



## Mark Penn's two firms awarded millions from stimulus for public relations work

By Alexander Bolton - 12/09/09 12:00 AM ET

A contract worth nearly \$6 million in stimulus funds was awarded by the Obama administration to two firms run by Mark Penn, Hillary Clinton's pollster in 2008.



Federal records show that a contract worth \$5.97 million, part of the \$787 billion stimulus Congress passed this year, helped preserve three jobs at Burson-Marsteller, the global public-relations and communications firm headed by Penn.

Burson-Marsteller won the contract to work on a public-relations campaign to advertise the national switch from analog to digital television. Nearly \$2.8 million of the contract was awarded through a subcontract to Penn's polling firm, Penn, Schoen & Berland, according to federal records.

Federal records also show that a former adviser to President Barack Obama's 2008 presidential campaign received nearly \$70,000 from that contract to help alert viewers in difficult-to-reach communities that their televisions would soon no longer receive broadcast signals.

The adviser, Alfredo J. Balsera, who heads a public-affairs firm based in Coral Gables, Fla., helped craft Obama's Hispanic advertising message.

Republicans on Tuesday criticized the federal spending on the advertising project as a waste of taxpayer dollars. They noted that the advertising campaign took place on May 5, only 39 days before the digital television transition was scheduled (June 12).

GOP Sens. John McCain (Ariz.) and Tom Coburn (Okla.) held a news conference Tuesday to blast 100 "wasteful" projects funded by the \$787 billion economic stimulus package Congress passed earlier this year, concluding that at least \$7 billion of the \$217 billion spent through November was wasteful and mismanaged.

The GOP senators highlighted the direction of the stimulus funds on the same day Obama outlined a new series of proposals for creating jobs that Republicans view as another stimulus measure. The proposals include tax cuts for small businesses, tax incentives for employers to hire new workers and infrastructure spending.

The need for additional measures has raised questions over the efficacy of the stimulus package passed earlier this year.

White House officials have said the Congressional Budget Office (CBO) estimated the stimulus helped to create 1.6 million jobs. White House aides also have noted that the national employment report for November showed dramatic improvement compared to early this year.

A White House spokeswoman on Tuesday responded to the GOP report by saying Coburn's previous reports on stimulus spending have been filled with "false or misleading claims."

"In the end, even if there are a few unwise projects, it is only a handful out of the over 50,000 projects that have been approved to date," said Liz Oxborn, a White House spokeswoman. "The real question here is whether Recovery Act critics will at long last acknowledge that well over 99 percent of the projects are sound, effective and working as promised."

McCain and Coburn did not show any indication that they knew two Democratic political strategists received funding through the grant.

A review of federal records by The Hill revealed Penn and Balsera received money from the economic stimulus program.

Burson-Marsteller, which Penn heads as CEO worldwide, won the \$5.97 million contract through Young & Rubicam. (Burson-Marsteller has been a part of Young & Rubicam Brands since 1979.)

Burson-Marsteller did not respond to two requests on Tuesday to discuss its contract with the Federal Communications Commission (FCC).

On Wednesday, after news of the contract attracted widespread attention on the Internet, Burson-Marsteller issued a statement defending its work. The firm said it spent only \$4.36 million of the contract to complete the digital television advertising initiative. An FCC official confirmed that number.

"Burson-Marsteller, and the approved set of vendors, including its sister company Penn Schoen & Berland LLC, successfully completed the work with the FCC on time and under budget, the company said in its statement. "Burson-Marsteller received a total of \$1,375,000 in professional fees to manage and support this time sensitive national and local effort with a large team of professionals. They disbursed the rest to firms around the country in local communities," the company said.

Burson-Marsteller said its sister company, Penn, Schoen & Berland, received only \$142,000 in fees. The rest was spent on a \$2.4 million media buy that went to newspapers and local radio stations around the country and \$147,000 spent for the services of advertising production houses, according to Burson-Marsteller.

A contract award summary posted on Recovery.gov, the government website that tracks stimulus spending, states Burson-Marsteller was awarded a competitive contract by the FCC to help prepare "unready households for the DTV transition."

The purpose of the campaign was to “bolster the reach, penetration and impact of the FCC’s DTV readiness messages in selected markets, specifically among the groups that had been determined to be the most at risk.”

Cassandra Andrade, a senior associate with Balseira Communications, said, “I can see where there’s concern, but the contract was strictly based on our merits. We’ve been working on multicultural outreach for many years.”

Andrade said her firm worked to contact Hispanic television viewers in Philadelphia, Chicago and Los Angeles.

Andrade noted that according to Nielsen, a media-research company, there was a sharp decline in the number of unready homes in the week leading up to the digital transition and that 97.5 percent of households were ready for the switch.

A spokesman for Penn, Schoen & Berland did not respond to a request for comment.

Penn received scrutiny during and after the 2008 presidential campaign for the role he played in Clinton’s unsuccessful White House bid. Some Clinton supporters questioned whether his service was worth the millions in fees he billed to the campaign.

Penn’s firm billed the campaign \$5 million for polling and at least \$8 million for sending out direct-mail pieces, according to Time magazine. Clinton’s campaign still owes Penn, Schoen & Berland \$995,500, according to Federal Election Commission records.

Senate Republican Whip Jon Kyl (R-Ariz.) said the three jobs saved at Burson-Marsteller represented a poor value for taxpayers.

“It illustrates a very poor way to create jobs,” Kyl said.

Kyl said the appropriateness of Democratic strategists receiving funds “depends on whether they exerted some influence.”

The digital television advertising campaign ranked as No. 3 on the list of 100 projects that GOP senators on Tuesday highlighted as “pure waste” in the billions of stimulus funds spent this year.

At the top of the GOP list is a \$5 million grant from the Department of Energy to create a geothermal energy system for the Oak Ridge City Center shopping mall in Oak Ridge, Tenn. The main problem with the project, say Republicans, is the fact the mall has been losing tenants for years and is mostly empty.

GOP senators also blasted a \$1.57 million grant to Penn State University to search for fossils in Argentina and a \$100,000 award to a liberal-leaning theater in Minnesota for socially conscious puppet shows.

Two million dollars in stimulus money went to build a replica railroad as a tourist attraction in Carson City, Nev.

A dinner cruise company based in Chicago received nearly \$1 million in funds to combat terrorism.

Half a million dollars went to Arizona State University to study the genetic makeup of ants to determine distinctive roles in ant colonies; \$450,000 went to the University of Arizona to study the division of labor in ant colonies.

The State University of New York at Buffalo won \$390,000 to study young adults who drink malt liquor and smoke marijuana. The National Institutes of Health got \$219,000 in funds to study whether female college students are more likely to “hook up” after drinking alcohol.

The University of Hawaii collected \$210,000 to study the learning patterns of honeybees, and \$700,000 went to help crab fishermen in Oregon recover lost crab pots.

*This article was updated on 8:17 p.m.*

Update: The Hill initially reported on the basis of federal records that nearly \$6 million in stimulus money was paid to Burson-Marsteller and Penn, Schoen & Berland Associates. Burson-Marsteller received a federal contract worth \$5.97 million. As part of that contract, Penn, Schoen & Berland received a subcontract worth more than \$2.7 million. A spokesman for Burson-Marsteller said only \$4.36 million from the contract is scheduled to be paid out. Burson-Marsteller declined to respond to a request Tuesday to explain the details of its contract. The Hill also reported that Hillary Clinton paid off her debt to Penn's firm in July. She still owes Penn's firm \$995,500, according to an October fundraising report.

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