Republican Billionaire Owner of Spanish Language TV Network Donates Millions to Defeat Proposition 227

A. Jerrold Perenchio, the Republican billionaire who owns the Univision Spanish-language television network, has suddenly emerged as the principal financial backer of the campaign to defeat Proposition 227, the “English for the Children” initiative.

According to newly released financial reports, Mr. Perenchio wrote a $1.5 million check to the “No on 227” campaign in late April, and also began providing free television time with an estimated value of over $1 million for “No on 227” editorials on his television network. The cash contribution alone is believed to be the largest made by any individual to any political campaign in California history, excluding self-funded candidates. The television editorial campaign is also without precedent in California.

Univision controls over 80% of America’s Spanish-language television market, and constitutes the bulk of Mr. Perenchio’s $1.5 billion net worth, which ranks him as the 94th wealthiest American (Forbes, 10/13/97). A one point drop in Spanish TV ratings would cost Mr. Perenchio hundreds of millions of dollars.

Campaign finance documents reveal that Mr. Perenchio ranks as the largest individual donor to the Gubernatorial campaigns of both Dan Lungren, the Republican candidate ($207,000), and Gray Davis, the leading Democratic candidate ($100,000), as well as one of the largest donors to Jane Harman ($50,000), the second ranking Democrat. Despite its overwhelming popularity, Proposition 227 has been publicly opposed by Dan Lungren, Gray Davis, and Jane Harman.

Proposition 227 would largely end California’s controversial system of bilingual education, which critics charge prevents Latino children from learning English. Polls show that Latinos currently favor the measure by better than 2-1.

English for the Children—Proposition 227

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Who is A. Jerrold Perenchio?

Mr. Perenchio is an Italian-American television producer living in Bel Air, California, with a personal net-worth estimated by Forbes (10/13/97) at $1.5 billion, ranking him as the 94th wealthiest individual in America.

In 1994, he became Gov. Pete Wilson’s largest individual donor, providing $131,000 to fund Wilson’s successful reelection campaign, which featured highly controversial “187” commercials focusing on Latino illegal immigrants. During the years 1994 through 1996, he contributed a total of $407,000 to Wilson’s various campaigns.

Mr. Perenchio currently ranks as the largest individual donor to Dan Lungren, the Republican candidate for Governor ($207,000) and also the largest individual donor to Gray Davis, the leading Democratic candidate for Governor ($100,000). In addition, he is the second largest individual donor to Democratic Gubernatorial candidate Jane Harman ($50,000), after Jane Harman’s own father.

The bulk of Mr. Perenchio’s net worth derives from his ownership of Univision, the leading Spanish-language television network, which controls over 80% of the market. According to Forbes (10/13/97), Perenchio “bought Univision from Hallmark in 1992 with Mexican, Venezuelan billionaire partners, who wanted in on U.S. television market, but faced complex foreign ownership restrictions. Perenchio paved their way.”

Univision’s enormous market value is based on an extremely high price-earnings ratio of 50, based on highly optimistic projections regarding the growth of the Spanish-language television audience in the United States. But a March article in Forbes (3/23/98) recently noted that younger Latinos were switching to English-language television programming much more rapidly than originally expected, as the population increasingly learned English and became acculturated into American society. Nielsen Media Research found that Univision this past season had lost 6% of its younger female audience and a huge 26% of its younger male viewers. If these trends continue, Perenchio’s net worth could fall by hundreds of millions of dollars.

The Univision network recently began running a massive volume of “public service announcement” 30-second spots implying that Proposition 227 was an anti-Latino measure, which would deny an education to young Latino schoolchildren. Proposition 227—the “English for the Children” initiative—is intended to insure that all Latino children are taught English in California public schools.

Shortly thereafter, Perenchio donated $1.5 million to the “No on 227” campaign. It is believed that this is the single largest donation of any individual to any political campaign in the history of California (excluding self-funded candidates). Simultaneously, all Univision stations in California began running a heavy barrage of daily editorials urging all Latino viewers to vote No on Proposition 227. There is no precedent in California political history for such an intensive editorial campaign by a television station or network on any political race. The latest polls show that California Latinos currently favor Proposition 227 by better than 2-1.
The Spanish-language-TV audience shows some signs of defecting. Early warning for Univision?

All in la familia

By Robert La Franco

Advertisers reaching for the Latino-TV market have an easy decision. The Univision network has an 80% market share among the nation's 18 million watchers of Spanish-language TV. Its only direct competitor, Telemundo, is struggling.

Univision is raking in it with its telenovelas—soap operas that feature pulchritude with a Pygmalion story line. These telenovelas pay well in Latin America and in most developing nations, as well as in the U.S. (FORBES, Sept. 22, 1997).

No surprise that others cast envious eyes on this rich market. A consortium led by Sony Corp. and cable giant TCI's Liberty Media is seeking the Federal Communications Commission's blessing to acquire Telemundo for $539 million.

Muy bueno, says Alvaro Moncada. The 38-year-old Nicaraguan native stopped watching soaps when he moved out of his father's house in 1984. Today, in Los Angeles, the only Spanish TV he watches is a nightly newscast and the occasional old movie. His ex-wife, of Puerto Rican descent, has also tuned out in favor of English-language TV.

So has Rosario Marin, a 39-year-old councilwoman in heavily Hispanic Huntington Park, Calif. Marin is raising her children to be bilingual and, for its news and sports shows, shuns Univision's programming as too parochial. "Their niche is the newly arrived," says Marin. "Latinos are heterogeneous, and anyone who puts us into a box leaves a lot of people out."

The stakes are huge. U.S. Latinos have an annual buying power of $356 billion; they are brand-loyal and have large families. In numbers they are growing five times faster than the rest of the population. Studies show that advertising to them in Spanish is more effective than a marketing approach in English, but that may be changing.

Pepperdine University research fellow Gregory Rodriguez recently published a study revealing that Latinos behind the totals and you'll see a hint of trouble. According to Nielsen Media Research, this season Univision has lost 6% of its younger male viewers, while viewership among older women has grown 3%. Viewership among both younger and older men has dropped substantially—26% and 14%.

Telemundo's Los Angeles affiliate increased ratings 34% since making programming changes in August, when it began airing a locally produced entertainment magazine program. Much of that gain came at Univision's expense. Heating up the market is KWH, an independent channel in Los Angeles, which last year began airing Cafe California, a local English-language program on Latino issues.

Historically, older Hispanic women have controlled the domestic purse strings. But as Latinos become more Americanized, buying power shifts downward the generation ladder to a younger audience often as comfortable at home in English as in Spanish. Many young Hispanics prefer their Spanish programming with an Anglo touch or English shows with a Latin touch. A new hybrid culture, in short.

"Our strategy is to produce shows that have relevance to the people tuning in," says Sony's television chief, Jon Feltheimer. "And if we get Telemundo, we will be something more than just a retransmission vehicle of Mexican product."

"Advertisers want programming that will attract new audiences," says Andres Sullivan, chief creative officer with Mendoza-Dillon, a Spanish-language advertising and marketing house in Newport Beach, Calif.

Faced with Rodriguez' findings, Univision decided to fund a study on the same topic by a competing research center. Just to be safe, Univision's Los Angeles station, KMEX, promotes its news on English-language radio. And its Galavision cable channel now airs its own English-language program, Cafe Olé.

Al Moncada and his children

Today's Latinos are hungry for a network upgrade.

Since 1993, NYSE-listed Univision's revenues have more than doubled, to $244 million, and cash flow has doubled, to $107 million. But look... "Latinos are heterogeneous. Anyone who puts us into a box leaves a lot of people out."
"People believe they should be loyal to Univision because it's Latino, and that's pathetic."

Tele-crapolia

Meet the guys who run the Univision TV network, which serves up relentlessly dumb, vulgar programming to L.A.'s Spanish speakers

I'm wondering what could possibly be going on in the mind of Jerry Perenchio, the 197th richest man in America, an Italian-American Republican who gave a stunning $500,000 to various Republicans in 1996 alone, and who controls Univision, the Spanish-language network that dominates the airwaves in many immigrant household areas.

I'm wondering because the breathtakingly arrogant Perenchio almost never gives press interviews despite his role as one of the most powerful men in tycoon Calif.

He is a well-known figure who married his early fortune as a partner of Norman Lear and bought his wife a $5-billion private golf course on a Malibu bluff, and who now outing his own Spanish-speaking TV station. Univision, the new president of Univision, immediately moved to L.A. and announced his new plan to achieve a steady diet of the dullest, cheapest, most prurient TV programming imaginable.

For what we are, we are.

Perenchio.

Last year, to prove how ethnic and caring he is, Jerry hired former U.S. Department of Housing and Urban Development Secretary Henry Cisneros as his front man. Cisneros, as the new president of Univision, immediately moved to L.A. and ensconced himself in an exclusive, guarded, gated, lilac-white enclave nestled above Bel Air, and began acting as Perenchio's yes-man.

Thus my question to Jerry, if ever he decides to grace us with his thoughts, is: Is Univision any way of keeping the Mexican down?

Since Lord on High Perenchio doesn't talk to the media, I called a few of the most respected critical thinkers in the city's Latino media and was not all surprised to find wide-ranging criticism of Univision, and its inexcusable broadcast fare, some 75 percent of which is produced on the ultra-cheap by second-rate foreign studios in South America, Mexico, and Central America.

"Not only is Univision just plain crap," says one of the city's most media-savvy Latino executives, "but when it comes to Latino teenagers and viewers under age 34, it's a real disaster. In fact, it's so bad that not many of us believe Univision's Nielsen numbers for those age groups."

Alex Nogales, chairman of the National Hispanic Media Coalition, says Univision has long enjoyed controlling quality programming. His group forced the network to add the award-winning Spanish version of Sesame Street, Plaza Sesamo, a few years ago by threatening to complain to the FCC.

"Univision is just cheap programming from south of the border," says Nogales. "The danger is they keep people stupid by feeding them something so irrelevant to their lives."

Gregory Rodriguez, an increasingly influential writer and researcher associated with Pepperdine University, says, "I am really worried that a network that has monopoly power, almost 80 percent of the Spanish-speaking market, is going so completely unscrutinized. If this were Murdoch or Tisch, people would be screaming that Perenchio does not speak to the press." Instead of "blasphemy," Univision has managed to invent "mexification," assembling a hideous collection of shows that include a painful-to-watch, off-color version of Exh.Ha and infamous bodice-ripping telenovela which are so filled with low-brow sex that a teenage friend of Rodriguez's calls Univision "the Porno Channel."

According to Forbes, hip American Latinos are beginning to defect as Univision plays to the older, Spanish-bound audience with shows featuring farting cowboys, big-lipped women in distress and an endless parade of seemingly low-IQ brown characters. The Latino media executive to whom I spoke last week told me Univision was deeply embarrassed recently when they made a full-court-press presentation to attract the Levi Strauss & Co. as an advertiser and the ad agency's representative "told Univision that Levi's won't buy any ads because they're all such rotten programs."

This is not to suggest that, while Univision's foreign programming appears to have been made by children, the Los Angeles-produced shows are low par. Locally produced KMXQ Channel 24 News has come a long way, specializing in some important local stories that all seem to unfold in a prejudiced manner, Univision is known for its low-brow coverage of "Latino" issues, such as its fawning over unimpressive schools superintendent Ruben Zacarias and the station's obvious opposition to the English for the Children ballot measure, Proposition 227.

A recent in-house promo on KMXQ—"not, mind you, a paid political ad—menioned "Prop 227" and not simply numbers, they are measures that limit the education of your children, they put our children's health at risk, and they take away our future."

At any normal network, this sort of blatant editorializing by a news station would be met with demands for equal time from the other side, for example, from the 58 percent of Latinos who support Prop. 227, which would do away with California's failing bilingual education system. But Univision is allowed to freely pursue its throwback political agenda.

Says Rodriguez: "We're really talking about the point at which advocacy becomes bias.

The bias at Univision has intensified it to how Latinos in L.A. really live. Rodriguez recently released a study showing that Latinos will integrate into American culture within one or two generations—and while they will retain their culture, they will lose their native language—"are fast switching to English. The study shocked the snoozing moguls at nearly all Spanish Uniision that they launched their own study.

It's nothing new, of course, that powerful, rich, annoying TV execs insist upon spoon-feeding the public at a level far below their intelligence and tastes. Just look at the complete crap being showered upon us by Los Monavores at CBS, (George and Leo, The Closer) and Jamie Tarses at ABC (virtually everything but NYPD Blue). But Perenchio and Cisneros have a greater responsibility to rise above the vapidity, since they could dramatically influence the development of Los Angeles itself, by influencing an entire generation of newly arrived Latinos.

Clearly, the fastidious manicured Perenchio and the elitist Texan pacemarker Cisneros just don't get it, and money is the reason. As Alex Nogales notes, "Univision has a hard problem on what is, to them, the foreign soil of the U.S. When you see the kind of money these guys are making you can get very, very angry."

It is difficult to imagine that Cisneros—so steeped in the ways of Washington spin-doctoring that selling the truth is a somewhat foreign notion—will summon the courage needed to convince Perenchio that money isn't everything.

(Cisneros, older-talking at me to fax him some questions, didn't call back.) Univision went public last year and the stock has soared from $301 share to $37 and Perenchio's net worth of $750 million has soared accordingly.

Nogales says he has talked with Cisneros about Univision's future and both agreed that

Southern California's Latino community is moving away from Spanish and towards English at a fairly rapid pace. "Henry Cisneros at least agrees with this privately," says Nogales. "He sees a trend toward English, and if you want to be real you have to accept this." It is currently that Perenchio, one of L.A.'s biggest anonymous philanthropists, is apparently convinced that he can simply buy off or scare off potential critics of the all-Spanish, all-fact format. The network's executives and employees in L.A. are widely known for telephoning Latino figures who criticize the network, demanding to know how they could do such a thing. The buy-offs are even more blatant.

Just last month, Univision co-sponsored with the L.A. Times a half-hour TV special called The Power of the Vote, a supposedly non-partisan vehicle that some critics found a little too condescending. Perenchio's cozy—

and eyebrow-raising—new relationship with The Times helps explain why the network has not, and never will, publish any hard-hitting articles about Univision or its demeaning content. In fact, the Times has

It's no wonder that a few of Univision's attempts to appeal to a young audience badly miss the mark with curious foreground-produced rock shows. Gonzalez, who keeps an eye on the burgeoning Spanish rock scene, says that L.A., "the rock music crowd in L.A. thinks Univision's rock music shows Control and Onda Izar are cheesy and mixed with plastic artists who are in good standing with Mexico's huge network, Televisa."

It's so bad, Gonzalez notes, that "ABC tomorrow came out with a quality program with Latino actors or plots they'd get the kind of attention NBC got with Cosby. That's because Univision would be forced to react." The whole Univision has got me to thinking about how badly TV larded in showing women in the white work force, blacks not under arrest, and gays without swashbuckling actions. It is ironic that Perenchio, Cisneros, and company can get away with the same sort of discriminatory and narrow depictions under the guise that they are speaking for "the people."

One leading Latino media figure says Perenchio and Cisneros "have everybody bowing to Univision as some sort of focal point. People believe they should be loyal to Univision because it's Latin, and that's pathetic."

That is pathetic. And so is the spectacle of a mega-millionaire Republican who pours out a figurehead like Henry Cisneros to keep the heat off an embarrassment like Univision.
By Phil Garcia
Bee Deputy Capitol Bureau Chief

A Los Angeles Spanish-language network mogul and major campaign donor to Gov. Pete Wilson and California Democrats alike has pumped $1.5 million into the campaign to defeat the June ballot measure that seeks to end bilingual education.

According to a campaign disclosure statement released Thursday, A. Jerrold Perenchio, chairman and chief executive of Univision Communications Inc., a Los Angeles-based Spanish-language television network, made the contribution in late April. His contribution prompted a separate $650,000 donation by the politically influential California Teachers Association to the opposition campaign.

A spokesman for Ron Unz, the Silicon Valley software entrepreneur and author of Proposition 227, criticized Perenchio's donation as a raw demonstration of corporate self-interest.

"Perenchio is certainly placing financial gain ahead of children's interests by attempting to ensure that Latino children do not learn English for many, many years," said Unz spokeswoman Sheri Annis. "His large contribution makes it clear that it would be bad for his profits if children are to learn English."

Rothert Ross, "That's the single most racist statement made in this campaign... The single condition that Perenchio put on his money was that none of it would be used on his own network."

The money is being used to finance the English-language ads, Ross said.

Anne Conley, a spokeswoman for Univision, declined to comment directly on Perenchio's donation. But she did say Univision has editorialized against Proposition 227 on its stations in California, using a "broad spectrum of community leaders."

"We are one of the most trusted institutions in the Latino community," she said. "...So when we see something like 227, which we consider to be bad public policy, we believe it's our responsibility to use our medium responsibly to communicate the issues to our community."

In the October 1997 listing of the 400 richest Americans by Forbes business magazine, Perenchio was ranked 94th.

According to media reports, Perenchio gained his wealth from the entertainment industry — he was the chief executive of Tandem Productions, which produced the TV comedy "All in the Family." He bought Univision from Hallmark Cards Inc. in 1992 with Mexican and Venezuelan partners.

Perenchio, a Republican, has been an active political donor. From 1994 to 1996, he contributed $407,000 to Wilson's campaign coffers, including $131,000 in 1994 when the governor successfully sought re-election and a single donation of $200,000 in December 1996. Wilson earlier this week endorsed Proposition 227, which would impose a statewide system of English immersion instruction for students with limited English-speaking skills.

In addition, Perenchio gave about $207,000 to state Attorney General Dan Lungren in 1996, including a single $200,000 in December of that year.

But he also has given to Democrats as well, records show. In February, he gave Davis $100,000, according to campaign disclosure records.
CALIFORNIA ELECTIONS PROPOSITION 227

$1.5 Million Is Given to Measure’s Opponents

Univision TV chief’s donation will fuel ad campaign. Rival accuses him of trying to keep his Spanish-language audience.

By NICK ANDERSON
TIMES STAFF WRITER

The head of Univision Communications, one of the most prominent Spanish-language media companies in the United States, has given a whopping $1.5 million from his own pocket to fight California’s anti-bilingual education initiative, a campaign finance statement filed Thursday shows.

The contribution by A. Jerrold Perenchio, which is among the largest personal donations in the history of state initiative politics, enables anti-Proposition 227 forces to air a significant amount of English-language television advertising in the final weeks of its undeground effort to defeat the June 2 ballot measure.

The $1.5 million is about twice what Ron K. Unz, a millionaire software businessman from Palo Alto, says he has spent from his own funds in favor of the initiative.

"Obviously what [Perenchio] has done is, he's given our campaign its only hope of being able to talk to voters," said Richie Ross, a political consultant for Citizens for an Educated America. The campaign debuted an English-language TV commercial statewide last week that attacks Proposition 227 as costly for taxpayers and bad education policy.

Perenchio, 67, who lives in Bel-Air, has been listed among the nation's richest people for more than a decade. Forbes magazine estimated his net worth at $1.5 billion in October. Perenchio, the chairman and chief executive officer of Los Angeles-based Univision, has also been a major donor to Gov. Pete Wilson, who on Monday endorsed Proposition 227.

The initiative would end most bilingual education programs in California public schools, prescribing instead English-intensive instruction for about 1.4 million students with limited English skills. It also would allocate $50 million a year for 10 years to literacy programs for adults who pledge to teach English to children.

In addition to the Perenchio donation, the anti-Proposition 227 campaign is benefiting from a barrage of editorials against the initiative televised by Univision stations throughout the state—on average, approximately 4 million dollars in donations from March 18 to Saturday. Perenchio’s was the largest single cash contribution. Unz said his campaign has raised “a couple hundred thousand” dollars recently in addition to nearly $750,000 that he has contributed.

Political experts say the amount of television advertising needed to make an impression on state voters can cost as much as $1 million a week.

Steven A. Merksamer, a Sacramento lawyer and expert on initiative politics, called Perenchio’s donation an “extraordinary amount of money,” particularly from an individual, in an initiative campaign. Corporations, unions and other groups, though, have frequently given as much or more.

Also Thursday, one of the sponsors of Proposition 223, which would limit spending on school district administration, announced plans to launch a television advertising campaign Monday.

Opponents of the “95-5” initiative—so named because it seeks to allocate at least 95 cents of every dollar in the public education budget to direct school spending—have already begun at least two TV commercials. One features a state PTA spokesman denouncing the measure as bad school policy; another alleges that the measure would benefit Los Angeles schools more than schools elsewhere in the state.

The anti-Proposition 227 campaign reported raising and spending more than $2 million this year as of Saturday.
CAMPAIGN NOTEBOOK
A weekly roundup of odds and ends from the trail of Campaign '98

Persistent questioning gets right sound bite

When the four leading gubernatorial candidates were asked at a May 23 debate on Spanish-language television to give a “simple and clear answer” on how they would vote on Proposition 227, there may have been a simple and clear reason.

The videotaped responses from candidates Al Checchi, Gray Davis, Jane Harman and Dan Lungren, all of whom had announced their opposition to the bilingual-education measure well before the debate, soon ended up on a statewide television ad for the forces fighting the initiative.

Those forces include A. Jerrold Perenchio, who has donated $1.5 million to the effort against 227 and is the chairman of the Spanish-language network Univision, the debate sponsor.

Lungren appeared a little miffed when the Univision moderator pressed him for a “yes or no” answer even after Lungren had said he opposed the measure.

“I'm voting no. That's what I mean by opposition,” repeated Lungren.

Checchi also said he opposed the measure, but was pressed until he finally said he too would vote no.

Sure enough, the anti-227 ad features those very sound bites, along with similar responses elicited from Davis and Harman.

A Univision spokeswoman denied their moderator was seeking sound bites for the commercial.

Richie Ross, the anti-227 campaign manager who made the ad, said he went to the debate with a commercial in mind, but did not tell the candidates. He also denied any coordination with Univision, except to ask “for all the videotapes of the debate they had.”

Nor did the candidates know why the Univision cameras captured them in a group shot before the debate, holding their hands together much like a sports team does before a game.

They know now. That rare show of togetherness among the four rivals closes the 30-second anti-227 ad. Univision spokeswoman Anne Corley said the group shot was taken for “post-event publicity” for Univision.

The un-endorsed candidate

Bill Lockyer's campaign staff says it was an innocent mistake. His opponents say it was a deliberate attempt to deceive voters.

Whatever the cause, about 440,000 voters last week received a “pro-choice” slate mailer stating that Lockyer, a Democratic state senator running for state attorney general, has been endorsed by U.S. Sen. Dianne Feinstein.

Problem is, Feinstein has not endorsed any candidates in the race for attorney general. The producers of the mailer were not informed of the error until after the cards were printed, but before they were mailed, and there were intense discussions about how to correct it. Finally, it was decided — with Feinstein's approval — that the mailer would go out with the error, but that Lockyer would also send voters a separate mailer correcting it.

In his mailer, Lockyer apologized, blaming the error on a “miscommunication by my campaign for which I accept full responsibility.” However, the “correction” underscored a different sentence — one praising Lockyer's endorsement by the Pro-Choice Voter Guide.

Cease-fire

Throughout Thursday's Republican senatorial debate in San Jose, state Treasurer Matt Fong and businessman Darrell Issa maintained a civilized demeanor despite frequently exchanging sharp words.

In fact, at one point, there was a toast.

Asked about campaign finance reform, the wealthy Issa, who has lent his campaign more than $12 million, reiterated his support for raising the cap on the amount of money individual donors can give to Senate campaigns, a change that would have made it much easier for Fong to raise money.

"This is always a sad moment when I have to agree with Matt on the campaign trail, but he has some good points," Issa said.


It was a rare moment of peace between the two candidates in the final days of their increasingly acrimonious campaign battle.

— Bee Capitol Bureau
Governor Race

Candidate:

Name: Daniel Edward Lungren, Republican candidate for governor

Residence: Roseville

Born: Sept. 26, 1946

Education: Notre Dame, B.A., English, 1964; University of Southern California, Georgetown University, J.D., 1971

Family

Wife, Bobbi; son, Jeff; daughters, Kathleen, Kelly

Career


Largest Campaign Contributors

Andrew J. Perenchio, $212,500; Chevron Corp., $116,800; Association of California Insurance Companies, $110,000; Alex Spanos, $110,000; Ernest and Julio Gallo, $105,189.

Quote

"I believe in a compassionate conservatism. I believe in an inclusive conservatism. I want children to feel that (they) can work as hard to use (their) talents as far as God has given (them) their talents."