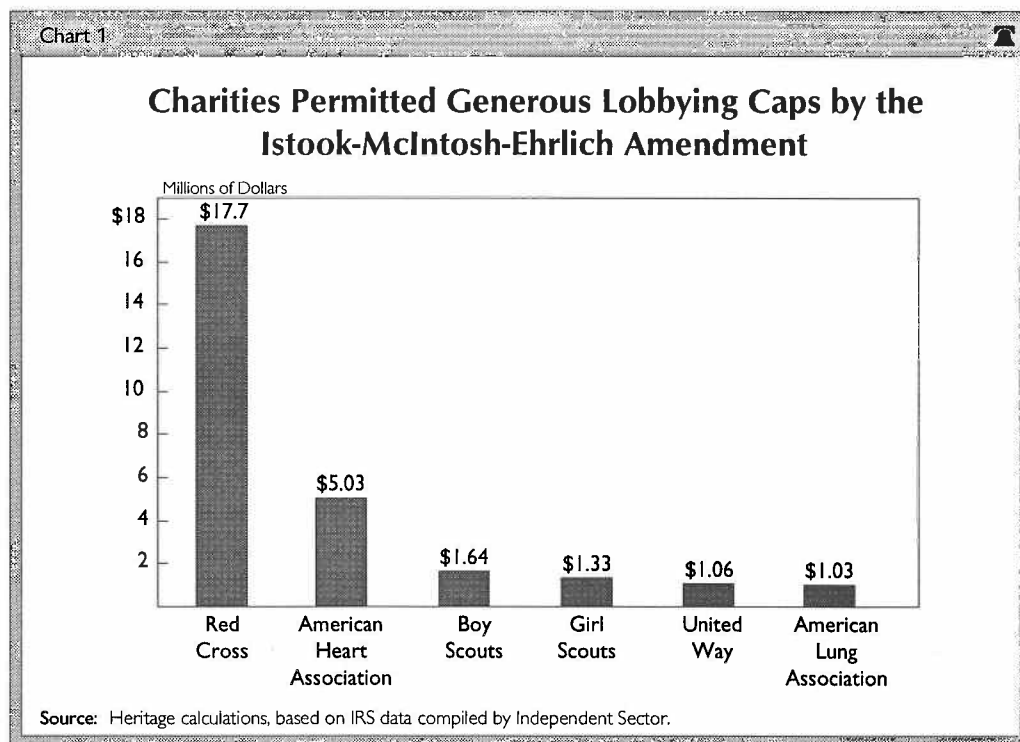


ISTOOK-McINTOSH-EHRLICH AMENDMENT GENEROUS TO CHARITIES

Congress will decide soon whether to capitulate to the special interests or address the issue of welfare for lobbyists. In the House of Representatives, Ernest Istook (R-OK), David McIntosh (R-IN), and Robert Ehrlich (R-MD) proposed an amendment to the Labor-HHS-Education appropriations bill that eventually was accepted in a floor vote. Essentially, that amendment would limit political advocacy by federal grantees to no more than 5 percent of their non-grant revenue.¹ While a number of charitable organizations have raised concerns about this proposal, its formula permits them to spend generous amounts of money on lobbying.

The Senate adopted a related provision as an amendment to the FY 1996 Treasury-Postal appropriations bill. House and Senate negotiators are attempting to agree on compromise language that can be included in the Treasury-Postal appropriations conference report. However, the original Istook-McIntosh-Ehrlich amendment already represented a compromise designed to win the support of a broad coalition of Members. There is a real danger that any further weakening of the House proposal—either by making the formula more permissive or by narrowing its coverage—would result in legislation that not only is ineffective, but also gives the impression that Congress seemed to address the problem while actually allowing welfare for lobbyists to continue.



¹ After the first \$20 million in revenue, only 1 percent may be applied to advocacy activities. Thus, for example, an organization with non-grant revenues of \$30 million would be limited to \$1,100,000 in lobbying expenditures.

The Istook-McIntosh-Ehrlich amendment already permits true charities—and even explicit advocacy groups—to spend millions of dollars on lobbying and political advocacy. Traditional charities will not be affected adversely by the House proposal. The only groups that will be affected are non-profit groups which engage in extensive politicking while receiving a large proportion of their funds from the federal government.

Keys to Principled Reform

The issue of welfare for lobbyists is one of fairness and fiscal responsibility. True reform can be achieved only if it includes the following principles:

Full Disclosure. Strong reporting requirements are necessary to shed light on the extent of this problem. Widespread abuse is already apparent—even with the limited and often confusing data currently gathered by the government. Federal grantees must be tracked carefully and should be required to indicate how much money they dedicate to advocacy. Furthermore, whatever information the government collects should be readily available for public inspection. To the extent feasible, this should include availability via the Internet at no cost to users. In addition, witnesses testifying before Congress should be required to divulge whether they receive federal funds and, if so, for what purpose and in what amount.

No Federal Funding for Advocacy. No advocacy organization that receives federal funds should be permitted to engage in anything but incidental lobbying activities, except on issues related directly to their tax status.

No Bureaucratic Shell Games. No organization that receives federal funds should be permitted to provide financial assistance to any affiliated organization that engages in lobbying. All sub-grantees should be treated as if they received the funds directly from the federal government. Organizations should not be able to create sham “foundations” to launder taxpayer funding to support lobbying.

Tough Penalties. The consequences of violating the prohibition on federally subsidized lobbying must be firm enough to discourage organizations from violating applicable standards. Under no circumstances should an organization that willingly and knowingly violates the prohibitions receive any federal funding.

It is an open question whether Congress will end taxpayer-subsidized political advocacy. However, House and Senate leaders still have an opportunity to work with freshmen Members and demonstrate courageous leadership by standing up to the special interests. Reforming welfare for lobbyists is an essential question of fairness and fiscal responsibility. It must not be sacrificed in the interests of political expediency.

Marshall Wittmann
Senior Fellow in Congressional Affairs

Charles P. Griffin
Deputy House Liaison