

Taxpayer-Funded Lobbying: Big Government Growth Machine

Phil Kerpen
Policy Director

Most taxpayers want smaller government and lower taxes. Decades of polling data consistently show this preference. And yet, government continues to grow larger. Why?

One of the reasons is that taxpayer dollars are being used to lobby directly against taxpayer interests. While ordinary Americans are busy working, their hard-earned tax dollars are being used to pay for lobbyists who are fighting for higher taxes and bigger government.

Taxpayer-funded lobbying is a largely unnoticed barrier to enacting pro-growth, limited government policies. Taxpayer-funded groups descend on Washington and state capitals every time legislation to limit the size, cost, and intrusiveness of government is under consideration.

State governments, local governments, public universities, transportation authorities, and public water utilities spent an astonishing \$132.7 million on federal lobbying in 2006, up 148 percent from an already sizable \$53.6 million in 1998. Over the entire 1998 through 2006 period, taxpayer-funded lobbying of Congress totaled at least a staggering \$875.9 million.

The biggest increases were in lobbying spending by local governments and by public universities. Local government lobbying of the federal government jumped 193 percent from \$20.3 million in 1998 to \$59.5 million in 2006. Public universities increased their federal lobbying spending from \$10.1 million to \$31.7 million over that period, a 213 percent jump.

The actual total amount of taxpayer dollars spent on lobbying is even more than this because the data, compiled by the Center for Responsive Politics from the Senate Office of Public Records lobbying disclosures (these include House as well as Senate lobbying), was not coded according to whether entities were publicly funded, which limited us to including only those entities in sectors which are mostly public. Moreover, while some associations of public entities were included in the data, many large non-profit organizations with substantial lobbying presences, such as AARP, receive taxpayer funding, but they are not included in the scope of this study.

Moreover, these numbers are restricted to lobbying expenditures that are subject to disclosure. Public entities have a unique exemption in congressional gift rules that apply to lobbyists that allow them to shower gifts on members of Congress and their staffs without any limit or disclosure. It is therefore impossible to measure the pervasiveness of the practice, which is a problem that is unique to taxpayer-funded lobbyists. Lobbyists working for private entities are currently subject to a strict \$50 gift limit in the Senate and an outright ban in the House.

Taxpayer-funded lobbying is a self-perpetuating problem: the national effect of taxpayer-funded lobbying, though difficult to quantify, is must greater than the \$875.9 million spent directly on

lobbyists. The *New York Times* reported last year that taxpayer-funded lobbying is a central component of the dramatic growth in pork-barrel earmarks, writing: “Enlisted almost exclusively to land earmarks, lobbyists for local governments have boomed alongside a broader explosion in such appropriations.”

Many in Washington, including U.S. Senator Tom Coburn, believe that this explosion in earmarks has, in turn, created a culture of reckless spending that explains the dramatic overall growth in the size of government, including an overall federal spending increase of over a trillion dollars, about 61 percent, from 1998 to 2006.

Finally it is worth noting that evidence from states in which the problem of local government lobbying at the state level has been analyzed suggests that this phenomenon is significantly more pervasive at the state level than at the federal level. Americans for Prosperity Foundation has found that, in Texas alone, annual taxpayer-funded lobbying expenditures may be as high as \$50 million annually, suggesting that the \$132.7 million in taxpayer-funded lobbying at the federal level is just a fraction of the size of a much larger phenomenon in the states.

State and Local Government

As Chart 1 demonstrates, lobbying expenditures by local governments—counties, municipalities, school boards, and other taxing entities—have skyrocketed while expenditures by state governments have fluctuated slightly but stayed relatively flat, even ending the nine-year study period slightly lower than where they started.

Chart 1: Federal Lobbying by State and Local Governments



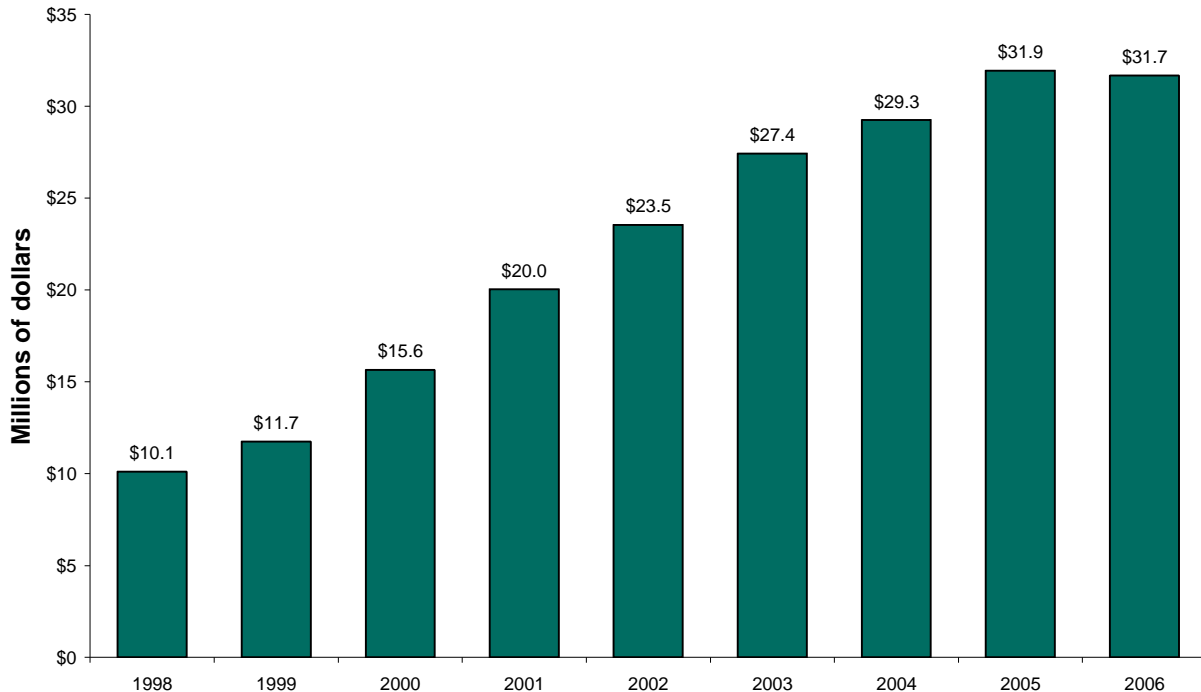
Source: Americans for Prosperity Foundation based on data from the Center for Responsive Politics.

Lobby spending by local governments increased far more rapidly than lobby spending by state governments starting around the turn of the century. Between 1998 and 2005 local government lobbying expenditures increased an astonishing 193 percent before declining slightly in 2006.

Public Universities

Lobbying by taxpayer-funded public universities has increased dramatically in recent years, as Chart 2 shows. Universities have been heavily engaged in lobbying for earmarks, which accounts for the upward trend in their lobbying activities. The most recent study of pork spending doled out to universities by the *Chronicle of Higher Education* found that it totaled \$2 billion in 2003, and it has likely grown substantially since.

Chart 2: Federal Lobbying by Public Universities

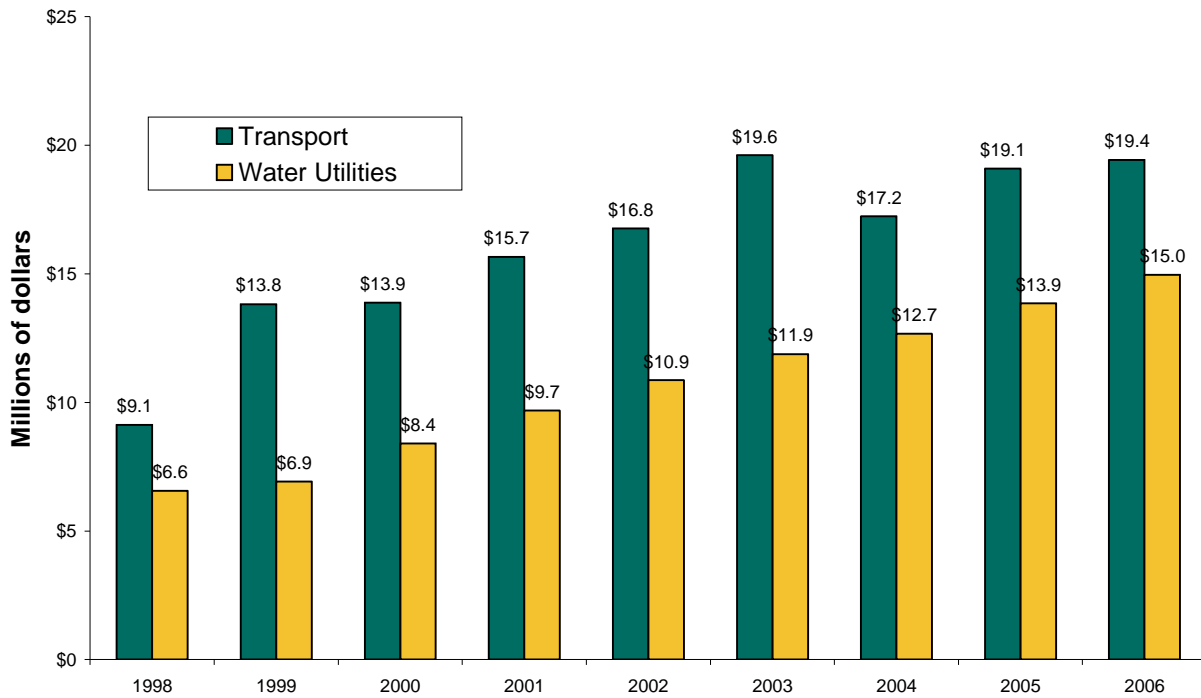


Source: Americans for Prosperity Foundation based on data from the Center for Responsive Politics.

Transportation Authorities and Water Utilities

We looked at two other public sectors with substantial lobbying presences for this study: transportation, including airports and seaports, and public water utilities. As Chart 3 demonstrates, lobbying expenditures for these entities grew rapidly over the study period: 113 percent for transportation authorities and 128 percent for water utilities.

Chart 3: Federal Lobbying by Transportation Authorities and Water Utilities



Source: Americans for Prosperity Foundation based on data from the Center for Responsive Politics.

There are clear upward trends here. Transportation lobbying has increased sporadically and more closely resembles the consistently high lobbying expenditures by state governments than the rapid increases we saw by local governments and public universities. Water utility lobby spending was more in line with local governments, though less rapid.

The Taxpayer-Funded Lobbying Hall of Shame

Based on our data set from the Center for Responsive Politics, we compiled these lists of the public entities with the highest federal lobbying expenditures, both in 2006 and over the entire study period of 1998 through 2006.

Taxpayer-Funded Lobbying Hall of Shame			
1998-2006		2006	
Taxpayer-Funded Entity	1998-2006 Federal Lobbying	Taxpayer-Funded Entity	2006 Federal Lobbying
1 Commonwealth of Puerto Rico	\$25,302,797	1 State University of New York	\$1,886,700
2 Los Angeles County, CA	\$11,848,381	2 Commonwealth of Puerto Rico	\$1,512,000
3 State University of New York	\$10,494,874	3 American Public Transportation Assn.	\$1,280,000
4 American Public Transportation Assn.	\$8,750,000	4 Commonwealth of Pennsylvania	\$1,220,000
5 Metro Water District/Southern Calif.	\$7,861,467	5 Los Angeles County, CA	\$1,155,381
6 Miami-Dade County, FL	\$7,515,000	6 California State University	\$1,100,000
7 American Assn. of Port Authorities	\$6,916,011	7 Metro Water District/Southern Calif.	\$961,200
8 California State University	\$6,787,000	8 American Assn. of Port Authorities	\$835,591
9 State of New York	\$5,493,000	9 Miami-Dade County, FL	\$780,000
10 Commonwealth of Pennsylvania	\$5,320,000	10 University of California	\$680,000
11 Airports Council International	\$5,240,139	11 University of Utah	\$620,000

12	University of California	\$4,928,599	12	Dallas-Ft. Worth International Airport	\$600,000
13	State of Illinois	\$4,658,000	13	University of Massachusetts	\$568,700
14	San Diego County, CA	\$4,322,000	14	American Waterways Operators Assn.	\$560,000
15	Riverside County, CA	\$4,162,935	15	Florida State University	\$540,000
16	Lambert-St. Louis International Airport	\$4,110,000	16	City of New Orleans, LA	\$533,000
17	Florida State University	\$3,978,000	17	City of Philadelphia, PA	\$522,000
18	City of Philadelphia, PA	\$3,948,292	18	State of Florida	\$520,000
19	City & County of Denver, CO	\$3,943,000	19	University of Pittsburgh	\$520,000
20	University of Nevada	\$3,500,000	20	Purdue University	\$492,000

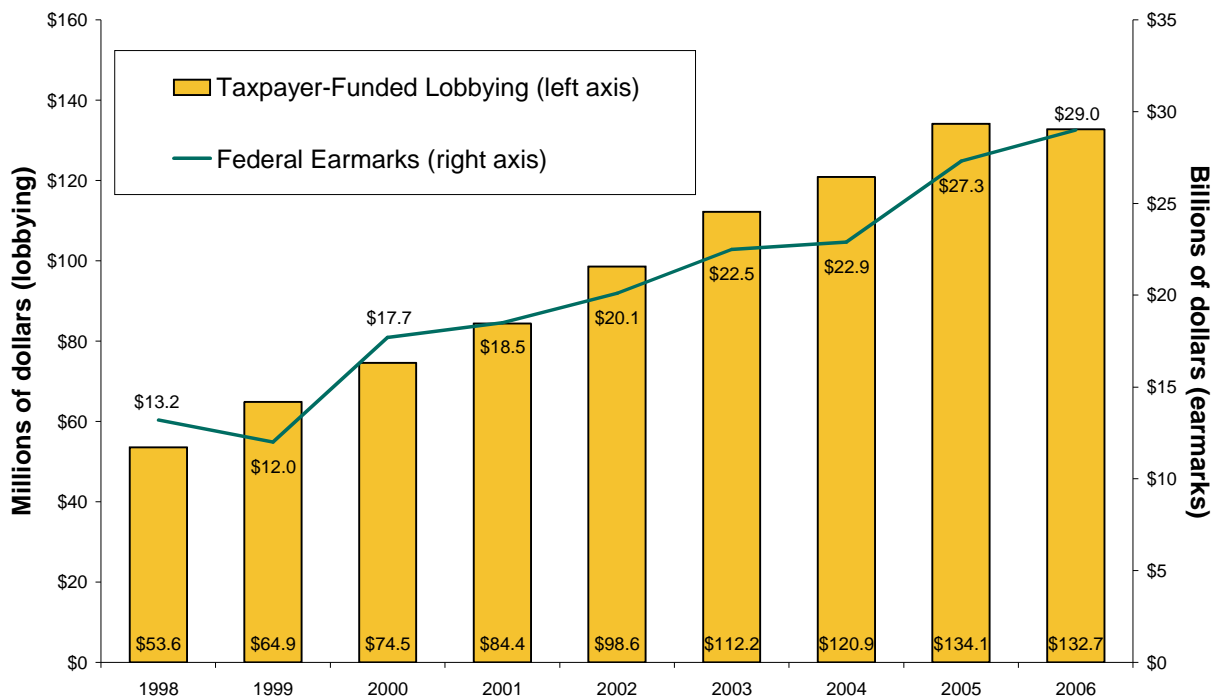
Source: Americans for Prosperity Foundation based on data from the Center for Responsive Politics

The Big Government Perpetual Growth Machine

The dramatic increase in taxpayer-funded lobbying, especially at the local government level, has coincided with a dramatic increase in earmarks. Wasteful spending almost by definition, earmarks are local projects that are funded directly by Congress, bypassing the normal competitive processes for winning funding through federal and state agencies. Their purpose is to substitute political judgment for professional judgment, resulting in real or perceived corruption as funds are steered directly to favored projects.

As Chart 4 shows, the growth of earmarks in recent years closely tracks the increase in taxpayer-funded lobbying, particularly local lobbying spending, as might be expected given the local nature of most earmarks.

Chart 4: Taxpayer-Funded Lobbying and Federal Earmarks



Source: Americans for Prosperity Foundation based on data from the Center for Responsive Politics.
Earmark totals from Citizens Against Government Waste.

The dramatic increase in earmarks in recent years, in turn, has driven an even larger expansion of overall government spending. As the chart shows, there is a clear correlation between earmark spending and overall spending. There are two likely explanations for this relationship. The first is that earmarks can be used to entice members of Congress to vote for expensive bills they would otherwise be inclined to oppose. The second is that earmarking has, according to Sen. Tom Coburn, created a culture of reckless spending in Washington that has eroded overall fiscal discipline.

This problem is self-perpetuating. As more taxpayer money is spent on lobbying for bigger government it drives an expansion of the federal government in the form of more earmarks and higher spending. That higher spending, in turn, is used to further boost lobbying expenditures to push for even more spending and higher taxes. Taxpayers are, often unknowingly, picking up the tab for a process that is spiraling upward toward ever larger and more intrusive government.

The Gift-Ban Loophole

The data in this study comes from lobbying disclosures compiled by the Center for Responsive Politics. While we've tried to include all available information, we know that there is at least one large area of taxpayer-funded lobbying that we were unable to quantify, because it is undisclosed and unlimited. That area consists of gifts from lobbyists to Members of Congress and their staffs.

In the Senate, gifts from lobbyists are strictly limited to a value of \$50. In the House the gift limit was recently lowered to zero—which is to say that gifts from lobbyists are essentially banned. Indeed, the House rules go even further, prohibiting gifts from a person who is not a lobbyist just because his or her company employs lobbyists. Many Americans, under these rules, can't even buy a Member of Congress a cup of coffee.

Yet even these stricter House rules leave intact an exemption that says if you're a lobbyist for a government entity, including all of the entities in the scope of this study, you can give any gifts you want, if the gifts are paid for by the government entity. No limit. The assumption here is that lobbyists working for private companies are inherently suspect and should be strictly limited, whereas taxpayer-funded lobbyists are inherently virtuous.

While broader reforms are needed to rein in taxpayer-funded lobbying, the gift-ban loophole is indefensible and should be immediately closed. Gifts from taxpayer-funded lobbyists should be subject to even greater scrutiny than gifts from corporate lobbyists because they are likely bought with tax dollars, without the knowledge of the taxpayers who are footing the bill. Clearly, taxpayer-funded lobbyists should not have any special exemptions that would give them an unfair advantage over their private or not-for-profit colleagues. Until the loophole is closed, taxpayer-funded lobbyists are subject to a substantially lower standard and can influence legislators, via gifts, without even being subject to disclosure rules.

Ending Taxpayer-Funded Lobbying

The big government perpetual growth machine must be shut down. State and local governments already have their interests represented in Congress—by the senators and representatives whose job it is to represent their constituents. The enormous diversion of taxpayer resources entailed in

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siphoning off tax dollars at the state and local level to pay for lobbyists who push for ever bigger government must stop. Tax dollars should be used to deliver necessary government services, not to lobby for bigger government. At both the federal and state levels, prohibitions should be enacted on entities that receive tax dollars engaging in lobbying activities. At a bare minimum, taxpayer-funded lobbyists should be subject to no lesser restrictions than private-sector lobbyists, which requires the gift-ban loophole to be closed.