

Executive Memorandum

The Heritage Foundation

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RUSH!

TRUTH IN TESTIMONY: UNCOVERING THE *REAL* SPECIAL INTERESTS

My name is John Q. Specialinterest. I am testifying today on behalf of Americans for a Happy Tomorrow (AHT), which represents senior citizens, environmentalists, school lunch servers, and the dispossessed. In the last fiscal year, AHT received \$73 million from the U.S. Department of Labor (DOL), Department of Health and Human Services (HHS), and Environmental Protection Agency (EPA). I am here to protest the cruel and heartless proposed budget cuts in the DOL, HHS, and EPA.

As Congress begins budget reconciliation hearings, it would be enlightening if every witness's testimony included a "truth in testimony" statement. This small but significant change in the way Congress does business could shed a powerful light on the true motivations and self-interest of organizations that claim to represent the "public interest."

Each day, another organization expresses its outrage on Capitol Hill over proposed reductions in government spending. But what remains largely unknown to the taxpayer is that many of these groups themselves benefit from federal largesse. Over the past forty years, Congress has created a vast patronage network of organizations which enjoy tax-preferred status, receive federal funds, and engage in legislative or political activity. The days of big-city political machines disbursing patronage may be coming to an end, but the disbursement of financial dividends to political friends is a prominent feature of the federal budget. While claiming they are only "doing good," they are in fact "doing well" at the taxpayer's expense. The taxpayers have a right to know.

On February 2, 1995, the Child Welfare League of America testified before a House Ways and Means subcommittee about welfare reform. This organization benefited from approximately \$250,000 in FY 1994 and ran an advertisement opposing the Contract with America's welfare reform bill which claimed: "More children will be killed. More children will be raped."

One month later, a subcommittee of the Senate Energy and Natural Resources Committee held a hearing on "forest health and restoration." One of the panels was 50 percent federally subsidized and included representatives of the United Brotherhood of Carpenters and Joiners (\$257,000 in federal funding in FY 1994) and the National Audubon Society (\$135,000, excluding state-based affiliates).

Clearly, the right to petition government to redress grievances is precious and should not be infringed. Individuals and organizations using funds from the private sector should be encouraged to engage in the legislative and political process without fear of regulation. It is an entirely different matter to employ the coercive power of the federal government to force taxpayers to finance organizations which lobby Congress or government agencies.

Truth in Testimony is Needed. Congress needs to know which advocacy organizations are federally funded, particularly when they are lobbying Congress. Witnesses who testify before a congressional committee should be required to state in their written and oral testimony how much federal funding they receive and how they use it. In addition, the committee should request that each organization provide an IRS Form 990 for the committee

to keep on file. The 990 is a public document each organization must file that lists its sources of revenue, along with pertinent information on the group's affiliations with other organizations.

The people's representatives have a right to know if the testimony they are hearing is coming from someone who is feeding at the public trough.

- ✓ Members of Congress submit annual financial disclosure statements.
- ✓ Senior officers in the executive branch file regular reports on outside income.
- ✓ Lobbyists must register with the government and identify themselves as such.
- ✗ **Witnesses from federally funded groups are not required to disclose this fact to Congress.**

Many laws have been passed to combat possible financial conflicts of interest by the political class. But until now the focus has been in one direction: money going into the coffers of politicians. What about private lobbying groups that receive taxpayer dollars from the politicians? Admittedly, this represents a very touchy subject for many special interests. Hundreds of activist organizations receive millions upon millions of taxpayer dollars each year—and then turn around and use that money to lobby Congress to send even more of this money their way.

For example, the AFL-CIO receives more than \$10 million each year and then promotes a television ad campaign to oppose everything the new Congress is undertaking. The clear goal is to stir up grassroots opposition from union members and others to attack the reforms the new leaders of Capitol Hill are attempting to make.

The American Association of Retired Persons (AARP), the largest lobbying organization in America, receives \$86 million in taxpayer funds each year. At the same time, the AARP lobbied Congress to pass a big-government health care bill that the American people—and many AARP members themselves—firmly opposed.

Most federal programs, like student loans and funds for new prisons, are specified in the federal budget. Each receives its own "line item" that tells how much money it will be able to spend in the coming year. The trouble is that a line item labeled "AFL-CIO" or "AARP" does not exist. If it did, it would be a lightning rod for criticism and would top most people's list of spending cuts. It is time to acknowledge that the American people are fed up with special interest lobbying and certainly would not stand for the government's helping these groups to advance their particular agendas.

There is no justification for special interest lobbying groups' receiving money from the American taxpayers, only to turn around and spend it to lobby Congress for even more. Congress should recognize the danger of this corrupt practice and expose federally funded hypocrisy. Each committee should demand full disclosure of its witnesses so the American public can see whether their tax dollars are subsidizing calls for more of their money.

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