



Voters to Washington in 2014:

“Fix It”

An analysis of the 2014 midterm elections

(Note: This analysis is based on a combination of the media Exit Poll and a New Models Post-Election survey conducted election night of 1,000 people who said they had voted.)

Crisis in Leadership - Not Enough Wins

For President Obama and Democrats who were on the ballot this year, 2014 was a reflection of the Administration's record and the reality that the patience of the American people had come to an end. The President found himself in the unenviable position of a football coach brought in to fix a losing team. He promises change, puts new policies in place, gets plenty of time to rebuild but doesn't generate enough wins on the board. That outcome cost the President support for his policies from his economic strategy to foreign affairs. As voters went to the polls, even his signature legislative achievement, health care, remained unpopular and divisive. After six years, on election day, voters made it clear it was time for another change.



As the 2014 campaign unfolded, the economy remained the number one issue. President Obama tried to argue that an economic recovery, spurred by his policies, was moving the country forward but that argument failed to resonate with an electorate that was simply not feeling the recovery. In fact, in the exit poll, 78% of the country said they were worried about the direction the economy would take next year and only 28% said their family's financial situation had improved over the last two years. This led to a very difficult conclusion by almost half the country (48%) that life for the next generation of Americans would be worse than today, while only 22% thought it would be better. Clearly, the country was looking for better solutions to fix the economy.

Adding to the President's challenge, as he was trying to make a case for his policies, the Democrats - as a national party - chose the wrong strategy. Rather than try and win the national debate on the central issue - jobs and the economy, they chose instead to "localize the election," microtarget messages, and rely on turnout operations. This was reminiscent of the Republican Congressional effort in 2006 that also focused on localizing the election, driving up the opponents' negatives and relying on GOTV efforts. Both had equal levels of success.

This was not the first time President Obama and the Democrats had not sufficiently focused on jobs and the economy. In 2010, the President zeroed in on health care when the country wanted his attention on the economy. He lost the House of Representatives in decisive fashion as then Minority Leader John Boehner posed the question, "Where are the Jobs?"

Referendum versus Choice - Both

On Election Day, the exit polls had President Obama's job approval at 44% approve and 55% disapprove. Among Independents, he struggled with a job approval of 39-59; and while his poor performance among men was widely discussed, it turned out that women disapproved as well by a margin of 48-50.

While his job performance was a key part of the campaign, for many voters it was not the only factor. They wanted to understand their options as well. Two-thirds of the country were looking beyond their assessment of the President's record to what solutions each of the parties was offering when it came to the direction of the country (New Models). This was true whether the voter supported a Republican or Democrat candidate.

In thinking about how you voted in the election for Congress, which statement comes closer to how you decided to vote?

	Overall	Voted for Republicans	Voted for Democrats
Your decision was based primarily on President Obama's record and policies	25	27	23
President Obama's record played a very significant role in your decision, but it was also about the choice of directions for the country that Republicans and Democrats offered	64	63	67

While Republicans won decisively (56-42) among those who based their vote primarily on the President's record, Republicans also won among those who were looking beyond the President's record by a 51-48 margin.

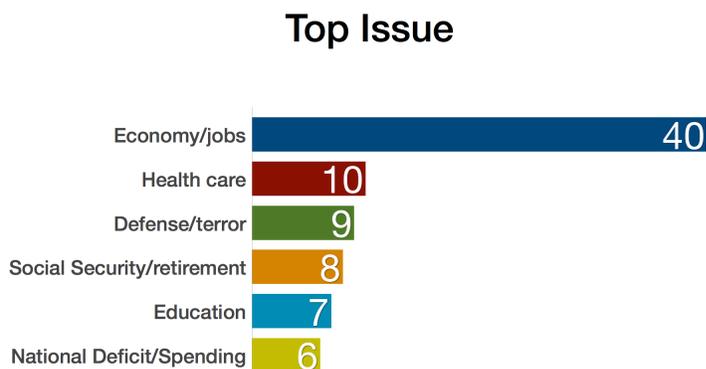
It Is Still The Economy

Since 2010, we have said that for most voters, the issue of the economy in contrast with other issues is a little like a house with a fire on the roof. While windows may be broken, electrical work needs to be done and the foundation is cracked, fixing them, important as they are, doesn't matter until the fire is put out.



The message that voters sent in 2010 was "put out the fire." In 2014, jobs and the economy yet again created the context in which this election was waged; and from voters' perspective, President Obama and the Democrats had not adequately addressed the fire on the roof. The President and his party failed in that mission which led to the same election outcome in the 2014 midterms.

The key issue for the electorate remained the economy. Our post-election survey showed that the top issue



overwhelmingly was the economy/jobs, with no other issue coming close. This was true across ideology, party, race, age, gender, virtually any subgroup of the electorate you could define. This is also reflected in the exit polls, with the economy first out of four issues cited (45%), followed by health care (25%), immigration (14%) and foreign policy (13%).

Rather than just ask voters which issue was the top issue, the New Models survey asked them to rate each issue on its level of importance. Using this scale, the economy/jobs was still the number one concern no matter who you voted for; and, interestingly, the most politically tinged issues i.e. minimum wage, the “war on women” issues and how frequently candidates voted with Obama — were at the bottom of this list.

How Important in Deciding How You Voted (scale of 1-9 with 1 being somewhat important, 5 very important, 9 extremely important)

	Overall	Voted for Republicans	Voted for Democrats
Economy and jobs	7.73	7.85	7.64
National security and the situation in the Middle East	7.04	7.57	6.45
Government spending/deficit/debt	7.01	7.79	6.14
President Obama’s health care plan/health care	6.54	5.88	7.31
Women’s issues/abortion and contraception	5.97	5.00	7.08
How frequently a candidate voted with President Obama	5.58	5.80	5.38
Minimum wage	5.57	4.37	6.95

Health Care as an Election Issue

Health care was not on par with the economy and jobs in terms of how important it was in how people voted. In the exit poll, it was a distant second as the top issue. Statistically, it was second only because of the significant number (33%) of Democrats citing it as the top issue, while only one out of five Republicans said it was the top issue. Given that partisan mix, among voters who said this was their top issue Democrats led 59-39. Overall, the new health care law was viewed slightly unfavorably, but the numbers were not overwhelmingly negative. In the New Models post election survey, 43% favored the law and 49% opposed. The exit polls asked the question slightly differently, but ended up with a similar result. 47% said that the health care law was about right or did not go far enough, while 48% said it went too far. The electorate was

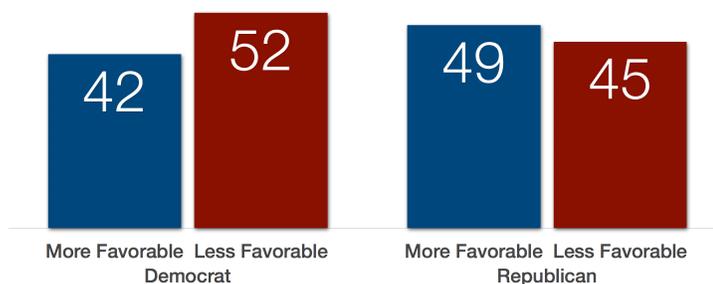
also split on who they had more confidence in to handle the issue of health care with 46% saying Democrats and 45% saying Republicans in the New Models survey.

Candidate Messaging: National Economy vs. “Localize”

The impact of the Democrats’ decision to localize the political debate and not engage in the national discussion about the economy, jobs, and the direction of the country can be seen in voters’ negative reaction to what they heard from Democrat candidates. In the New Models Survey, we asked voters whether they were more or less favorable toward voting for a party’s congressional candidate, given what they heard from those candidates. Voters had a 42-52 favorable-unfavorable opinion of Democrat candidate messaging and a 49-45 favorable-unfavorable of Republican candidate messaging.

Among key demographic groups, the differences were greater. For example, among Independents, the favorable-unfavorable for Republicans was 51-43; while for Democrats, it was 37-53. The reaction, based on gender, was particularly interesting. Republicans were expected to do better among men and they did (R 50-41 fav-unfav, D 35-58). The Democrats’ “war on women” theme, however, got a fairly neutral result among women (D 48-46 fav-unfav and R 48-48), giving Republicans an overall edge in messaging.

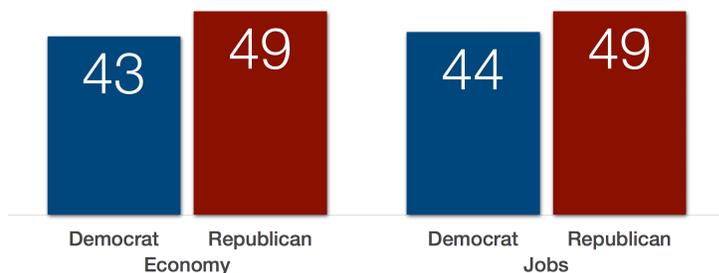
Candidate Messaging



But most important, among those voters who said the economy/jobs was their top issue, the largest voter group, the margin for Republicans was substantially better. The favorable-unfavorable for Republicans was 51-40, while for Democrats it was 43-51.

Because Republicans were talking about jobs and the economy while Democrats focused on smaller, micro

Who do you have more confidence to handle the issue of...



targeted issues, when it came to issue handling, Republicans had the advantage. When voters were asked which party they had more confidence in to handle the economy, they chose Republicans by a 49-43 margin; and on the issue of jobs, they cited Republicans by a 49-44 margin. Among Independents, the margins were even greater with Republicans getting a vote of confidence on the economy by a 53-34

margin, and on the jobs issue, Independents favored Republicans 52-37.

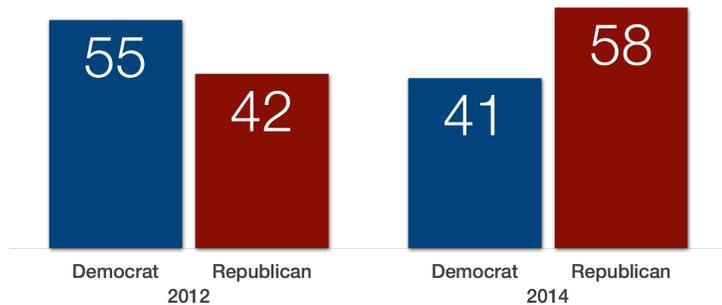
The Electorate Ran Out of Patience

While some voters believe the economy has slightly improved over time, the country has struggled to understand why we are not making faster progress. Based on the exit poll, 29% of voters said the economy was excellent or good, with 70% saying not so good or poor. This is somewhat better than 2012 (23-76), but is still ample proof there is overwhelming dissatisfaction with the state of the economy. As seen in the exit poll, only 28% thought their family’s financial situation had improved over the last two years, while 70% said it had stayed the same or gotten worse.

Unhappy Economic Voters Shift Republican

In looking at the 2012 and 2014 elections, the group that said the condition of the economy was “not so good,” made up close to half the electorate (45% in 2012, 48% in 2014). In 2012, this should have been a group that would favor Republicans, given their negative view of the economy. Without an effective national economic agenda, however, Republicans lost them by 13 (42-55). In this election, the patience of unhappy economic voters wore thin, and with many GOP candidates focusing on issues to help fix the economy, they supported Republicans by 17 (58-41).

Ballot test among those who said the economy was “not so good”



This was a decisive shift and reflects the economic angst that still exists in the country. People are still looking for an economic policy that will work for them.

What Voters Want

As a result of voter unhappiness not only about the economy but moving forward generally, people expect Republicans in Congress to focus their efforts on proposing and passing policies to improve the economy (71%). They didn’t vote for Republicans simply to be a check and balance on President Obama (23%).

What should Republicans in Congress focus on more?

	Overall	Voted for Republicans	Voted for Democrats
Being a check and balance on President Obama	23	31	15
Proposing policies to improve the economy	71	63	81

Independents, by a wide margin, want Republicans to concentrate on economic policies over reining in the President by a 78% to 16% margin. Even among conservative Republicans, who disapproved of the

President's job performance by a staggering 98%-2%, a significant majority thought the focus should be on proposing policies (59%) as opposed to being a check and balance on the President (36%).

To help determine what message voters were sending, we developed a list of four potential policy reasons for their vote and asked each to score their importance on a scale of 1-9 with 1 being “not at all” the reason behind their vote, 5 part of the reason, and 9 being the most important reason. Of this list, we found that “offering policies to generate economic growth” was the most important, followed by addressing spending and the debt. Simply stopping the President's policies and repealing the new health care law were of moderate importance.

Reasons in How You Voted (scale of 1-9 with 1 being not at all the reason, 5 being part of the reason, 9 being the most important reason)

	Overall	Voted for Republicans	Voted for Democrats	Independents
Offer policies to generate economic growth	6.96	7.18	6.75	6.86
Address spending and national debt	6.49	7.45	5.40	6.28
Stop the President's policies	5.17	6.82	3.33	4.77
Repeal the new health care law	5.02	6.65	3.15	4.89

Not surprisingly, the bottom two, “stopping the President's policies” and “repeal the new health care law” were bigger factors for those who voted for the Republican candidate than for those who voted for the Democrat candidate. For Independents, those two reasons played a role, but were secondary to offering economic growth policies and spending/national debt issues. That order of importance was true regardless of how respondents voted. Economic issues topped the chart across the board.

Ultimately, what this reflects is a country that continues to be unhappy with the current direction of the economy and have decided to give Republicans more governing responsibility. This is not an endorsement of an agenda but a vote for a different direction. Once that direction is defined, Republicans will have to build support for their legislative priorities as the election did not endorse a specific course of action but, rather, a clear desire for change.

Role of Government

In terms of significant attitudinal changes since President Obama was first elected, a central one has been people's view of the role of government. When he was elected in 2008, a majority of the electorate felt government should be doing more to solve problems. This was a change from prior presidential elections when a plurality of voters said that government should be doing less, although by a small margin. After President Obama's election, attitudes changed significantly. In the 2010 election, there was a huge drop in the number of voters who believed government should be doing more. In 2008, “more government” voters stood at 51% of the electorate; but by 2010, it had fallen to 38%. Even in his re-election in 2012, by 52-44 margin, people thought government was doing too much and more should be left to businesses and individuals. In the 2014 election, we saw this “less government” trend continue with an even larger majority (54-41) again supporting the position for government doing less.

Which is closer to your view?

	2004	2008	2010	2012	2014
Government should do more to solve problems	46	51	38	44	41
Government is doing too many things better left to businesses and individuals	49	43	56	52	54

This does not mean that people do not see a role for government or that they have complete confidence in the private sector. It does mean that they changed their thinking about the current balance between government and individuals as it has been defined by President Obama.

The Battle of the Brands

In the exit poll, both the Republican and Democrat Parties had similar negative images with the electorate. 42% of the voters had a favorable view of the Republican Party and 54% had an unfavorable view. For Democrats, it was 43% favorable and 55% unfavorable. Overall, 18% of the electorate had unfavorable views of both parties, while only 6% had favorable views of both parties.

For Republicans, things get slightly more difficult when contrasting the parties in Congress (New Models survey), as the favorable-unfavorable slips to 35-59, while Democrats get slightly higher favorables at 42-54. Overall, 24% of the electorate had a negative view of both parties in Congress, while only 6% had a favorable view of both.

	Favorable	Unfavorable
Republican Party	42	54
Democratic Party	43	55
Republicans in Congress	35	59
Democrats in Congress	42	54

The challenges of both parties' weak brands are reflected in the vote. About one out of seven people (15%) who voted for the Democrat candidate for Congress had a negative view of Democrats in Congress. For Republicans, it was about one out of three (35%) who voted for a Republican candidate and had an unfavorable view of Republicans in Congress. This is a significant number for Republicans and represents the party's key challenge following this election: improving the brand image of the party particularly with independents.

The "Battle of the Brands" has some interesting components. Some of the traditional elements of partisan branding were clearly evident in 2014: Republicans are the party of big business and Democrats are the party of big government; or Republicans are for lower taxes and less spending and Democrats want more government to help people. However in this election, another contrast seems to have emerged. Strategically, Republicans opted to win the issues while Democrats banked on empathy. When the electorate was asked which party in Congress cared most about people like themselves, Democrats had an 8 point edge. That

was down from a 19 point lead Democrats held in September. So while Democrats had an advantage in empathy, Republicans had the advantage on issue handling for the top issues of the election: the economy (+6%) and jobs (+5%). Voters wanted a change in economic policies and the Republican strategy prevailed as they led on issue handling for the economy and jobs, and basically tied the Democrats on health care. In this election year, with the very negative attitude about the direction of the country, winning the issues led to winning the election.

With the coming presidential election and its different electorate, the brand challenge for Republicans is to turn winning the issues into favorables and expand their midterm majority coalition. Newt Gingrich once said: “Walmart doesn’t get ahead by attacking Sears, but by offering better value.” That captures the Republican challenge going forward.

Demographics and Turnout

One of the key strategic questions of the 2014 election was actually similar to ones asked in the 2012 campaign. In 2012, the “unknowable” was what the electorate would look like. Would it be like the 2008 electorate favoring Democrats or more like those who turned out in 2004, giving Republicans an edge? Moreover, was the 2008 electorate an anomaly or a change in structure? In the end, the turnout reflected a change in structure.

2014 presented similar questions. Would the electorate look like 2006 or 2010, with the underlying question being whether the 2010 electorate, which favored Republicans, was an anomaly? Looking at past elections from 1984-2012, we found that the 2010 election was the only one where conservatives made up more of the electorate than moderates (with liberals generally being a distant third). In the other 14 elections, moderates had always been the largest group. When conservatives ended up as the largest ideological group in 2010, that was a significant change with conservatives leading moderates by 4 points, 42-38. To put this in context, in 2006, moderates held a 15 point advantage over conservatives, 47-32.

The party ID differences were less extreme. In 2006, Democrats had a 2 point advantage in party self identification while in 2010, the parties were even.

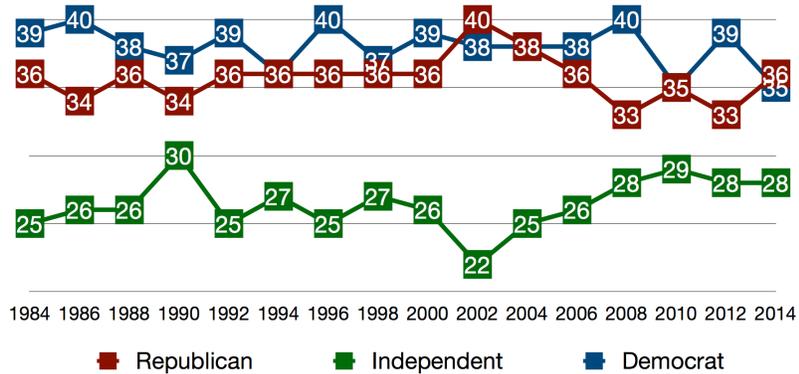
In the end, the 2014 electorate looked much more like 2010. While moderates ended up making up a slightly larger portion of the electorate than conservatives, 40-37, the margin of three was much closer to the 2010 result than 2006. So Republicans came close to rebuilding the 2010 coalition and as a result, had another decisive win.

Party Self Identification

For only the second time since 1984, the electorate included more self identified Republicans than Democrats, with the other election being 2002. The 36% level put Republicans back at a historical level. In

the last 16 elections, Republicans have made up 36% of the electorate 9 times. They have been higher than that twice (2002, 2004) and lower 5 times (1986, 1990, 2008, 2010, 2012). What is particularly positive is that after three elections in a row (2008-2012) under 36%, Republicans returned to their normal percentage of the electorate.

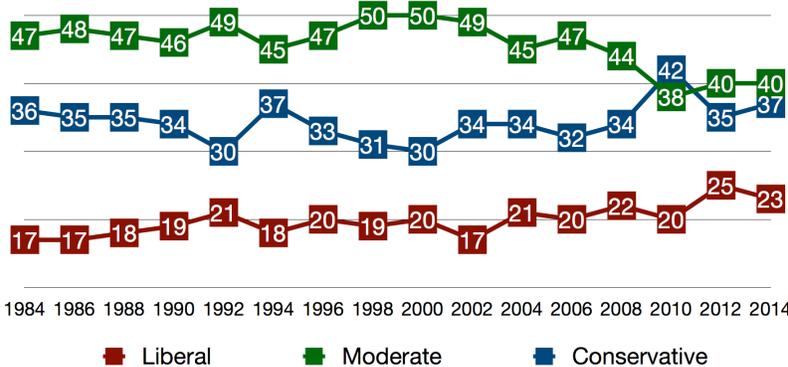
Party ID 1984-2014 Congressional



Ideological Breakdown

The ideological composition of the electorate has changed over the last three elections. Prior to that, over the previous 13 elections, moderates made up more of the electorate than conservatives by 10 points or more in

Ideology 1984-2014 Congressional

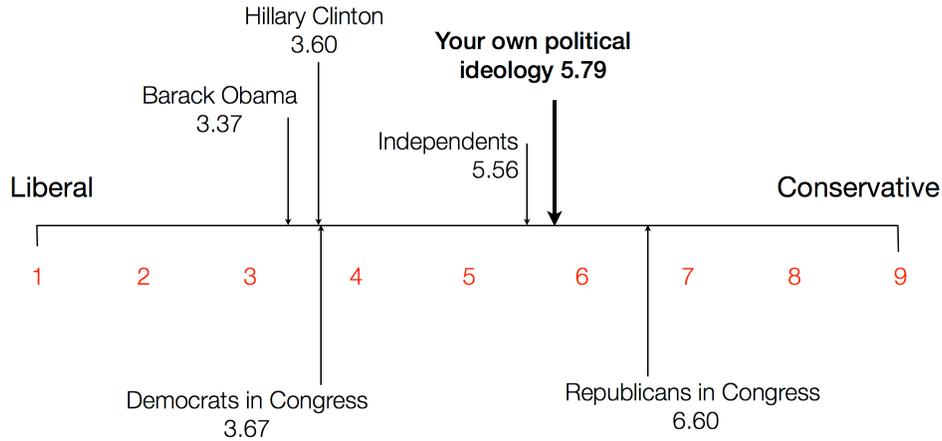


12 of those. Only in 1994 was that margin less than 10. However, that has changed over the last three elections; and in 2010 for the only time in the last 30 years, there were more conservatives than moderates. The key trend since 2000 has been the decrease in moderates and the increase in conservatives and liberals. Moderates have dropped 10 points, while

conservatives have increased 7 and liberals 3. In 2010, conservatives hit their high at 42, and in 2012 liberals hit their high at 25. So the country still remains center-right, with slightly more moderates than conservatives, and more conservatives than liberals.

To further look at ideology, in the New Models survey we asked voters where they placed themselves on a 1-9 scale, with one being very liberal and 9 being very conservative. The electorate identified themselves as center-right at 5.79. This matches the basic conclusion in the exit polls. The political center, Independents, also said they were center-right, putting themselves at 5.56. We also asked the electorate to identify where they thought certain groups or people were on the ideological scale. They placed Democrats in Congress

Ideological Spectrum - 2014



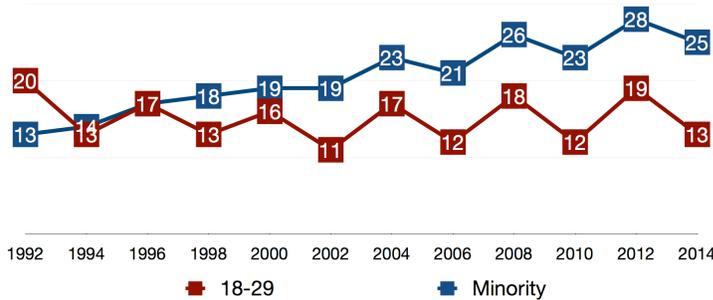
well to the left of themselves at 3.67, and President Obama slightly farther to the left of Congressional Democrats at 3.37. In contrast, they placed Republicans in Congress farther to the right of themselves at 6.60. Overall, however, Republicans were substantially closer to the electorate ideologically (a gap of 0.81) than were Democrats (a gap of 2.12).

Looking at 2016, the ideological spectrum should be concerning for Democrats, especially the likely frontrunner Hillary Clinton. The good news for her is voters put her to the right of President Obama. The bad news for her is voters put her significantly to the left of where they put themselves ideologically.

Younger and Minority Voters Turnout

The challenge for both parties is that in the last four elections, the Presidential and non-Presidential

Turnout by 18-29 and Minority - 1992-2014



electorates were quite different. Key elements in this difference are variances in younger voters and minority voters.

This midterm election was not particularly different from other years. For 18-29 year olds, the turnout this year as a proportion of the electorate was at the high end of results over the last 6 midterms. The range from 1994-2014 has been from 11% of the electorate to 13%; and in 2014 it was 13%. The younger voter

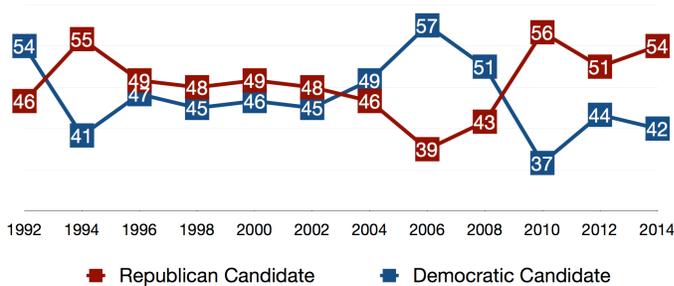
drop-off from Presidential to non-presidential elections has also been consistent ranging from 4% to 7%; this year it was 6%, just as it was in 2010.

In looking at the minority vote, there are two things to clearly note. First is the remarkable growth in minority voting, virtually doubling since the 1992 election. The other is the pattern that began in 2006, when we saw a slight drop-off in midterm participation in comparison to the previous Presidential year election. While small, ranging from 2%-3%, it has been consistent over the last three midterms. However, whether it is Presidential or midterm elections, minority voters are growing as a proportion of the electorate.

Independents

Republicans came close to doing as well with Independents as they did in 2010 and were able to win them by double digits for the second midterm election in a row. From the 1992 election forward, there have been

Independent - Congressional Vote 1992-2014



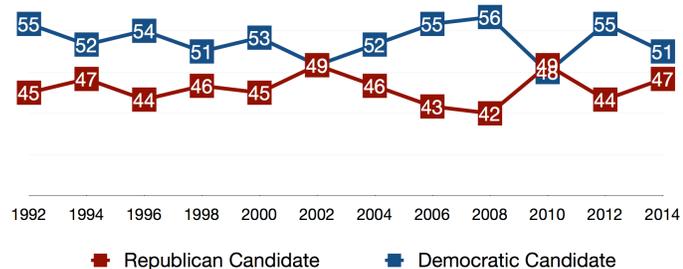
only two other times that a party has won Independents by double digits: Republicans in 1994 and Democrats in 2006. Independents have become slightly more likely to vote Republican because some Republicans, after 2006, began to self identify as Independents. Nonetheless, Republicans have won this group in three successive elections. If this trend continues for Democrats in midterm elections, it will be

difficult for them to be competitive in those elections.

Women

While Republicans did not do as well with women as they did in 2010, when they actually won them, the margin was closer to the 2010 performance than 2006. With the exception of 2010, the 2014 margin was better than previous elections back to 2004. The economy was the top issue for women, as it was in 2012 and 2010. The one key difference between 2010 and 2014 among women who said the economy was their top issue was that in 2010 Republicans won them 51-47, and in 2014 Democrats won them 55-44.

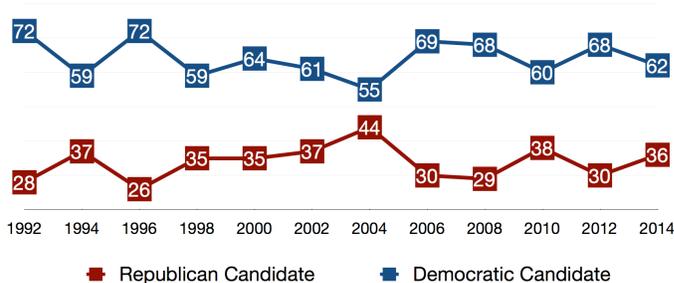
Women - Congressional Vote 1992-2014



Hispanics

Republicans nearly matched their 2010 performance and certainly did much better than 2012. If you exclude

Hispanic - Congressional Vote 1992-2014



the 2006 midterm, over the other five previous midterms, Republican support from Hispanics has ranged from 35% to 38%. In contrast in the most recent six Presidential years, Republicans have been at 30% or under four times. In the other two elections where Republicans did better with Hispanics, George W. Bush was the candidate.

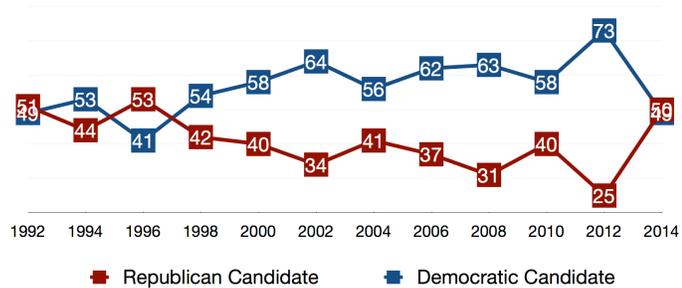
Interestingly when looking at the top four issues in the exit polls, immigration came in

third out of four with Hispanics. The economy was overwhelmingly their top issue at 50%, followed by health care at 23%, then came immigration at 17%.

Asians

The Asian vote in this election was a positive surprise for Republicans. Asians supported Republicans by a very slim margin of 50-49. However, the last time Republicans won them was in 1996, 53-41, and prior to that in 1992 by a 51-49 margin. But after the 1996 election, the closest Republicans came in the next eight elections was 12% (1998). The key question is whether this was unique to this particular election or a shift that opens the door to Republicans for more engagement.

Asian - Congressional Vote 1992-2014



Conclusion

With Republicans coming close to rebuilding the remarkable 2010 coalition, House Republicans expanded their majority significantly, and Senate Republicans took the majority by a large enough margin that their ability to hold it in 2016 has been dramatically enhanced. However, the challenge and the opportunity for both parties over the next two years is essentially the same, who can solve their brand problem first. To a large degree that will center on how each party defines what this election meant.

For Republicans, this year's midterm can't be called a mandate. The lack of a joint Republican Senate-House agenda did not provide the electorate with the ability to endorse specific legislative actions but national Republican leaders did give voters a sense of where the Party wanted to take the country and the values that would underpin their governing philosophy. At the same time, Republican House and Senate candidates were able to lay out their priorities and vision to help turn the country around economically.

The Republican campaign discourse coupled with a favorable ideological environment provided the electorate with substantive reasons to give Republicans more governing responsibility. What Republicans do with this opportunity will be central to how the brand evolves. It's important to understand that the election showed the public is willing to listen to Republican ideas but voters have to be sold on each individual idea first. Republicans do not have carte blanche, but they have an electorate that is willing to listen to Republican ideas to fix the country. That is a unique opportunity for any political party.

Democrats have to think through what their response to having lost the House and the Senate should be. The electorate is looking for a reset. Democrats' current position on the ideological spectrum in contrast to Republicans' more centrist placement presents a clear challenge. However, given that Democrats lost many of their moderate House and Senate members in this last election, finding a reset position that can connect a centrist electorate with their more liberal legislative minority will be complicated.

Additionally, the head of the the party, President Obama, is struggling according to the exit polls. Whether the Democrats can effectively reset will depend, in large part, on how President Obama responds to the situation he now faces in Congress, quite different than the filibuster-proof Congress he enjoyed when first elected.

The key strategic element that has emerged over the past few elections is that Republicans do well in non-Presidential years, given the makeup of that electorate, and Democrats do better in Presidential years, for the same reason. The obvious question is who breaks that trend first? For either party to do that, they are going to have to move beyond their current supporters and improve their standing with the “other” electorate.

That goes back to brand. It is hard for a party to build a majority coalition when the majority of the electorate has an unfavorable view of that party. Both parties find themselves in the position of having to earn back the trust of the country. But the depth of the 2014 victory gives Republicans a real opportunity to put some “wins on the board” for the American people in Washington and across the country. They have momentum from the election and an electorate focused on hearing new ideas and seeing what they can do. And finally, they will be governing from an ideological position that is much closer to the majority of voters than where the Democrats have taken their party.

Republicans won on the issues in 2014. Now, it is their turn to govern and turn their brand around.

Sources and Methodology:

New Models Survey-conducted election night of 1,000 voters who said they who voted.

Media National House exit poll conducted among 19,441 voters.