



FEDERAL BUDGET TARGETS NINE SENIORS' GROUPS FOR SUBSIDIES

The Senior Community Service Employment Program (SCSCEP) is operated by the U.S. Department of Labor and provides more than \$400 million annually for senior citizen employment. The stated purpose of this program, authorized by Title V of the Older Americans Act of 1965, is

To provide, foster, and promote part-time work opportunities (usually 20 hours per week) in community service activities for low income persons who are 55 years of age and older. To the extent feasible, the program assists and promotes the transition of program enrollees into unsubsidized employment.¹

States, national nonprofits, and territories are eligible to receive grants. In reality, however, 78 percent of this money (more than \$320 million) is segregated from state funding to subsidize "nine national nonprofit organizations." In fact, the *Catalog of Federal Domestic Assistance* explicitly states "The Department [of Labor] annually renews grant agreements. There are no plans to add additional organizations." Moreover, "Awards are not on a competitive basis."

Between July 1993 and June 1994, the following nine national organizations received the designated funding:

✓ American Association of Retired Persons	\$48,000,000
✓ Asociation Nacional Pro Personas Mayores	\$12,000,000
✓ Green Thumb, Inc. ²	\$102,000,000
✓ National Caucus and Center on Black Aged, Inc.	\$12,000,000
✓ National Council of Senior Citizens	\$61,000,000
✓ National Council on Aging	\$38,000,000
✓ National Indian Council on Aging	\$2,000,000
✓ National Pacific/Asian Resource Center	\$2,000,000
✓ National Urban League	\$4,000,000

¹ *Catalog of Federal Domestic Assistance*, description for Senior Community Service Employment Program, program ID 17.235.

² An affiliate of the National Farmers Union.

The President's original FY 1996 budget request separates the two parts of this account to differentiate between the states and the "Gang of Nine." These national nonprofits are able to act as government contractors and subgrant the money they receive to other organizations.

The FY 1995 Labor-HHS-Education Appropriations Act included House committee report language that stated, "It is the intent of the Committee that the current sponsors continue to build upon their past accomplishments." This language clearly indicates that the committee was aware of the grantees under this program and had absolutely no problem with the fact that most of them engage in political advocacy.

Fortunately, the FY 1996 committee report begins to address this problem. Although the program's funding has been reduced by only \$50 million, the report states that "The Committee has funded the program under the basic law rather than continuing the past practice of earmarking 78% of the funds for national contractors and 22% for the states."

However, even with this reform, the nine seniors' organizations are simply thrown into the same pot as the states. They are not prohibited from receiving funds, and it is not clear that federal bureaucrats could not simply award the grants in the same manner. Moreover, the SCSEP joins the Corporation for Public Broadcasting (CPB) as a privileged federal program that is forward-funded. None of these reforms will take effect until next July (as opposed to this October, as is the case with "normal" programs).

Real reform of this program—short of outright elimination—would require both that earmarks be ended and that advocacy organizations be prohibited explicitly from becoming grantees.

Congress has an obligation to end these noncompetitive subsidies to nonprofit advocacy organizations. At the very least, if the House and Senate cannot resolve to eliminate this program, they should agree to redirect the funds to the states so that they directly benefit needy seniors and no longer subsidize legislative or political advocacy.

Siphoning Grant Funds to Pay for Advocacy

The Senior Community Service Employment Program permits grantees to allocate up to 13.5 percent of their award to "administration," or overhead, expenses. These funds directly subsidize the organization's non-grant-related activities, including lobbying, by paying utilities, building maintenance, and other common expenses.

For the period between July 1993 and June 1994, the grantees were permitted to "skim" the following amounts off their check from the taxpayers to subsidize other activities:

American Ass'n of Retired Persons	\$6,480,000
As'n of Nacional Pro Personas Mayores	\$1,620,000
Green Thumb, Inc.	\$13,770,000
Nat'l Caucus & Ctr. on Black Aged	\$1,620,000
Nat'l Council of Senior Citizens	\$8,235,000
Nat'l Council on Aging	\$5,130,000
Nat'l Indian Council on Aging	\$270,000
Nat'l Pacific/Asian Resource Center	\$270,000
Nat'l Urban League	\$540,000

Marshall Wittmann
Senior Fellow in Congressional Affairs

Charles P. Griffin
Deputy House Liaison