2009 than in 2005 to secure important off-year victories in New Jersey, Virginia and Pennsylvania, that accounts for only one-quarter of the \$43.6 million shortfall from the last non-presidential cycle. And while we did make large in-kind contributions of phones and equipment to state parties, more than 85% of that equipment was left over from 2008 – not acquired in the 2010 cycle.

The results of being so dramatically under-resourced were significant and many:

- We did not field a fully funded statewide operation in any state unless it had an at-large congressional district (*i.e.*, ND) or targeted congressional districts covering the entire state (*i.e.*, NH). Senate and gubernatorial campaigns could not rely on full ground-game presence funded by the national party. A study by the Davis Intelligence Group has preliminarily found that two more US Senate seats (WA, CO) would have been won had sufficient ground-game and get-out-the-vote efforts been made. I would add three governorships to that list (CT, MN and VT).
- The RNC's vaunted 72-hour program was left largely un-funded. Furthermore, states were not given enough time to plan for that lack of funding. States were not notified of RNC Chief of Staff Mike Leavitt's order that no 72-hour funding would be made available to them until October 22, 2010 – just one week before the 72-hour window opened.
- Our targeting suggests that 21 additional US House seats could have been competitive if not for lack of funds. They are:

AZ-07, 08
CO-07
CT-04, 05
IA-01
HI-01
KY-06
MO-03
NC-07, 08, 11
NJ-12
NM-01
NY-23, 04
PA - 04, 12
UT-02
WA-02
WV -03

- For the first time in the McCain-Feingold era, the RNC failed to fund an independent

expenditure effort. Indeed, unlike the two other federal campaign committees, the RNC did not even have an IE unit.

- The RNC made only a fraction (about 13%) of the direct-to-candidate contributions that it made in the last mid-term cycle. In the 2006 cycle over \$410,000 in direct contributions were made, versus just over \$55,000 made in 2010.
- Most state parties were unable to fund non-allocable mail programs – one of the few programs that can be run in addition to the coordinated and direct-to-candidate caps—because they were stuck funding programs the RNC has historically funded. As you know, state parties are the only entity, including the national party, which can run non-allocable programs.

Republican candidates benefited not only from a very good political environment driving success this cycle, but were also fortunate to have other entities helping to fulfill the traditional functions of the RNC. For example, consider the RGA's performance.

The RGA spent \$18 million on GOTV-related expenses in 18 gubernatorial states. \$13.2 million of those dollars went directly to state parties--more than the RNC transferred to state parties for political spending in all 50 states. More than half our US House pick-ups (31 of 60) and five of our most crucial holds were won in those 18 states. Though it was not coordinated with the RNC, many of these victories would not have been possible without the help of the RGA.

As we consider the 2012 cycle and the importance of denying a second term to Barack Obama, we cannot rely on this kind of help again. First, the RNC cannot coordinate with these non-federal groups for legal reasons. Additionally, running the national convention, funding the presidential trust, and running a robust ground operation in at least 18 Electoral College target states cannot be done by any other committee or entity.

In the 2012 cycle, winning elections must be the driving force behind every dollar the RNC spends.

The Committee's 2012 obligations don't stop with the presidential election. We have a large class of new House members elected in swing districts in nearly every state who must be prepared for 2012. We have 33 US Senate seats and 14 Governors offices up, and a chance to take a majority in the Senate if we can get the party back on track and our finances in order. And the decennial redistricting cycle and its attendant costs will be fully underway.

These are huge opportunities requiring massive obligations. And this Committee can meet them. But to meet them, we must dig out from huge debts, be focused and disciplined

about spending wisely, only spend to win elections, and adopt a laser-like focus on the hard work of reviving our major donor fundraising network.

It has been a great honor to serve this Committee as it works to put our country back on track. I'm hopeful that the members of the RNC and its leadership will meet the challenges of this next cycle and hope the data, facts, and insights above are helpful toward that end. Though I will no longer serve in an official capacity as a member of RNC staff, I stand ready to answer any questions you may have and hope to be helpful to the Committee in the future.

Sincerely,

A handwritten signature in black ink that reads "Gentry Collins". The signature is written in a cursive, flowing style with a large initial "G".

Gentry Collins

cc: RNC Executive Committee Members