

# LOBBYING REFORM: PROPOSALS AND ISSUES

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## HEARING

BEFORE THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

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JANUARY 25, 2006

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# LOBBYING REFORM: PROPOSALS AND ISSUES

WEDNESDAY, JANUARY 25, 2006

U.S. SENATE,  
COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 9:34 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Susan M. Collins, Chairman of the Committee, presiding.

Present: Senators Collins, Stevens, Voinovich, Coleman, Coburn, Chafee, Bennett, Domenici, Warner, Lieberman, Levin, Carper, and Pryor.

## OPENING STATEMENT OF CHAIRMAN COLLINS

Chairman COLLINS. The Committee will come to order. Good morning.

Today, the Committee begins an examination of lobbying reform. This hearing will focus on proposals before Congress to reform lobbying practices in the wake of scandals involving Jack Abramoff and Representative Randy "Duke" Cunningham. Although the actions of both men violated current laws, they nevertheless have prompted a much-needed review of legal lobbying activities that raise questions of improper influence or the appearance of impropriety.

We must act to strengthen the laws governing disclosure and ban practices that erode public confidence in the integrity of government decisions. We must reform rules that allow former lawmakers turned lobbyists special access to lobby their former colleagues on the Senate floor. We must end the practice of allowing members to slip earmarks that have received neither scrutiny nor a vote in either the House or the Senate into the final versions of legislation.

All of us here today recognize that lobbying, whether done on behalf of the business community, an environmental organization, a children's advocacy group, or any other cause, can provide us with useful information that aids but does not dictate the decision-making process. Indeed, lobbying is a word that has a long and noble history. It comes to us from Great Britain, where the tradition developed that citizens, whether acting on their own behalf or for a group, would approach members of Parliament in the lobby of that building to offer their views on pending legislation. It was done in the light of day, and the medium of exchange was ideas.

Today's lobbying too often conjures up images of all-expense-paid vacations masquerading as fact-finding trips, special access that the average citizen can never have, and undue influence that leads

to tainted decisions. The corrosive effect of this image, and in some cases reality, on the public's confidence in the political process cannot be underestimated.

We have an obligation to strengthen the crucial bond of trust between those in government and those whom government serves. Our Nation faces a great many challenges that Congress should address. If the bond of trust between public officials and their constituents is frayed, if our citizens believe that decisions are tainted by improper influence, then our country will be unable to tackle the big issues. No major legislation can pass without the support of the American people, and the public's trust in Congress is perilously low.

I am especially pleased that we have with us this morning several of our colleagues who will be testifying. They are champions of good government, of open and accountable government, and I look forward very much to hearing their proposals for reform.

Our other witnesses today offer a broad perspective on these issues. They represent business and labor organizations that engage in lobbying, a respected public policy institute that sponsors travel to conferences, a public policy expert who has long advocated reform, and a representative of an association of lobbyists. Sometimes even lobbyists need a lobbyist. I look forward to hearing their testimony.

The issue we take up today is serious and it is pressing. The right of the American people to petition their government is a constitutional guarantee and must not be chilled. At the same time, it is imperative that the give and take of advocacy focus on the exchange of ideas conducted in broad daylight. The American people deserve no less.

Senator Lieberman.

#### **OPENING STATEMENT OF SENATOR LIEBERMAN**

Senator LIEBERMAN. Thanks very much, Madam Chairman, particularly for moving so quickly to hold this hearing on lobbying reform. By doing so, our Committee, under your leadership, sends a strong and clear signal that Congress will come together across party lines this year to reform our lobbying laws and remove the cloud of suspicion that currently hangs over this institution.

It is no secret that the Jack Abramoff scandal is the primary reason for Congressional-wide acknowledgement that lobbying regulations need reform. Elsewhere, people may argue about whether the scandal is partisan. On this Committee, we know the response must be bipartisan. The consequences of Abramoff's crimes are so antithetical to our way of governance and so embarrassing to Congress that Democrats and Republicans, House Members and Senators agree that Congress must act, and we will.

Trust between the people and their elected leaders is essential to our democracy. The behavior of Mr. Abramoff and his associates undercuts that trust and sends the message that in Washington, results go to the highest bidder, not to the greatest public good. By his guilty pleas, Mr. Abramoff has acknowledged that he violated the law. However, his sordid story also reveals activity that, while technically legal, is nonetheless clearly wrong.

In government, we must hold ourselves and be held to a higher standard, to do not just what is legal but what is right. As lawmakers, we now have the opportunity and responsibility to make what is clearly wrong also illegal.

Excellent lobbying reform proposals have been referred to our Committee and are now pending here. I have joined with Senator John McCain in sponsoring one of them, the bipartisan Lobbying Transparency and Accountability Act of 2005. Our legislation directly responds to the abuses uncovered by the Indian Affairs Committee in the tough and independent investigation which Senator McCain chaired. It also, I might add, responds to the work done by the Department of Justice leading up to the plea bargain that Mr. Abramoff entered a few weeks ago.

The legislation which Senator McCain and I have proposed would require more frequent and detailed disclosure of lobbyist activities and, for the first time, full disclosure from grassroots lobbying firms that are paid to conduct mass television or direct mail campaigns to influence Members of Congress. Mr. Abramoff used one of these firms, controlled by his associate Mr. Scanlon, to conceal millions of dollars of payments he overcharged to Indian tribes, which were then forwarded to him.

Under the legislation Senator McCain and I have introduced, lobbyists would be required to disclose all payments for travel made or arranged, including detailed itemization of trips and all gifts over \$20. Members of Congress and their staffs who fly on corporate jets would have to pay the equivalent of a chartered plane rather than just the first-class price of their ticket. Lobbyists would also have to disclose campaign contributions as well as contributions made to honor public officials, and the revolving door between Capitol Hill and K Street would spin more slowly under our proposal.

Senator Reid has also introduced very strong lobbying reform legislation, which I am cosponsoring. Senator Santorum, who will testify this morning, is working on lobbying reform legislation for the Senate Republican Majority. Senator Feingold, who will also testify this morning, introduced lobbying reform legislation just about a year ago. And Senator Coleman has a different kind of proposal about a commission here, which I look forward to hearing about.

But what I want to say in conclusion is that of the three proposals that are before us, the one of Senator McCain and myself, the one of Senator Reid, the one of Senator Feingold—and presumably the one that Senator Santorum will soon introduce—all share the majority of the provisions in each. All of them call for increased disclosure by lobbyists, for disclosure of paid grassroots lobbying firms and lobbying coalition members, for slowing down the revolving door between Capitol Hill and K Street, and for ending the abuse of gift and travel rules. There are differences, but they are reconcilable.

That is why I believe, Madam Chairman, we now have a once-in-a-generation opportunity to reach agreement on a broad set of lobbying reforms that will reduce the cynicism with which many of the American people view their government. We cannot and will not let partisanship or institutional defensiveness stop us from

achieving that goal. Frankly, the status quo stinks and cries out to us to lead the way in clearing the air.

Today, we have an outstanding group of witnesses, starting off with our colleagues, Senators McCain, Feingold, Santorum, Durbin, and Coleman. I look forward to working with them and you, Madam Chairman, to pass lobbying reform legislation and to do it soon. Thank you.

Chairman COLLINS. Thank you. Senator Voinovich.

#### **OPENING STATEMENT OF SENATOR VOINOVICH**

Senator VOINOVICH. Thank you, Madam Chairman. I applaud your leadership and thank you for calling this hearing on lobbying reform.

With our election to the U.S. Senate, the citizens of our respective States entrusted us to represent their interests in a morally correct and ethical, appropriate way. The trust the American people have given us is something we must never forget.

As the chairman of the Senate Select Committee on Ethics, I have been given a responsibility by my colleagues to ensure that the Senate community is true to that trust. It is a heavy burden, but one that I am proud to have. I am glad that I am a Member of this Committee today because so much of what we are going to do will have an impact on the Senate Select Committee on Ethics.

With these thoughts in mind, I believe that we must carefully consider the various proposals for lobbying reform that have been put forward or that are still being refined. This consideration must be mindful of the current rules, regulations, and Federal code to ensure that any new rules or changes to existing rules do not unintentionally weaken those which are already in place. Any changes that are ultimately adopted must be the result of thoughtful deliberation, not rushed through in an attempt to show the American people that we are doing something about the abuses of the systems that they read and hear about in the media.

Madam Chairwoman, our efforts to reform the rules governing lobbying must be done in a truly bipartisan fashion. We have a responsibility to the Senate as an institution, our constituents, and ourselves to use the opportunity before us to better the culture in Washington and the Senate. Both sides of the aisle must dedicate themselves to improving the Senate through lobbying reform.

Let me assure my colleagues and the American people as Chairman of the Senate Select Committee on Ethics that any Senator or staff member that is found to be in violation of the Senate ethics rules will be dealt with appropriately, as we have always done so. I have tried to inform my fellow Senators about the ethics rules and what they require.

I have also observed that there is significant confusion on the part of lobbyists regarding their disclosure requirements right now. In fact, I had a conversation yesterday with a couple lobbyists on this point. They disagreed as to what the disclosure requirements required of them. They had different perceptions, and I think that is a problem.

It is also important that we weigh the proposed reform's reporting requirements and the costs and administrative capacity that

will be incurred to administer them versus the benefit derived from a more transparent system.

Madam Chairman, if you would like, I would be happy to hold at least one hearing on the capacity currently in place to administer and enforce the existing rules on the books. Are we enforcing the rules that are on the books right now? Do the people out there who are supposed to comply with them know that we are enforcing the rules, or do they just file pieces of paper and figure nobody pays any attention to them anyhow and so they get a little bit careless? I think it is really important that the people know if we do pass some additional reforms that they are going to be enforced and that we are enforcing the current rules and regulations that we have in place today.

And last but not least, we should as a body give consideration to the enormous amount of time and energy we devote to raising money for our campaigns and our respective caucuses. It is out of control. We all hate it, and it is about time we collectively think about how we can get off the treadmill that has given rise to the Abramoff abuses of the system.

I look forward to hearing the views of my fellow Senators as well as the other distinguished witnesses who are with us today on how we can reform and improve the current system. Thank you.

Chairman COLLINS. Senator Levin.

#### **OPENING STATEMENT OF SENATOR LEVIN**

Senator LEVIN. Madam Chairman, thank you for holding these hearings so promptly, as Senator Lieberman has pointed out.

In the early 1990s, with the great bipartisan support of Members of this Committee and other Members of the Senate, Senator Cohen and I coauthored on a bipartisan basis the Lobbying Disclosure Act. The reforms that were enacted 10 years ago made improvements in both lobbying disclosure and Congressional gift requirements. Before we enacted these reforms, fewer than 6,000 lobbyists registered and the information that registered lobbyists disclosed was widely regarded as useless. Under the previous law, under-reporting of lobbying receipts and expenditures was endemic and fully 60 percent of registered lobbyists failed to report any expenditures at all.

Under the reforms that we adopted, the Lobbying Disclosure Act, as it is called, more than 30,000 lobbyists have now registered and there appear to be providing relatively accurate and complete information on their clients, the topics on which they lobbied, and the amounts that they have spent on lobbying. As a result, while the 10 largest lobbying firms in 1989 reported a combined lobbying income of less than \$2 million, the 10 largest lobbying firms in 2002 more accurately reported their income, and they reported it at \$200 million. Overall, roughly \$2 billion now in lobbying fees are reported under the Lobbying Disclosure Act every year.

Under the original version of that reform which Senator Cohen and I introduced in the 103rd Congress, there were toughened enforcement provisions, there was coverage of grassroots lobbying, there was zero tolerance for gifts, meals, and entertainment from lobbyists, and there were tight rules for gifts from others. Because of a filibuster in the final weeks of the Congress, we were unable

to get that stronger version of the bill enacted, and that is a pity. As a result, we have seen some of the problems which have recently been so dramatized.

But when we revisited the issue in the next Congress, the 104th Congress, we dropped some of the provisions, including the provision covering grassroots lobbying, the provision which called for stronger enforcement, and we had to incorporate a somewhat more lenient rule for gifts from lobbyists. We did all that in order to get the bill enacted.

In recent weeks and months, Jack Abramoff and others have plead guilty to criminal offenses in connection with their lobbying activities. There are indications in press accounts that many of their activities may also have violated our existing gift rules, as well. As Senator Voinovich has pointed out, and I think very accurately and very effectively, our existing gift rules seem to have been violated.

For example, they contain a prohibition on travel that is paid for by lobbyists. They contain a prohibition on travel that is "substantially recreational in nature." They also contain, our gift rules, a rule against a member or staffer from accepting gifts with a cumulative value in excess of \$100 from any one source in a calendar year. What we have read about raises some very significant questions as to whether our existing rules have been effectively enforced by us, and that needs to be done, obviously.

But these recent events also dramatize the need to close loopholes in the existing law, as well. For instance, we must prevent the sponsors of lobbyists from hiding their identities, either when it comes to paying for travel or participating in coalitions. We have got to ensure the disclosure of paid efforts to generate grassroots lobbying campaigns. We have got to tighten up the gift rules. We should not permit gifts from lobbyists and others. We have got to prevent the abuse of privately reimbursed travel for Members of Congress and Congressional staff.

So our work is cut out for us. While criminals have violated existing laws and while existing rules seem to be at least stronger than they have appeared to be because of perhaps weak or lax enforcement on our part, there are also some gaping holes in the law which must be removed. That is our responsibility. This Committee has performed that responsibility in the early 1990s when we were able to get the current version passed, which did some good, but there is much more to be done. Under the leadership of our Chairman and Ranking Member, I have every confidence that we will rise to this occasion. Thank you.

Chairman COLLINS. Senator Coburn.

#### **OPENING STATEMENT OF SENATOR COBURN**

Senator COBURN. Madam Chairman, thank you, and Ranking Member, thank you, as well.

I probably will be the odd man out on this panel. I don't believe lobbying reform is the problem. I believe Congress is, and we are going to do a lot of things over the next 3 to 6 months that are going to look good on paper, but until you change the motivations of the institution, you are not going to change the behavior. Until we eliminate earmarking, the process of putting the well-heeled

above those that aren't able to be in that position, until we change the motivation that the next election is more important than the next generation, we won't solve problems. The problem is us.

Transparency and reporting solves all that, not more rules, not more pads, not more things to mark down, but the fact is the American people need to see what we do and how we do it, and that comes through transparency. The very idea that somebody's vote can be bought for a golf game and a trip is ludicrous, and if that is the case, they shouldn't be here. We ought to be real frank with the American people. We are going to do a lot of window dressing, but in the long run, we are not going to change anything until we change the motivation that the next election is more important than anything else, and when we do that, then we will have ethical behavior in Congress, and until we do that, we won't. Thank you.

Chairman COLLINS. Senator Pryor.

#### **OPENING STATEMENT OF SENATOR PRYOR**

Senator PRYOR. Thank you, Madam Chairman. I want to thank you and Senator Lieberman for your leadership on this. It is so important for the Congress that we get this right.

I guess one of the benefits of being the new kid on the block, so to speak, is for years and years, I watched the Senate from the outside, and one of the reasons I ran for the Senate, quite frankly, was to do my part and do my best to try to restore some public confidence in the institution here in the House and the Senate as well as the Executive Branch.

I think that people all over this country and certainly people in Arkansas feel very strongly that public policy should be based on the marketplace of ideas, not on the marketplace of political favors. I think that the silver lining in this very dark Jack Abramoff cloud and some other of the scandals that are going on here in Washington is that the people are going to expect, and in fact will demand, that we do our part to make things here in Washington run better.

I am not going to say a lot more because I want to hear our panels this morning, but I do want to thank all my colleagues who are offering proposals because I think all the proposals have a lot of merit. Just for the Committee's benefit, I think my approach is going to be to look at all of these proposals, take them all very seriously, and try to take the best ideas out of all the proposals. I think, like Senator Voinovich said, this is not a partisan issue. This is something that we, as Members of this body, owe to the American people. We owe it to our Founding Fathers. We owe it to the history of this country that we get this right.

So my approach will be very nonpartisan or bipartisan, try to look at what everybody has. I think everybody is offering things that are very genuine and have a lot of merit. But I look forward to spending time in this Committee and in other settings to really delve into some of this and try to do the right thing for this Congress. Thank you.

Chairman COLLINS. Senator Warner.

**OPENING STATEMENT OF SENATOR WARNER**

Senator WARNER. Thank you, Madam President—excuse me, Madam Chairman and other members—

Chairman COLLINS. I liked that.

Senator WARNER. I know you do. [Laughter.]

You thought it was an ad lib slip. I put it right out there.

Senator LIEBERMAN. Senator Collins would accept Commander in Chief. [Laughter.]

Senator WARNER. No, she doesn't want that job. [Laughter.]

I feel it a privilege to be on this Committee and to join with my colleagues as we take on this challenging task. But, I do want to reflect just a minute, being one of the older guys on the block. Senator Levin and I came to this institution 28 years ago. I calculated we have served under five Presidents, seven different Majority Leaders, and 241 Senators have come and gone since we have been here. The vast majority of those individuals have been highly dedicated and done their very best to make this great republic stronger.

I want to talk about some things that have grown and some things that haven't grown in that period of about a quarter of a century. First, the cost of campaigns. My first campaign—I have been elected five times—cost a little over \$1 million, and it was under some unusual circumstances, but today we have just finished a gubernatorial campaign, a state-wide election in my State, and each candidate spent over \$20 million. My colleague, Senator Allen, is raising a treasury to take on all comers in about the same amount.

Also, the lobbying community. I don't know, Senator Levin, but my rough recollection is that there may have been 2,000 individuals working as lobbyists about our starting time. Now, the number reaches about 35,000.

But let me tell you what hasn't grown and what I find shocking. It is reported in this month's *Washingtonian*, a very good article about what is going right and what is going wrong in this city. Ninety-six percent of Americans don't contribute a penny to any politician. The politicians naturally respond to people who give them the money. That is something we have got to address. As Senator Voinovich pointed out, so much of our time now in the course of our annual reelection or election cycle is devoted to fund-raising.

But I don't think we can cast an indictment against all the lobbyists that we have. I see in the audience Dick Clark representing the Aspen Institute. I have been on a number of those trips in years past. They were very beneficial, very educational, and constructive.

I think this hearing has got to send a more balanced message than some of the indictments here earlier. The system is working. We are still the strongest government on the face of the earth, with a beacon of hope for so many others, but we can make it better. You said, bond of trust. Well, that statistic of 96 percent not even sending \$5 or \$10, that is an area which we have got to regain and broaden it so that the American people feel more a part of this institution.

I thank the Chairman.

Chairman COLLINS. Senator Domenici.

**OPENING STATEMENT OF SENATOR DOMENICI**

Senator DOMENICI. Madam Chairman, let me first say I don't come to every meeting. I think you understand that. But I think this is one of the most significant set of hearings and activities we are going to have, and I want you to know that, for better or for worse for you, I am going to be active because I think this is a very difficult subject and I don't think it is easy. There is not a simple answer, like more rules. It is a lot different than that.

You know part of the problem is us; I won't go much beyond that, but the good Doctor mentioned it. I mean, we get hooked into this system, too. We don't make very many unilateral decisions that we don't like the system. We use it.

Having said that, I just want to say that I don't know where the jurisdiction is going to lie for things like earmark and campaign reform, but whatever we do, I am not an advocate of having no earmarks, but I am an advocate for reforming the earmark process. The reason for that is, I don't think that "earmarks" is very easy to define.

I found a huge earmark in a tax bill that had to do with funding cancer centers in the States, Senator Durbin, and you would be amazed at how it is written, and nobody is thinking about that. They all think it is earmarks in appropriations bills, but that tax bill has \$150 million going somewhere because of how they wrote it. Earmarks are everywhere. So that is part of what we do up here. I also think we have to tie together campaign reform and legislative reform and the rules with reference to ethics.

I want to just make one comment since there is some leadership here of one party, and I think my party will be here hopefully. I really hope that when we say, let us make this bipartisan, and I am not saying this to one person, I am saying it to everybody, that we really understand what that means. That doesn't mean only that we work together, it means that we not blame each other and then say we aren't going to do reform because of others. I mean, you can make politics out of this, but you can't make it so political that you can't get a bill because you are fighting so much for political advantage. I hope that doesn't happen. It will be very hard this year to see that it doesn't happen, in my opinion.

Now, I am going to give you six things. First, I think that you have to reform the fundraising activities, and I am crazy, but I think we ought to dramatically change from whence we get money, and I think we ought to, over a period of time, say we only get money from our home States. Just think about that. Some people say it is unconstitutional, but it would sure change things.

Second, I believe we have to address the 527s, and if we don't address them, we have decided that we really didn't want McCain-Feingold because we let 527s take its place and do much of the same things. I don't know how the Senators that sponsored it feel.

On lobbying reform, I agree with Senator Voinovich. First of all, we have to enforce the rules we have, and Madam Chairman, I would go with Senator Voinovich and tell him to have those hearings. I think you are going to find that we don't have the personnel or the equipment to enforce what we have, and there is just slipshodness all over the place. I think we should do that now so we know what we need before we write a bill.

Disclosure, I think you all know that is important. There are existing disclosure rules. The problem is that since these are such big events and episodes, disclosure is taken for granted. It is not being done as it was expected from what my staff tells me. We have to make sure it is and find out why it hasn't been, in my opinion.

I would suggest on earmarks that we ought to go to the appropriators and talk about the way it used to be, if there was a time in this Senate's history when we didn't have so many and the process was more open, and I would submit that we did have a time and it was effective, and essentially it is just a simple proposition of following the regular order on appropriations bills and then asking the House to be partners by not letting the Rules Committee change that so we have the same rules in each body. I am not going to go into detail, but if any of you want to know, ask somebody expert on appropriations about it. It is not so hard as one might think.

Senator McCain, I know you want to go further with earmarks, and I laud you, but I think there is a way to have what you are talking about and everybody would know what each earmark is and you would have to vote on it before it became law or you couldn't put it in the bill. We have done that, around 1980 or thereabouts, under regular order.

We have already got travel limitations. It is just that we have got to find out what we really want to do. I agree with my friend, Senator Warner. There is some travel that should be done aside from CODELs. We all know that. I haven't done much of it, but some people think it is good, and I am not going to argue with it.

Now, obviously, those are just my thoughts. I thank you for what you are doing and urge that you go right on, and I assume you will be working in tandem with the Rules Committee because they have got some jurisdiction, right?

Chairman COLLINS. Correct.

Senator DOMENICI. I thank you much, and I look forward to proceeding.

Chairman COLLINS. Thank you. Senator Carper.

#### **OPENING STATEMENT OF SENATOR CARPER**

Senator CARPER. Thank you, Madam Chairman. I just want to begin by expressing my appreciation to you and to our colleague, Senator Biden, for again swiftly taking the lead on what I think is an important issue that is facing our country. I am confident we can address these issues before us today in the same bipartisan way that we have addressed everything from intelligence reform to the ongoing investigation of what went wrong during Hurricane Katrina.

Did I say Lieberman?

Chairman COLLINS. You said Biden.

Senator LIEBERMAN. You said Biden, which is in your case—

Senator CARPER. Joe. I am for Joe. [Laughter.]

When he was running for President in 2004, people would say, who are you for, Biden or Lieberman? I would say, I am for Joe. I am sorry, interchangeable parts.

I am sure that most of us on this Committee have gone home and heard about how deeply disappointed people are with what

they are seeing in Washington these days, and I think most people in my State realize that we are not all taking bribes and we are not all lobbyists or crooks, and I agree with them. I have met far more good people here than bad, and I am sure that is a sentiment that is shared by my colleagues.

But like those who I have spoken to in recent months, the news of the Abramoff scandal has hit the papers and television news outside the Beltway. I am greatly disappointed that our system can allow such excesses and such disrespect for the people who they send here to work for them. The fact is that the American people have lost some of the trust that they place in their leaders and us here in Washington, and that is dangerous because, as we all know, a lot of people didn't have much trust in us to begin with.

That is why I am proud to join a number of my colleagues in co-sponsoring one bill, and that is S. 2180, the Honest Leadership and Open Government Act of 2006, that I believe takes a number of the bold steps, not all, but a number of the bold steps that are necessary to win back some of the trust that has been lost over the last several years.

Among other things, this legislation tightens the disclosure requirements for registered lobbyists and makes it easier for the average American to know what the lobbying community is up to. It also makes clear that Senators and staff can no longer accept gifts, meals, and expensive trips from the individuals who lobby us. And perhaps most importantly, S. 2180 strengthens enforcement of the rules governing members', staff, and lobbyists' behavior. One of the major weaknesses, though, in the current regime, I believe, is the lack of effective enforcement. I know addressing these issues will be a priority on both sides of the aisle in the coming weeks.

In the meantime, however, I pledge to hold myself and my staff to a higher standard. We are no longer accepting meals, entertainment, or any other gifts from lobbyists. We have also decided not to participate in any official travel unless it is paid for by a government entity or a nonprofit organization. We plan to abide by these new rules regardless of what may happen with the various lobbying reform proposals out there.

In closing, Madam Chairman and colleagues, let me just take a moment to say that I hope our examination of the rules governing our interactions with the lobbying community does not ignore the fact that many of us, including myself, are forced to spend entirely too much of our time attending fundraisers and soliciting campaign contributions, oftentimes from registered lobbyists.

When I first ran for the Senate in 2000 while serving full-time as Governor of Delaware, I spent a year of my life also traveling around the country, as I am sure many of you have, raising the money necessary to run, in our case, about a month's worth of television advertising on Philadelphia TV. In total, I think I spent more money winning this Senate seat than I did in all the rest of my 10 state-wide races for State Treasurer, for Congress, and two times for Governor. And today, about a year out from the 2006 elections, the fundraising work is starting up again. In fact, as we all know, it never really ends, and this just doesn't make any sense to me.

I want to go back home to Delaware to tell people that my colleagues and I are going to do something to prevent a replay of the events we have seen in the news of late, and I think we will get that chance. I am afraid nobody will take me seriously unless we can also find some way to do something further about campaign spending and fundraising, as well.

And as we consider these issues before us today, I just want to say I plan to work with my colleagues from both sides of the aisle to do something about the cost of Federal campaigns and the toll that it takes on our democracy. Our former colleague, Senator Fritz Hollings, had a proposal for a number of years that would allow limits on the amounts that a candidate can spend on his or her campaigns. There have been other proposals here and in a number of States to reduce campaign contributions from lobbyists with public financing. I think some combination of these proposals, perhaps coupled with some control on how much television stations can charge for political advertising, might be what it takes to free up more of our time to do what we were sent here to do, and that is to fully restore the trust in our government.

Madam Chairman and my colleagues, thanks very much, and we look forward to hearing from our witnesses. Thank you.

Chairman COLLINS. Senator Stevens.

#### **OPENING STATEMENT OF SENATOR STEVENS**

Senator STEVENS. Madam Chairman, I congratulate you on holding this hearing so promptly. Recent events demonstrate the absolute need for action in this area.

I was a member of the Conference Committee on the bill that was finally passed and signed into law that was declared unconstitutional in the case of *Buckley v. Vallejo*. I still feel that, ultimately, we may have to have a constitutional amendment, but I am pleased to work with you on legislation short of that. Thank you very much.

Chairman COLLINS. Thank you.

We now turn to our first panel today. I am very pleased to welcome five of our colleagues who have either already introduced legislation or who are about to introduce legislation addressing this issue. Each of them has worked very hard on this issue. We are going to start with an individual whose name is synonymous with reform, Senator John McCain.

#### **TESTIMONY OF HON. JOHN McCAIN,<sup>1</sup> A U.S. SENATOR FROM THE STATE OF ARIZONA**

Senator MCCAIN. Thank you very much, Madam Chairman. I know you have a long list of witnesses and other panels, and I will try to be very brief. I want to thank you and Senator Lieberman for holding this important hearing, and I would like to start out with what I think is the most important aspect of this issue.

We have bipartisan proposals. We have to sit down quickly in whatever format that our leaders decide and have bipartisan negotiations and come up with legislation or rules changes as quickly as possible, and we can do that at the end of the first recess, the

<sup>1</sup>The prepared statement of Senator McCain appears in the Appendix on page 55.

beginning of May, if we sit down and address this in a bipartisan fashion. I know that Senator Lieberman is committed to that as well as many others.

I would like to also point out that the urgency of this is dictated by the view of the American people as to how we do business here in Washington. It is not good, and we need to fix it, and we need to fix it very quickly.

As you know, Madam Chairman and Members of the Committee, over the past year and a half, the Indian Affairs Committee has unearthed a story of excess and abuse by former lobbyists of some Indian tribes. The story is alarming in its depth and breadth of potential wrongdoing. It spanned across the United States, sweeping up tribes throughout the country. It has taken us from tribal reservations across America to luxury sports boxes here in town, from a sham international think tank in Rehoboth Beach, Delaware, to a sniper workshop in Israel and beyond. It involves tens of millions of dollars that we know about and likely more that we do not. Much of what the Committee learned was extraordinary, yet much of what we uncovered in the investigation was, unfortunately, the ordinary way of doing business in this town.

How these lobbyists sought to influence policy and opinion makers is a case study in the ways lobbyists seek to curry favor with legislators and their aides. For example, they sought to ingratiate themselves with public servants with tickets to plush skyboxes at the MCI Center, FedEx Field, and Camden Yards for sports and entertainment events. They arranged extravagant getaways to tropical islands and famed golfing links of St. Andrews and elsewhere. They regularly treated people to meals and drinks. Fundraisers and contributions abounded.

During its investigation, the Committee also learned about unscrupulous tactics employed to lobby members and to shape public opinion. We found a sham international think tank in Rehoboth Beach, Delaware, established in part to disguise the true identity of clients. We saw phony Christian grassroots organizations, consisting of a box of cell phones in a desk drawer.

I would submit that in the great marketplace of ideas we call public discourse, truth is a premium that we can't sacrifice. Many cast blame only on the lobbying industry. We should not forget that we, as Members of Congress, owe it to the American people to conduct ourselves in ways that reinforce rather than diminish the public's faith and confidence in Congress.

Madam Chairman, I would like for my complete statement to be a part of the record—

Chairman COLLINS. Without objection.

Senator MCCAIN [continuing]. But I would again like to just briefly run over some salient parts of Senator Lieberman's and my proposal, and I would argue that these are not written in golden tablets. We are more than eager to accept additional changes, and we need to do that in a bipartisan fashion.

This Act requires more frequent disclosures of lobbying activities, including grassroots lobbying campaigns and other contribution payments by lobbyists. It requires the information to be available online. It requires lobbyists to disclose their involvement in travel

by members and staff. It requires lobbyists to report gifts to members and staff over \$20 in value.

It doubles the amount of time during which a former Member of Congress and their senior staff are restricted from lobbying. It clarifies that the revolving door laws apply to outside lobbyists retained by Indian tribes. It requires members to notify the Clerk of the House or Secretary of the Senate if they are negotiating employment which may create a conflict of interest.

It requires members to pay the fair market value of charter flights for flights on private planes. It requires members to file reports of meetings, tours, events, or outings they have participated in while on official travel. It requires the Ethics Committee to develop guidelines on what is a reasonable expenditure on official travel, determine the face value of a ticket to a sporting event or entertainment. It is fair market value, in the case of tickets without face value, such as skybox tickets, the face value.

I want to mention one other thing very quickly, which was brought up by Senator Domenici and others today. We are not going to fix this system until we fix the earmarks. In 1994, when the Congress was taken over by Republicans, there were 4,000 earmarks on appropriations bills. Last year, there were 15,000. It is disgraceful, this process. What we went through at the end of the last session with things like LIHEAP and appropriations larded onto the money that was supposed to be devoted to the men and women in the military and their ability to conduct the war on terror was disgraceful.

We need to stop the earmarking, and we have specific proposals to curb these excesses, and if we don't stop the earmarking, we are not going to stop the abuses of power here in Washington because we have seen a specific case of one Congressman and one lobbyist who were able to put millions and millions of dollars of taxpayers' money into a defense appropriations bill somehow, without any oversight or any accountability, and we are going to see a lot more examples of that being uncovered in the weeks and months ahead.

I thank you, Madam Chairman. I thank Senator Lieberman and other Members of the Committee. I believe we know what we need to do. I know we need to do it in a bipartisan fashion and we need to do it quickly, and I thank my colleagues for their involvement in this issue from both sides of the aisle, and I appreciate their dedication to this effort, including my special partner in crime, Senator Feingold. Thank you very much.

Chairman COLLINS. Thank you. I would invite Members, referring to Senators who are witnesses here, after you have given your statement, to feel free if due to other scheduling conflicts you need to leave immediately. We certainly understand that.

It is a great pleasure to invite to the Committee today Senator Russ Feingold. It is my understanding that Senator Feingold is deferring to Senator Durbin first because of scheduling constraints that Senator Durbin has. Is that accurate?

Senator FEINGOLD. Absolutely.

Chairman COLLINS. Senator Durbin, it is great to welcome you back to this Committee on which you served for many years until I became Chairman, in which case you then left immediately—  
[Laughter.]

But it is nice—I know it is not true, I was just teasing you. It is great to have you back. We have worked together on a great many issues.

**TESTIMONY OF HON. RICHARD J. DURBIN,<sup>1</sup> A U.S. SENATOR  
FROM THE STATE OF ILLINOIS**

Senator DURBIN. Thank you, Madam Chairman, and I was honored to work with you, and as I have said to you and Senator Lieberman, I think your seminal work on intelligence reform reflected the very best of Congress working on a bipartisan basis. I was happy to be part of that enterprise, glad that it resulted in something that made America safer, and as I said to you many times, the reason I ran for the U.S. Senate was to be part of that, and I salute both of you for your leadership in that important issue.

Now, you are tackling another big one, the question of reform in Washington. It will be just as contentious, if not more so, and I think you two are up to the job. I am honored to be here today in the Governmental Affairs Committee to say a few words about it.

Let me say at the outset, neither political party has a monopoly on virtue. The vast majority of Members of Congress that I have worked with in the House and the Senate are hard working, honest, ethical people. And let me add, too, most of those who lobby us on Capitol Hill are also honest and dedicated to following the rules. I am going to use a few examples in my comments here that focus on Jack Abramoff and the now notorious K Street Project, but I want to say at the outset, I think many Republicans in Congress detest dishonest enterprises as much as any Democrats. Let us put that on the table to start the conversation.

The outrageous conduct of the lobbyist Jack Abramoff and his like has gone beyond embarrassment. It has had real world consequences for Americans. The same hand that is writing the check is also writing the laws, and I will give you an example or two as we go on as to how Americans have paid the price for it.

My first job on Capitol Hill was as a college student, and I worked as an intern for a man named Senator Paul Douglas of Illinois, the first Chairman of the Senate Ethics Committee. He is my all-time hero in public life. Here is what he said in one of his books. “When I asked a policeman,” he said, “how some of his colleagues got started on the downward path, he replied, ‘It generally began with a cigar.’” Whether the culture of corruption in Washington begins with a cigar or a skybox seat or a golfing excursion to Scotland or a special interest ploy to affect legislation, it is just unacceptable and it has to stop.

The legislative problems we face are relatively straightforward, and we have it within our power to make necessary changes. I am here to speak on behalf of the Democratic Caucus bill, the Honest Leadership and Open Government Act, S. 2180, introduced last Friday with 34 original cosponsors. I want to acknowledge Senators Feingold, Levin, and Lieberman for their input in drafting the bill and their continued work.

<sup>1</sup>The prepared statement of Senator Durbin appears in the Appendix on page 57.

The bill is grounded on five core principles: Closing the revolving door; ensuring full disclosure of lobbying activities; eliminating excessive gifts and travel from private sources; strengthening enforcement of lobbying and ethics rules; and insisting that lawmaking be an open and transparent process.

Given the present state of affairs in Washington, we believe we must establish new and clear lines between those who lobby and those who serve the public to avoid the appearance of conflict. Our bill prohibits receipt of meals and gifts from lobbyists and bans acceptance of free travel from companies, associations, and groups who advocate before Congress. Our bill also dramatically increases the transparency of activities in the lobbying community. Let me give you just a few general specifics.

First, to close the revolving door, we double the length of time to 2 years that members, senior Congressional staff, and senior Executive Branch officials are barred from lobbying their former offices. Let me give you a specific example. There isn't a single one of us back in our home States now that aren't hearing from senior citizens about the Medicare prescription drug Part D bill, how complicated it is, how unfair it is, and they ask us, couldn't you have done a better job? Couldn't you have made this simpler, easier to understand? What went wrong? Well, take a look at the history of this bill, and you will find one of the leading members of the House pushing for this bill that I think benefited the pharmaceutical companies far more than it should have. Then he went to work for them, a \$2 million a year job representing a pharmaceutical association.

He was not alone. Within the Administration and on Capitol Hill, about a dozen others who were involved in writing that terrible bill to give benefits to pharmaceutical companies ended up on the payroll within a matter of months. This bill has brought great fortunes to these pharmaceutical giants. It brings tears to the eyes of many senior citizens across the United States, and that has to end.

Second, we need to strengthen the laws on public disclosure. Our bill will require lobbyists to file reports quarterly, electronically, instead of semi-annually on paper, and disclose more detailed information about their campaign activity. I would like to address that in a few moments. It will require disclosure of hired gun efforts to stimulate grassroots lobbying. The Michael Scanlon-Ralph Reed scheme to use Abramoff's tribal clients to contact Christian Coalition members to stir up opposition to a gambling bill was appalling, and our bill would force disclosure of this type of scheme.

We also need to deal with the problems of gifts and privately financed travel. We need to strengthen the enforcement of lobbying and ethics rules. And finally, we need to make the legislative process more open and accountable. Now, we have specific proposals in that regard which are included in the bill and will be included in my final statement here.

I might say to Senator McCain and to others who brought up the issue of earmarks, I have been a member of the Appropriations Committee both in the House and the Senate. Yes, there are a lot of earmarks in those bills. I am for more transparency. I think I should be held accountable publicly for every earmark that I put in a bill for my State of Illinois or for anyone else, and there ought

to be time between the writing of that bill and the passage of that bill so that we can really take a close look at what is included there.

But it is naive to believe that earmarking starts and ends in the Appropriations Committee. Take a look at many of the other bills that we have considered. Twenty-two-billion dollar favors for Medicare providers in the budget bill. Billions of dollars in oil and gas subsidies in the energy bill. Billions of dollars for the pharmaceutical industries in the Medicare prescription drug bill. Billions of dollars for financial and credit institutions in the bankruptcy bill. Every bill we consider has someone on K Street with a smile on their face. It isn't just the appropriations bill. So we have got to talk about the whole process and how we approach it.

The last point I will make is this. Several members on both sides—I heard Senator Voinovich as I walked in the room, and others have said, getting to the heart of this means getting to the heart of how we finance our political campaigns. Unless and until we address this in an honest fashion, we are carping on trifles here. Why is it that we warm up to all these lobbyists? It isn't for a meal at night. Heck, at night, I want to sit down, put my feet up, and watch TV. I don't want to go out to some restaurant. Most of us are pretty tired at the end of the day. But we know when it comes time to finance our campaigns, we are going to be knocking on those same doors.

Unless and until we stop the outrageous expense of political campaigning in America, we are going to continue to be beholden to those who are well off and well connected. If you are a self-funder, as they call it in our business, a multi-millionaire, that is one thing. But if you are in my category of mere mortals, you have got to spend a lot of time on the phone begging for money in the hopes that you can run in a State as large as Illinois when the time comes.

We need to do two things. First, we need to address the fact that we are creating trust funds for television stations with our fund-raising. We are raising money to pay these television stations millions and millions of dollars each time. It is time that we have time available at an affordable rate for challengers and incumbents.

And finally, we need to move to public financing, and for those who say we cannot afford public financing, it is way too expensive, if we cut earmarks in half, we would have more than enough money to finance public financing of campaigns.

So I hope that we will look at the whole picture. It is a big challenge. But if we just take one discrete part of it, slap ourselves on the back and say, we have done a fine job, I am certain that we will not be satisfied at the end that we have met our responsibility.

Thank you, Madam Chairman.

Chairman COLLINS. Thank you. Senator Feingold.

**TESTIMONY OF HON. RUSSELL D. FEINGOLD, A U.S. SENATOR  
FROM THE STATE OF WISCONSIN**

Senator FEINGOLD. Thank you, Chairman Collins, Senator Lieberman. Thank you for the invitation to testify today on this very important topic. We are truly at a watershed moment for the

Congress, and I am pleased that the Committee is preparing to act quickly.

There are few higher priorities than improving our ethical standards and addressing the influence of special interests on legislation. That is because the fairness of the legislative process has an impact both on policy outcomes and also on the confidence that the public has in those outcomes.

Now, as Senator Levin indicated, the Lobby Disclosure Act and also the changes to the gift rules we enacted in 1995 made a difference. So did the McCain-Feingold bill passed in 2002, which ended the practice of Members of Congress asking corporate heads of companies for hundreds of thousands of dollars in soft money. I want to, of course, acknowledge the role of the Chairman, the Ranking Member, and, of course, Senator Levin, who were absolutely central to that successful effort, along with my friend, of course, Senator John McCain and others.

But the Abramoff scandal has pulled back the curtain on the influence peddling that goes on here, which we must now address decisively or risk losing the benefits of our earlier efforts. There are obviously many components to this problem and many possible solutions.

But the first point I want to emphasize today is that this Committee should resist the temptation to let opponents of reform change the subject. By all means, consider all proposals that will have an impact on the problem, but don't let side issues take your attention away from abuses that need to be stopped. Whenever someone disparages basic reforms of the gift and travel rules by saying, yes, but what Congress really needs to do is X, be a little bit skeptical.

As an example, I will take a back seat to no one in the Senate, except perhaps this guy sitting next to me, John McCain, in my opposition to earmarks and unnecessary spending. I strongly support changing the rules of the Senate to prevent earmarks and the encouragement they give to some of the seamier lobbying practices we have seen. But the key here is that this should not be an either/or proposition. Don't let anyone tell you that if you deal with the earmarks, you can let those other practices continue. I don't believe that.

Similarly, don't believe it when people say that further gift and travel restrictions won't make any difference. If those restrictions are clear enough and tough enough, they will make some difference. Free meals, free tickets, fact-finding trips to warm, far-away places during Congressional recesses, these are a big part of the lobbying game at both the Senator and the staff level, and it is time for them to stop.

My second general point, to echo a point that Senator McCain made, is that in the end, this lobbying and ethics reform effort must be bipartisan to succeed. It is not surprising that there are political calculations involved in addressing this issue, and the political situation has made real reform much more likely than it seemed when I introduced my original bill in July 2005. But given the rules of the Senate and the difficulties of navigating the legislative process in a short time, politics could also cause this effort to stall if we aren't careful, and that is where this Committee, work-

ing together, can have a very positive effect, and you have already started today by bringing this bipartisan group together, Madam Chairman.

But working together on a bipartisan bill does not mean being timid. It does not mean Democrats and Republicans should come together to protect the status quo or find the lowest common denominator. Now is the time for bold and decisive action, not weak knees.

With that in mind, let me very briefly outline what in my view are the key elements of a meaningful and credible reform bill. First, a real lobbyist gift ban. Reasonable exceptions for family, friends, and items like t-shirts or baseball caps are fine. But the ban has to be comprehensive. It has to include not just lobbyists, but those who employ them. We have seen how the current \$50 limit has been abused. Those abuses will continue unless we mean what we say and make the ban very tight.

If that seems too complicated, then just do what we do in Wisconsin. We have been doing it for 30 years, where the State legislature simply said, no gifts, period. That is the rule I have always followed in my office here for 13 years. It is a simple rule. It is easy to follow. It is easy to apply. It doesn't mean you can't have a meal with a lobbyist or a constituent if that is what you want to do. You just have to pay your share of the check.

Second, address privately funded travel. I know that some fact-finding trips really are helpful to Senators and staff to learn about the issues we face firsthand. But I think it is now abundantly clear that the exception to the current gift rules for these trips has been abused. It can't be fixed, in my view, just by disclosure, and I am aware of the arguments for reasonable exception for charitable, educational organizations not involved in lobbying, but we need to make sure that any such exception does not itself become subject to abuse.

Third, and this is the issue that Senator McCain and I first worked on together in the early 1990s, slow the revolving door. Increasing the cooling off period from one to 2 years is the least we should do. But I also think we should take a close look at that cooling off period and assess whether it really means anything if people can leave Congress and run the lobbying show at influential trade associations or law firms for a year or two from behind the scenes. When that happens, isn't the so-called cooling off period really just a warming up period? If we are serious about reducing undue influence, we should have revolving door laws that really mean something.

Fourth, end reliance on these corporate jets. If Senators want to travel on what amounts to chartered flights, they should pay the charter rate. We need to make sure to make that clear for both official and campaign use of corporate jets because one thing is clear—the lobbyist for the company that provides the jet is going to be on the flight, whether it is taking you to see a plant back home or a fundraiser for your campaign.

Finally, let us improve lobbying disclosure. Here, I think, there is general agreement on many provisions to improve the Lobbying Disclosure Act, but I think the Committee should take a very close look at Senator McCain's provision and other proposals to expand

a disclosure of the campaign fundraising activities of lobbyists. The Abramoff scandal is not just about gifts and trips. It is also about the targeted use of campaign contributions. Lobbyists play a huge role in the financing of campaigns. Detailed disclosure of that role will help the public understand how the lobbying game is played and provide a record on which more substantive reforms can be based.

Madam Chairman, we have an opportunity to make history in the next few months. I hope this Committee will lead the way in fixing the problems the Abramoff scandal has exposed. The public is watching and challenging us to be bold. We must not blink. I look forward to working with you and Senator Lieberman and the entire Committee to develop the strongest possible lobbying and ethics reform package. Thank you very much for allowing me to testify today.

Chairman COLLINS. Thank you for your very specific suggestions to the Committee. I very much appreciate your work in this area.

Senator Santorum, it is a great pleasure to welcome you here today. I know you have a long history of working on reform efforts as a Member of the House of Representatives and that you have been tapped by the Majority Leader to develop legislation. Please proceed.

**TESTIMONY OF HON. RICK SANTORUM,<sup>1</sup> A U.S. SENATOR FROM THE STATE OF PENNSYLVANIA**

Senator SANTORUM. Thank you, Senator Collins and Senator Lieberman. Thank you both very much for holding this hearing and for your leadership.

I just want to comment on a couple of things that have been said by the prior speakers, and that is that, first and foremost, this needs to be a cooperative and bipartisan effort. I am looking forward to working primarily from the bipartisan effort of Senator Lieberman and Senator McCain as really the structure and the foundation of this package. When I hear Senator Feingold and when I hear certainly most of the comments from Senator Durbin, all of the comments with respect to ethics, I think that there is a tremendous amount of commonality here. I don't think we are talking about going in opposite directions. I think we very much are on the same page and it is a matter of working through the details in most of the areas, and I will outline some of the areas of concern, but they are identical to the areas of concern that have been outlined by other speakers.

Madam Chairman, as you have said, this is a task that I was asked to do by Senator Frist as a member of the leadership, and I have a long history of being involved in Congressional reform from my days in the House in the "Gang of Seven" where we were uncovering bouncing of checks by House members and using taxpayers' dollars to cover those checks as well as a House Post Office scandal, where there were convictions. There was drug dealing going on down there. There was the cash-for-stamps scandal. All of that, I stood on the floor with a group of colleagues and pointed the finger at both sides of the aisle, candidly and unfortunately, and

<sup>1</sup>The prepared statement of Senator Santorum appears in the Appendix on page 61.

took a lot of heat for that, but I was trying to be responsive to a problem that we saw. I think we are in some respects back in the same position.

I didn't stop when I came to the Senate. I was involved in my party in reforming the Committee Chairmanships, putting term limits on Chairmen, putting term limits on leadership. Those of you who frequent the Senate restaurant and barber shops know that they are no longer taxpayer subsidized. When I got on the Rules Committee, that was my high priority, to end taxpayer subsidy. Yes, we pay higher amounts for our food and we pay higher amounts for our barber shop, but those are no longer subsidized by the taxpayer, and they aren't necessarily the most popular things to do when you are talking to your colleagues.

I know this is an important issue. We have to address the perception that is out there increasingly that Members of Congress are unduly influenced by what goes on in this town and lobbyists and we need to look at a variety of different things. We can look at gifts, we can look at meals, we can look at travel. I can tell you that I, personally, am at the bottom of member travel. I don't do third-party travel to speak of. I know members wine and dine with lobbyists. The only whining I get in the evening is from my children. That is how I decide to do business here.

So I come at this with a strong penchant to make sure that we have a very strong bill and that we have one that is worked and vetted thoroughly by members on both sides of the aisle. There are good ideas on both sides, and we will work, as I said, with the McCain-Lieberman bill as the basis of that.

We need to look at privately funded Congressional travel, gifts, meals, the revolving door of access of members and staff and spouses of members and their access to members and the members' offices and to the floor of the U.S. Senate. We have to look at earmarks. I think that Senator McCain is absolutely right, and I agree with Senator Feingold. We can't look at one or the other, we have to look at both, and I think both are important things to have in the legislation.

I also agree that we need to look at the 527 organizations as another problem. In addition to all of the transparency issues that are outlined in the McCain-Lieberman bill as well as by Senator Feingold, transparency is who is giving to grassroots lobbying organizations or shadow organizations that lobby Congress. We need to do the same thing with respect to those who participate in elections.

We also, and this is something that has not been mentioned, but I think this Committee should look to encouraging the lobbying community and setting parameters for the lobbying community to set up self-regulatory organizations. I think it is vitally important, if we are going to establish a level of professionalism and standards, that the industry itself begin to look at doing that and having some sort of self-regulatory body to get into the details of the profession more than, say, we could here in our particular bills.

I just want to say that while I take this issue very seriously and I think we need to aggressively pursue all of these areas that I have outlined, I think we also have to take into account that the citizens of this country have a right to petition their government and have access to us regardless of their income or their affiliation,

regardless of their campaign contributions. They should be able to come and petition their government. We have to make sure that, yes, there are lobbyists for big corporations and very wealthy interests. There are also lobbyists for the Boys and Girls Clubs and for the Salvation Army and for small farmers. We have to assure that when we set up these regulations, we are not limiting their access to plead their case to the Members of Congress who affect so dramatically in many cases their lives.

I feel very strongly. I have an open door policy in my office. If a constituent of mine wants to meet with me or someone in my office, we meet with every single one. We turn absolutely nobody down. That is important. I think that is a standard that every Senator has, and maybe every Senator does that, but that is a standard that I think we should hold ourselves to, that you don't have to pay to play to get into a Senator's office. The fact that you are a constituent or you represent a constituent interest is enough to get you into the office of every member of the U.S. Senate. It is important that people have a right in the big and powerful government which we have become to be able to have their grievances addressed here on Capitol Hill.

We are very early in this stage here, but I think that there is a great common ground for us to build upon, and I am encouraged by that. I hope that we can build a bipartisan consensus. I hope that there is a willingness by all of the panelists here to work together, to pull together the best of the ideas, work out the details, make sure that we are conscious of both the need for transparency and reform and also the need to make sure that this government is responsive and accessible to our constituents' needs.

Thank you, Madam Chairman.

Chairman COLLINS. Thank you.

Senator Coleman, you have been the most patient member this morning, waiting to testify. You are also a very active, in fact, one of the most active Members of this Committee, and we welcome your testimony this morning.

**TESTIMONY OF HON. NORM COLEMAN, A U.S. SENATOR FROM  
THE STATE OF MINNESOTA**

Senator COLEMAN. Thank you, Madam Chairman. As soon as I am done with my testimony, I look forward to taking my seat and then listening to the other testimony.

Before I begin with my comments, I would ask that the comments of Senator Nelson of Nebraska, who is a coauthor of my bill, be entered into the record.<sup>1</sup>

Chairman COLLINS. Without objection.

Senator COLEMAN. Madam Chairman, I want to start by thanking my Chairman, Senator Collins, and the Ranking Member for the speed at which you have moved in putting this issue on the table. I think effort that in and of itself has done a lot to restore confidence in this institution.

I share Senator Domenici's reflection of the importance and significance of this issue. We know from the Declaration of Independence, our government derives its just powers from the consent of

<sup>1</sup>The prepared statement of Senator Nelson appears in the Appendix on page 110.

the governed, and the reality is what has happened with the doubts about transparency and honesty, concerns about allegations and admissions of guilt in the abuse of power and influence peddling, has shaken the confidence of the American public in government, and we have to take that seriously.

I think we need to do more than just bring the guilty to justice. We have to look at the institution. We have to say we are committed to reform. And what is at stake here is clearly the credibility of the institution, and credibility is the foundation upon which the institution is built, and without it, we do not have legitimacy to govern effectively and to serve the people that elected us.

There are already a number of worthwhile ideas on the table. I am a coauthor and support the legislation of the Ranking Member and Senator McCain. I also believe, by the way, that transparency must be kind of a central theme to reform. In Minnesota today, you can go on my website—from anywhere, and all my travel is listed and descriptions of the organizations that funded the travel is there. So I think transparency is kind of a central theme here in restoring public trust.

And while I support the adoption of a number of the measures that are on the table and the transparency, I believe, though, that we need to take careful stock of what kind of reforms we are proposing, look at the short-term effects, and also be willing to look at this in a long-term perspective and the effects that they will have. Change for change's sake is not the answer, and policy by press release and one-upsmanship and who is going to be tougher than the other on this issue is not the way to reform this incredible institution, this greatest deliberative body in the world.

These are, as I would say to the good Doctor over there who would understand, essential and vital organs of government, and so we need to operate with both skill and speed as we work to improve their function.

In the final analysis, it is not about representative government. It is not about our inability to look at ourselves with the proposal that I have or questioning whether we can bring independent judgment. I really think that the question before us and before the public is about Congress taking a look in the mirror, and I believe that a thoughtful and comprehensive reform agenda can only be achieved by a group of respected individuals from outside the institution conducting a thorough and bipartisan review and then offering constructive recommendations to the House and Senate.

Churchill once admonished military commanders that they faced two potential dangers: Inaction because they were timid or overcommitment because they were rash. Senator Warner knows that quote.

That is why Senator Nelson of Nebraska and I, along with Senator Allen, are introducing legislation today that creates a bipartisan Commission to Strengthen Confidence in Congress. The commission will operate outside the institutions of Congress to review ideas and to recommend reforms to strengthen the ethics, disclosure, and transparency requirements governing the relationships between Members of Congress and lobbyists. It will be modeled after initiatives like the 9/11 Commission and the Grace Commission and premised in the belief that we have a responsibility to

preserve the confidence of the American public. I believe the commission will stimulate a thoughtful national dialogue on reform and also provide a bully pulpit if the commission is to hold us in Congress accountable for implementing the reforms they prescribe.

Specifically, the commission will be strongly bipartisan, which I think is essential, composed of an equal number of Democrats and Republicans. Leadership in the House and Senate from both parties will come together. They will pick the chairman. They will pick the vice chairman. They will then pick the members. They will be involved in the selection process. The commissioners themselves will be a combination of former members because I think it is important to get folks involved in the process who have been a part of it and understand this institution. But at the same time, you can bring in others, academics, historians, and other experts to add their voice to this deliberative process.

The commission will issue its first report by July 1, 2006. I think they can do it that quickly and still do it with the deliberation that needs to take place. They will be given the ability to hold hearings in order to carry out their duties.

And I believe in the end, the commission will be able to provide to us, to the Senate and to the Congress—and by the way, examining the things that are on the table, the gifts, the earmarks, the disclosure, the revolving door, and the travel. But I think they can do it in a way that will help reinvigorate and transform the world's leading governmental institutions.

On the issue of the sensitivity and importance, Senator Nelson of Nebraska and I believe that the greater the stature, the independence, and legitimacy of the commission, the more far-reaching its recommendations can be.

This legislation is designed to take the partisanship and the politics out of this process, and I fear that we are seeing a little of that, maybe more than a little of that. Sometimes I look at press releases, they look like they are coming out of the political offices of our respective parties, and I think we can do better than that. And again, many have ideas that are on the table. But I think this independent look will certainly help that process.

I think in the end, if we bring together bipartisan, independent, and wise leaders and strike a proper balance, that will both restore confidence and preserve the best of how the Legislative Branch operates today. With the creation of the Commission to Strengthen Confidence in Congress, we can seize what many have called, and I believe this is, a historic opportunity to position the U.S. Congress to operate more effectively, transparently, confidently, and with the trust and the faith of the American people as we enter into a new century.

Thank you, Madam Chairman.

[The prepared statement of Senator Coleman follows:]

#### PREPARED STATEMENT OF SENATOR COLEMAN

I want to begin by thanking Chairman Collins and Senator Lieberman for your leadership on a range of issues. None is more important than the topic we address today.

We know from our Declaration of Independence that our government derives its "just Powers from the consent of the governed." That's why we need to take public

doubts about the transparency of government and their leaders' honesty and integrity extremely seriously.

Recent allegations, and admissions of guilt in the abuse of power, corruption of public office and the disregard for rules and laws of Congress and our nation, have shaken the confidence of the American people in its institutions of government. We need to do more than bring the guilty to justice: We need to reform the system that bred the corruption. Let's be clear that what is at stake here is the future and credibility of this institution. Credibility is the foundation upon which this institution was built and without it we do not have the legitimacy to effectively govern and serve the people that elected us.

A number of worthwhile ideas are already on the table. I support the bill authored by Ranking Member Lieberman and Senator McCain. I also believe a central theme of reform must be transparency, so the American people can get a complete picture of how we get the information that helps us do our jobs. I have already acted on this so that any Minnesotan can now go onto my website and access my complete Senate travel records. I strongly believe there will not be restoration of public trust in government if they believe we have something to hide.

While I support the adoption of immediate measures to improve transparency, we still need to take careful stock of what kind of reforms we are proposing and what kind of short term and long term effects they will have. Change for change's sake is not the answer. Policy by press release and one-ups-man-ship will not bring about what we need which is real, just and workable change. These are sensitive and vital organs of government we are operating on, so we need both skill and speed as we work to improve their function.

In the final analysis, this is not about representative government looking at a policy and questioning whether we can bring independent judgment. This is about Congress taking a good hard look in the mirror—and I believe that a thoughtful and comprehensive reform agenda can only be developed by a group of respected individuals from outside the institution conducting a thorough and bipartisan review and offering constructive recommendations to the House and Senate.

Churchill once admonished military commanders that they faced two potential dangers: Inaction because they were timid or over-commitment because they were rash.

That is why Senator Nelson and I, along with Senator Allard are introducing legislation today that creates a bipartisan Commission to Strengthen Confidence in Congress.

The Commission will operate outside of the institutions of Congress to review ideas and to recommend reforms to strengthen the ethics, disclosure and transparency requirements governing the relationship between Members of Congress and lobbyists. It will be modeled on initiatives like the 9/11 Commission and the Grace Commission, and premised in the belief that we have a responsibility to preserve the confidence of the American people. The Commission will stimulate a thoughtful national dialogue on reform and also provide a "bully pulpit" for Commissioners to hold us in Congress accountable for implementing the reforms they prescribe.

Specifically, the Commission will be strongly bipartisan consisting of an equal number of Republicans and Democrats, none of whom may be sitting members of Congress. The House and Senate Leadership from both parties will come together and pick a chairman and vice chairman. Senate Republican leadership, Senate Democratic leadership, House Republican leadership and House Democratic leadership will also be involved in the selection process. The Commissioners will be a combination of former members of Congress and other independent voices, including: Academics, historians, public relations executives, and other experts.

The Commission will issue its first report containing findings, conclusions and recommendations for corrective measure on July 1, 2006, with annual reports thereafter. Commissioners will also be given the ability to hold hearings in order to carry out their duties.

This Commission will be able to provide a roadmap for the U.S. Senate and House of Representatives by examining how we handle things such as gifts, disclosure, earmarks and travel in a way which will help renew and reinvigorate the world's leading governmental institution.

On issues of this sensitivity and importance, Sen. Nelson and I believe that the greater the stature, INDEPENDENCE and legitimacy of the Commission, the more far-reaching its recommendations can be.

This legislation is designed to take the politics and partisanship out of the debate and put the issue in the hands of bipartisan, independent and wise leaders who can strike a proper balance that will both restore confidence and preserve the best of how the legislative branch operates today.

With the creation of the Commission to Strengthen Confidence in Congress, we can seize the historic opportunity to position the United States Congress to govern more effectively, transparently, confidently, and with the trust and faith of the American people well into the new Century.

Chairman COLLINS. Thank you very much for your testimony and for alerting us to the legislation that you will be introducing later today.

I would now like to welcome our second panel of witnesses. Former Senator Dick Clark currently serves as Vice President of the Aspen Institute. Mr. Clark founded the Aspen Institute's Congressional program in 1983 to provide nonpartisan educational programs for Members of Congress on public policy issues.

Former Governor John Engler serves as President and Chief Executive Officer of the Nation's largest industrial trade association, the National Association of Manufacturers.

Bill Samuel is Director for Legislation for the AFL-CIO, which represents more than 9 million working men and women.

I guess we are missing Governor Engler at this moment, but we will proceed. Thank you all for appearing before the Committee today. I look forward to your testimony, and we are going to start with you, Senator Clark.

**TESTIMONY OF HON. DICK CLARK,<sup>1</sup> DIRECTOR, ASPEN  
INSTITUTE CONGRESSIONAL PROGRAM**

Mr. CLARK. Thank you very much, Madam Chairman and Members of the Committee. I appreciate the opportunity to participate in this hearing, and I want to say at the outset that I strongly support the efforts of the Committee and other Members of Congress to reform the rules on Congressional travel. It is critical that public trust be restored in the institution.

As Director of the Aspen Institute Congressional Program, a leading sponsor of educational seminars for Members of the Senate and the House, I will limit my remarks to the area of Congressional travel. I would recommend the following reforms.

One, funds should not be accepted from registered lobbyists or from groups that employ registered lobbyists.

Two, travel should not include, in any way, shape, or form, the participation of lobbyists.

Three, sponsoring organizations should be required to disclose their funding sources in their invitations to Members of Congress.

And four, in particular, enforcement mechanisms must be put in place.

However, a total ban on privately funded travel would be a disservice to the Members of Congress, denying them valuable resources to gain greater knowledge and understanding of a range of issues that they necessarily have to address.

As a former member of the Senate Foreign Relations Committee, coming from a background as a professor of international relations, I experienced the wide gap between the average legislator's understanding of complex foreign policy issues on the one hand and the expertise that exists in the academic community. I saw firsthand the necessity to bring foreign policy scholars together with those who make policy.

<sup>1</sup>The prepared statement of Mr. Clark appears in the Appendix on page 64.

And since I established the Congressional Program in 1983, as you have said, funding has come solely from established independent foundations, such as Ford, MacArthur, Carnegie, and Kellogg. We accept no support from lobbyists, from governments, from corporations, from private individuals, or from special interests, and honoraria are not paid to Members of Congress or scholars. Lobbyists are not permitted at our meetings and are not involved in the program in any way. The program does not pay for any recreational activities, nor has it for 23 years.

Nearly 200 governmental leaders, including heads of State, and approximately 800 scholars have participated. Seminar discussions revolve around four to eight scholarly papers commissioned for each meeting, which ensures a diversity of opinion based on the scholars' research. These, in essence, are graduate seminars.

Participants are required to attend all conference events, which last at least 6 hours a day over the course of 4 days during a Congressional recess. These include roundtable discussions, luncheon speeches with question and answer periods, and dinners with assigned seating that expose members to various scholars and a range of views. Published reports of the seminars are sent to all Members of Congress, and the agendas and scholars' papers are widely disseminated on our website.

A very important supplement to our policy seminars is a series of breakfast meetings conducted in the Capitol building for Members of Congress. Twenty-five breakfasts are held annually, providing members with ongoing, direct access to internationally recognized experts and analysts on these topics.

Members tell us that the exceptional benefit of the program is that it provides a "faculty" of scholars and experts whom they can call on later for testimony and advice.

The Congressional Program is a bicameral, nonpartisan, neutral convener. In the current political climate, Members of Congress need a safe haven where they can study critical issues in an academic, in-depth way with Members of both parties and both chambers. The program has been described by one Senator as "an oasis of civility," and it has been the genesis of major initiatives such as the Nunn-Lugar Cooperative Threat Reduction Act.

We have taken steps to ensure that our educational mission is not compromised, including conferring with the Ethics Committees to make certain that we comply with their standards.

Foreign travel is essential in an era of globalization. It is critical for Members to personally see developments on the ground in other countries, meeting with world leaders, academics, and others. Insularity is not an option for the world's only superpower. If our lawmakers are to be effective in addressing immigration or international trade, the war on terror, or other matters, an understanding of the peoples of the world is vital.

And in closing, Madam Chairman, I want to mention Mickey Edwards, on my left, sitting behind me here. He is a former Republican Congressman from Oklahoma. He is Director of the Aspen Institute Rodell Fellowships in Public Leadership, and Mickey joins me in supporting these much-needed reforms. His program, by the way, brings together promising young political leaders at every

level of government to explore the underlying values and principles of Western democracy.

Madam Chairman, I thank you very much, and distinguished Members of the Committee, for this opportunity to discuss the subject, and I look forward to the questions.

Chairman COLLINS. Thank you. Governor Engler.

**TESTIMONY OF HON. JOHN ENGLER,<sup>1</sup> PRESIDENT AND CHIEF EXECUTIVE OFFICER, NATIONAL ASSOCIATION OF MANUFACTURERS**

Mr. ENGLER. Thank you, Madam Chairman. I apologize for my absence when we started. I was listening intently to Senator Coleman, and I thought I would take a quick break before this convened and didn't quite get back here in time, but thank you for the opportunity to be with you and this distinguished Committee today.

I am President of the National Association of Manufacturers, a 501(c)(6) tax-exempt trade association. The NAM was formed in 1895, and for the past 110 years, we have played a unique role in promoting a strong manufacturing economy and economic growth, resulting in higher living standards for all Americans.

The NAM represents more than 14 million workers in the manufacturing economy. Every day, the members of our association and our staff exercise the fundamental constitutional right to petition or contact our government and its elected leaders.

In the simplest of terms, we lobby Congress and the Executive Branch to educate and inform about the impact of legislation, executive actions, and other public policy on the manufacturing economy of this country. And even though recent excesses and criminal activities by one lobbyist is fodder for the headlines, lobbying is not a new phenomenon. Given the workload Senator Clark just referred to of the 21st Century Congress, time doesn't allow our elected leaders to be completely familiar with the complexity and the nuance of every single issue that comes before them and the impact of every piece of legislation on real people in the real world.

At the NAM, our objective is to educate Members of Congress, Senators, and their staffs through personal meetings, phone calls, via letters, faxes, e-mails from our members and our staff. We try to provide essential data, research, analysis; by travel outside of Washington to tour manufacturing facilities, and these are all pre-approved, actually, by the existing Ethics Committee process; by facilitating personal meetings and dialogue between legislators and our members in home States, back in the district. We do all of these things to inform.

For the record, Madam Chairman, I would like to submit two examples of Congressional staff tours, one in the greater Atlanta area taken in January 2006 and the other one out in Arizona in, again, January of this year. So they are both current, but I think these agendas will show you and the Members of the Committee that these tours, these Congressional staff tours, really help provide a very valuable first-hand education about the importance of manu-

<sup>1</sup>The prepared statement of Mr. Engler with attachments appears in the Appendix on page 67.

facturing to the Nation's economy. They are bipartisan, highly educational, and during these tours and visits, Congressional staff have unfettered access to leaders and workers at manufacturing facilities.

Now, curtailing or making more complicated any of these educational processes will impede our ability and the ability of the NAM members to provide input on issues that are before the Congress right now that directly impact the livelihoods of Americans and the overall economic welfare of our country.

It is interesting, already, the ethics debate itself is having a chilling effect. An upcoming Houston educational trip has experienced several staff withdrawals since the conversations have begun, and it puts now that entire tour in Houston at risk.

I think elected leaders who cherish our unique freedoms outlined in the Bill of Rights to our Constitution should act very carefully to ensure the ability of Americans to educate and inform our elected leaders is not restricted. Madam Chairman and distinguished Senators of this Committee, this is America, and in America, our elected officials don't hide from those they represent.

Now, I have been in politics long enough to know Congress is going to react. This impressive turnout today is indication that there will be a reaction to the scandals that have been on the front pages of the papers around the country. There are going to be new rules. There will be new legislation of some sort, and it will happen soon. So whatever occurs, I think it is imperative that you don't overreact. Just as a majority of Senators and Members of Congress have always conducted themselves in a legal and ethical manner, so, too, have a vast majority of lobbyists.

Therefore, as you develop proposals to reassure the American people that our government is not for sale, I urge you to consider the following points, and I will try to run through them very quickly.

First, current laws and rules are imposing serious penalties on those who have abused the public trust. A lobbyist is going to jail. A former Member of Congress will soon be sentenced. The system caught them, and additional rules and laws weren't needed to make them pay the price.

Second, I think Congress has got to be careful not to treat all who are classified as registered lobbyists the same. There is a distinct difference between the for-profit and high-profile specialists and the work of associations, companies, and causes who lobby directly for organized interests or for a specific membership. Our association, for example, as I suspect the vast majority of these, is governed by a constitution. It has bylaws, a governing body, and itself has fiduciary responsibility, and there is a very direct involvement of the members. So there is an obvious distinction between the 501(c)(6) membership trade organization and the hired gun.

Third, in an attempt to limit gifts and meals, try not to create a paperwork nightmare for trade associations and their members who are legitimately using working meals and similar functions to educate leaders and staff. A hamburger, I don't think, is going to change the mind of Members of this Committee or, frankly, your staff that supports you so well.

Fourth, as you focus on the obvious excesses, don't limit the ability of trade associations and members to sponsor out-of-Washington activities that educate policy makers on the real-life impact of their actions. Globalization, you heard it earlier, requires elected leaders to go firsthand today to see how manufacturing facilities operate and what the challenges are as they confront international competition.

Fifth, the concept of personal responsibility has been the bedrock of previous changes in Federal law or Congressional rules promulgated by Congress. Personal responsibility may be hard to legislate, but it remains the bedrock principle of reform. Congress has to look inward, adopt measures to seriously enforce the rules it has already imposed on its members before it attempts to pass the blame to others for the ethical lapses of a very few members.

Before I came to the NAM, I spent 32 years in public office in Senator Levin's home State of Michigan, 20 years in the legislature and 12 years as Governor. During that time, I was lobbied by everyday citizens, teachers, law enforcement, union members, business executives, even registered lobbyists. I learned a lot by listening. There were many times when the persuasive arguments of informed citizens changed the outcome. Their real-world experience trumped the theories of very smart, well educated staff or bureaucrats.

Personal responsibility and integrity are absolutes in public office. If the public trust is violated, the offending parties have got to pay a price. But in responding to the violations, eroding and impeding opportunities for American people to contact their elected officials and representatives is not the answer, nor is punishing the law-abiding, hard-working Members of Congress and their staffs for the sins of a very few.

Thank you, Madam Chairman and Members of the Committee, for your time today.

Chairman COLLINS. Thank you. Mr. Samuel.

**TESTIMONY OF WILLIAM SAMUEL,<sup>1</sup> LEGISLATIVE DIRECTOR,  
AFL-CIO**

Mr. SAMUEL. Thank you, Senator Collins and Members of the Committee, for inviting me to testify on behalf of the AFL-CIO at today's hearing on lobbying reform.

The AFL-CIO represents over 9 million workers in 52 unions, and on their behalf, we promote policies that will improve the lives of all working Americans. We support legislation that will make it possible for every American to have a good job with financial security, access to affordable health care, and a secure retirement.

Labor unions allow ordinary workers to join together and make their voices heard. One of the most important ways unions do that is by serving as an advocate for workers, both organized and unorganized, in the halls of Congress. Yet even with the participation of workers through their unions, the voices of ordinary workers are still overwhelmed by an avalanche of corporate money. Political Action Committees set up by corporations outspent labor union PACs by 24 to 1 in 2004. The imbalance is even worse when it comes to

<sup>1</sup>The prepared statement of Mr. Samuel appears in the Appendix on page 79.

lobbying. In 2000, according to the Center for Responsive Politics, lobbyists representing business interests outspent workers' representatives by more than 50 to 1, spending well over \$1 billion to influence the outcome of legislation.

The effects of that imbalance are plain to see. If our politics truly represented the interests of the vast majority of working Americans, we believe that the recent anti-consumer bankruptcy bill would not have been enacted. The prescription drug bill would have financed drug coverage for seniors instead of profits for the pharmaceutical companies. The Federal minimum wage would have been raised a long time ago.

The problem of corporations and wealthy individuals buying disproportionate influence in Congress has gotten worse in recent years, and the abuses have become more flagrant and egregious. Now, a spate of scandals has focused the spotlight on corruption in Congress, and they have increased political pressure for reform. As a result, it will be necessary to do away with many of the tawdry ways in which perks and campaign cash have been traded for legislative favors, especially in recent years.

But we urge Congress to pursue meaningful reform rather than cosmetic changes by addressing the root causes of corruption. Reform should not be used as an excuse to heighten the disproportionate influence business already has in Congress, discourage grassroots participation in the democratic process, or inhibit the ability of groups representing workers, consumers, and other ordinary Americans to petition the government and participate in politics.

One key principle for reform is that new rules on gifts and travel should not treat individuals differently based on whether they are lobbyists, nor treat organizations differently based on whether they employ lobbyists. The key consideration should be whether individuals or organizations have interests before Congress regardless of how they conduct their lobbying. For example, lobbyists are not the only individuals who should be subject to the gift ban. If Congress is going to tighten the gift ban, and we think it should, the ban should apply to any individual who has an interest before the Congress, subject to the current common sense exceptions currently contained in Rule 35.

The AFL-CIO supports a ban on all privately funded travel for members and staff, subject to one exception. Payments for reasonable costs incurred in connection with attendance at an organization's meeting or convention that is being conducted for reasons unrelated to the member's attendance should be allowed. Under this exemption, the Chamber of Commerce could pay for a member to travel to one of its regular meetings, and the AFL-CIO could pay for a member to attend its conventions or executive council meetings.

We strongly support prohibiting Congressional travel on aircraft owned by corporations or other private groups. Even the most far-reaching reform proposals now under consideration would allow such travel so long as it is reimbursed at full cost. But providing this kind of transportation is a special favor that is not extended to other individuals with the means to pay, even if members pay the full cost at market prices. We think Congress should end the

practice of flying members around the country on jets owned by corporations with business before the Congress.

In addition to the travel and gift bans, the AFL–CIO supports several measures that address the relationship between Members of Congress and lobbying firms. We support extending the post-employment lobbying ban for Members of Congress and senior staff to 2 years, disclosure of negotiations for post-Congressional employment, and the elimination of floor and gym privileges for former members who represent interests before Congress.

We also support increased disclosure. On this issue, it is important to understand that labor unions already disclose to the Department of Labor all of our expenses related to politics and legislation under the Labor Management Reporting and Disclosure Act. There is no individual, business, or trade association that discloses through the Internet as much information about their expenditures and public outreach as the AFL–CIO and our sister labor organizations.

The leading reform packages require, for the first time, public disclosure of so-called grassroots lobbying, generally defined as attempts to influence the public to contact Members of Congress. We want to be clear that, as a general matter, grassroots lobbying is not a problem. Efforts to mobilize citizens to influence public decisionmaking are an important part of the democratic process and protected by the First Amendment. But we do believe it serves a useful purpose to require more public disclosure of who is paying for such efforts at persuasion and mobilization. Senior citizens should know that the coalition called United Seniors Association was funded by the pharmaceutical industry to lobby for the Medicare drug bill.

Most union grassroots lobbying and outreach activities are directed not at the general public, but at union members on issues of importance to our members and to working families generally. This kind of outreach is one of the reasons workers join unions in the first place and is an important aspect of their right to freely associate. All of the principal reform proposals, the Democratic package, the Feingold bill, and the McCain bill, properly exempt organizational outreach to members, employees, officers, and shareholders.

The Democratic reform package contains important reforms that are absent from other leading proposals. For example, the Democratic plan would shut down the K Street Project through which Republican office holders pressured lobbying firms and trade associations to hire only Republicans, thereby guaranteeing support for Republican-sponsored bills and a steady stream of campaign contributions for Republican candidates.

We also believe the Democratic package provides an appropriate enforcement mechanism through its Senate Office of Public Integrity, a provision lacking in both the Feingold and McCain bills.

But several aspects of the Democratic proposal could be improved. Although the Democratic bill states that the Director of the Office of Public Integrity must be appointed “without regard to political affiliation and solely on the basis of fitness to perform the duties of the position,” we suggest that the inherent partisanship of the selection process is not remedied by an unenforceable prohi-

bition of partisanship. The Democratic reform package should also clarify that the office has investigatory powers, and it should be required to respond to complaints filed by the public.

By themselves, these reforms will not fully ensure that the concerns of ordinary Americans are fairly represented in a legislative decisionmaking process that is currently dominated by wealthy special interests. Hardly anyone doubts that corporations wield disproportionate influence in Congress when they spend 50 times more than working people on lobbying or when their PACs spend 24 times more than labor unions on political campaigns.

In addition to tighter rules on lobbying, public financing of Congressional elections will be necessary to complete the job of cleaning up the corrupting influence of money in the legislative process. Only public financing can ensure a level playing field where the interests of ordinary citizens and workers are treated with just as much respect and consideration as the interests of well-heeled corporations and wealthy individuals. Public financing is the crucial element necessary to restore public confidence in our political system.

This may well be an historic opportunity for Congress to restore integrity to the legislative process, and we urge Congress to act quickly in this area. But we also caution that the problem of Congressional corruption will not be fixed until the interests of the vast majority of working Americans are given the same weight as corporations and the most privileged individuals in our society. Thank you.

Chairman COLLINS. Thank you very much for your testimony.

I want to begin my questioning today exploring the issue of travel, which all three of you have touched on. I think this is a difficult issue that is more complex than it appears at first glance. To me, it is easy to distinguish between a lobbyist-paid golf trip, which in my view should be banned, versus the Aspen Institute educational seminars, which in my view are very worthwhile. It becomes more difficult, however, when you exclude those two extremes and start trying to define appropriate travel sponsored by private groups, and Governor Engler mentioned examples of that.

I want to give you another example and get your reaction. In recent years, there has been a very vigorous debate over whether or not we should drill in the Arctic National Wildlife Refuge, known as ANWR. Since Senator Stevens is not here, I can say I am against drilling in ANWR. [Laughter.]

I will also say that I have never taken a trip to see ANWR, but there have been trips sponsored in the past by the Wilderness Society, the Sierra Club, and the Alaska Wilderness League, who are very much against drilling and want to take members so that they can see it firsthand. On the other side, the primary industry organization sponsoring ANWR trips is Arctic Power. It used to be that BP and ARCO also contributed to the cost of those trips, but they haven't in recent years.

I am wondering if that is troubling or not. Ideally, you may say that the government should sponsor those trips, but is it a problem to have environmental groups taking members to show them their view of ANWR and the industry groups offering trips to go see

ANWR? We are not talking about trips to Paris here. We are not talking about trips to play golf.

Senator CLARK, let me start with you.

Mr. CLARK. My own judgment is that it would be better done as a CODEL or a series of CODELs. I believe the only way you can really reform the system consistently is to say that funds may not be accepted from registered lobbyists or people who employ registered lobbyists and that lobbyists should not be able to go along. I don't know, on these trips that you have talked about, whether that is the case or not and whether the money that is being used be declared or certified, whatever, in advance. So under the proposal that I am making, those groups would not be able to continue that activity, but I do think it would be better done by a series of CODELs.

Chairman COLLINS. Governor Engler.

Mr. ENGLER. Well, I am so anxious to get Members of Congress to travel that I would be very supportive, and I would be happy to have the environmental groups or the oil companies or the utilities take people up there because I very strongly support drilling in the ANWR and think that it is part of our energy solution. So I would be happy to see people get there.

I think the solution is disclosure. I do think sunshine matters. I mean, put it on the record. Put the itinerary out there. I happen to think something that Senator Clark referred to—globalization today has put a burden on Members of Congress to travel, that is—I think the Senate has done more travel than the House has done, but we really need every Member of Congress to go to China almost every year and see what is going on and come back and act sort of with that knowledge at their fingertips, to see some of this, because it is a big challenge.

And how do we get that done? I fear that if we restrict it to CODELs, that the taxpayer cost of this grows so great, so fast that somebody will be running against members because they spent all of this taxpayers' money traveling. That is one of the reasons there was a chilling effect, I believe, some years back. Most governors travel, I think, more than Members of Congress. Senator Voinovich and I had some of that experience. I just think that it is essential today.

Let us disclose it, report it. I think reporting in advance would be fine. There are ways to put the transparency out there. You are still going to be lobbied by the same groups at home or in your office. The facts will come to you. Go get the firsthand knowledge yourself, I would recommend.

Chairman COLLINS. Thank you. Mr. Samuel.

Mr. SAMUEL. I agree with Senator Clark. I think the simplest answer is that if a trip is worth taking to better inform Members of the Congress, the Congress ought to pay for it. I am not alleging that either environmentalists or corporations have corrupt intent when they take members on trips to see their plants or the oil fields. But the fact is, they will enjoy the kind of access to these members in a relaxed setting that ordinary Americans will never have, and I think that in itself is a problem. It is a problem of perception. Certainly, the vast majority of Americans think it is a

problem. And I think it can be a problem, and the simplest way to address it is to have Congress pay for the trips.

Chairman COLLINS. Mr. Samuel, just a very quick question to clarify your statement. You called for a ban on using corporate jets. We had hearings last year in which we looked at the practices of a labor-owned insurance company called Ulico, which had a private jet that was widely used by some Democratic Members of Congress. When you are calling for a ban on corporate jets, I assume you mean that more broadly and would apply it to union-owned jets, as well?

Mr. SAMUEL. Absolutely.

Chairman COLLINS. Thank you. Senator Lieberman.

Senator LIEBERMAN. Thanks, Madam Chairman.

Maybe I should begin with a disclosure. I am a proud and grateful graduate of the Aspen-Dick Clark Public Policy Seminars. I haven't been in a while, unfortunately, but they have been extremely valuable to Members of Congress.

The good news, as I see it, Dick, is that none of the bills being proposed here would limit the kinds of programs you do. You are a separate 501(c)(3). By your decision, you are only funded by foundations. But there is some possibility, just listening to and reading what the Speaker of the House has said about the intentions in the House, that the bill there, or the proposal that is currently being discussed, might ban all travel, and I hope that we can work together to make sure that does not happen.

There are separate questions raised by proposals in some of the bills. Some of the bills before the Senate on the question of travel allow travel but with disclosure. Senator McCain and I have essentially introduced the disclosure bill in terms of everything that has been said, but we both said that we are open to hearing other proposals. One of the other interesting wrinkles here is that a couple of the bills prohibit 501(c)(3) nonprofit corporations that are affiliated with a 501(c)(4) or some other lobbying groups from paying for travel by Members of Congress, and that approach, for instance, would specifically prohibit travel sponsored by groups such as the Sierra Club, which I believe has a lobbying organization and then a separate 501(c)(3). Those bills would prohibit that. That is a separate question I think our Committee will want to look at.

I want to go to the question of grassroots lobbying and specifically to ask Governor Engler and Mr. Samuel to talk a little bit about the provisions here. The intentions in the bill that Senator McCain and I have put in would be to force the light of disclosure on all forms of grassroots lobbying, and by that, we are not meaning people voluntarily doing grassroots work for the AFL-CIO or NAM but lobbying firms that you might retain. Obviously not in your case, but in the Abramoff case, he used the Scanlon firm to funnel millions of dollars back to him.

There is no intention in any of these bills to limit the capacity of organizations like yours or others to get their members to lobby Congress. That is a constitutional right. Have you reviewed those sections of the proposals that affect grassroots lobbying and are you comfortable with what you have seen in terms of what you do with grassroots lobbying? Mr. Samuel, do you want to start first?

Mr. SAMUEL. We have reviewed them, and we are comfortable with them. We think they leave room for organizations like the AFL-CIO to educate and try to mobilize our own members to contact their Members of Congress. We do support some outside coalitions to do work, but we have no problem if that organization or that firm discloses the fact that the AFL-CIO is paying for that service. We think that would be a service to Americans. I mentioned in my testimony that there are all kinds of organizations springing up around the country with very public-spirited sounding names—for example, the Coalition to Reform Health Care, United Seniors Association. I think people who receive the information from those groups would want to know who is funding them.

Senator LIEBERMAN. Governor Engler.

Mr. ENGLER. This is very complicated, as your question intends it to be, because if we partner up, we have 50 State affiliates and sometimes we will engage a State affiliate in—well, the Georgia tour. I don't know if the Georgia State affiliate, they no doubt were talked to. We also have some local groups that are affiliated, as well. Now, they don't really get hired by us to do that, so I see a distinction if we go hire a third party to send a mailer out or to produce an ad. Then that gets to be almost over into the campaign side of things.

What we are worried about is just how do we continue to function and how much paperwork and burden gets imposed to the point where it is a tipping point and you say it is not worth it or the company—let us say in one of our visits here, I will use Georgia, we went to the Georgia Power Company to one of their power plants, Illinois Tool Works to look at stretch film specialty products, then we went to Coca-Cola, Archwood, and these were all in—Mead Westvaco packaging systems and an Owens Illinois Plant. I mean, these were all, each of these, experts at making things using the products. Were those companies then, because they spent some money to get ready, they walked people around, they had to outfit them with a hardhat in some cases, is that part of that lobbying, then? Do they report, too? Are they swept in? So it is how you draw the lines.

Senator LIEBERMAN. Yes.

Mr. ENGLER. And I appreciate your sensitivity and the question. We want the legitimate stuff to go on, and if we are after Harry and Louise or Harry and Thelma or whoever that was in the ad or some of the stuff that the labor guys do with their trial lawyer friends, I mean, all of that stuff is grassroots lobbying, as well, and I would love to get at some of these ads that have been run by some of these people against some of the things that I am for. Just protect the legitimate ones.

Senator LIEBERMAN. Yes, I hear you. My time is up. I will just say that I believe the intention here is not to sweep in those local affiliates that you work with, although there is a somewhat related provision—and this is something else that came out of the Abramoff situation—that aims to remove a cloak of mystery over ad hoc lobbying coalitions by requiring lobbyists to list as clients—now again, this is disclosure—not only the coalition, but any group that contributes more than \$10,000 to the coalition.

So again, this is disclosure. You get a lot of lobbying coalitions together. The lobbyist can say, I represent the coalition, but then the public has the right to know who is contributing beyond a de minimis amount to that coalition.

My time is up. We are going to be involved in a lot of detailed discussions like this, which is why we are open to consideration. Senator McCain ultimately has made the bill that I am now co-sponsoring with him a disclosure bill because the details here are difficult to work out in a fair and constructive way for every situation. Thank you.

Chairman COLLINS. Senator Voinovich.

Senator VOINOVICH. I would like to ask some broader questions. For example, are each of you familiar with the disclosure requirements of your respective organizations? Do you have any idea of the amount of money that you spend each year to comply with these requirements? To your knowledge, have you ever heard from the people that you file the reports with, asking questions about what you have filed to give you some feeling that somebody is reviewing them or is this just all boilerplate as far as you are concerned?

Mr. SAMUEL. I guess I will go first. We are aware of the requirements. We do file a semi-annual report. I don't believe we have ever heard back from the Clerk's office that we have made a mistake. In fact, one year, I will candidly admit, we missed the deadline for filing, and I don't even think we were reminded. We finally discovered the oversight ourselves.

Senator VOINOVICH. Is it your feeling, Mr. Samuel, that maybe somebody doesn't pay much attention to what is being filed?

Mr. SAMUEL. I think that is right.

Senator VOINOVICH. Governor Engler.

Mr. ENGLER. No feedback from anybody that—I just asked our folks. I have only been at the NAM a little more than a year, so I hadn't heard anything, but we have not previously heard from the agencies where we file the reports. We say that we put in literally what becomes over the course of a year hundreds of hours because we do a lot of these grassroots tours. They are complicated to put together. Since 2004, we have done 17 of them. We have got about 175 members of the Congressional staff that have come on these.

Our own disclosure in terms of, we do not happen to have a Political Action Committee at the NAM, so we don't have that side of the house, but we do have the 501(c)(3) Manufacturing Institute that does studies, and so they have got a separate set of rules that we observe over there. They are not involved in any of the stuff that we do on the lobbying or advocacy side.

It is a burden. What we are worried about is that if the burden goes up too much, Senator, we lose members because of the hassle factor. They don't want to put up with it. We are sort of geared up to do it so we do it, although we think probably nobody reads it.

Senator VOINOVICH. Senator Clark.

Mr. CLARK. Well, I think the only—

Senator VOINOVICH. By the way, Senator Clark, I would like to say to you that I only attended one of your events, and that was in China last year, and it was the best educational experience I have had since I have been in the U.S. Senate. The experience gave

me insights that were absolutely valuable to me as a member of the Foreign Relations Committee and also a perspective on a lot of other things that we are confronted with here in the Senate, so I want to thank you. I have never heard anything but good comments about the Aspen Institute and the good work that you do.

Mr. CLARK. Thank you very much. Our disclosure is really limited to providing Members of Congress who traveled with us with an exact accounting of the amount of money that was spent at the seminar and getting to and from the seminar, and we provide that within about one week of the time that—

Senator VOINOVICH. Do you file that with some—

Mr. CLARK. We don't. Actually, we send it to the member, and then the member files it with the Secretary of the Senate or the Clerk of the House.

Senator VOINOVICH. In our reports at the end of the year, we have to send it. So that is the way that we officially have knowledge of it and that is the public disclosure of it?

Mr. CLARK. Exactly.

Senator VOINOVICH. OK. Do you all agree that Members of Congress should travel and their staffs should get out and around the country to find out what is going on?

Mr. ENGLER. Absolutely. One thing I heard about Australian parliamentarians when I was talking to one of my counterparts down there, they actually put in their budget a specific amount for each member, the only purpose for which it can be used is to go places, and that becomes sort of an issue if they don't go, actually. It works that way in Australia.

Senator VOINOVICH. What if there is some unique event taking place at a hospital in this country that members of the Health Committee would be interested in learning about and that hospital is willing to pay the transportation costs so they can come to see it. Would it be your opinion that the request would come in and Senators then would ask the Ethics Committee to examine the trip to determine its merit and if it is worthy to allow the Senators to pay for it out of their funds?

In other words, there are lots of good things that groups will bring to our attention. This is a really worthy thing, going up to ANWR and so forth. But rather than having the group that thinks we should do it pay for it, in fact, we would pay for it out of our own funds in the Senate to try to ameliorate any kind of concern that you are going to get lobbied on the trip.

Mr. SAMUEL. I think that is a very good solution.

Mr. ENGLER. I think it is a fine solution. I just want to protect members from being hammered back home by the political opponent who says, well, somehow that was an abuse, because people will view that—they will say, if the hospital happens to be in, well, let us say in a colder climate in a cold part of the year, that may not be as troubling as if it was in beautiful, warm Palm Springs at this time of year. They would conclude you were off on a frolic, and we all know how these campaigns have worked. So somehow, you have to protect the member or we have to create a different ethic around here, and this environment has been pretty tough on trying to do that. I mean, that is a fundamental problem with this. But members desperately need to travel.

Mr. CLARK. I agree with that. I think in this day and age, it would be foolhardy for members not to have an opportunity to travel to other countries. Most of what I do is foreign policy, and I think by going to the country that you are studying—Senator Voinovich mentioned our trip to China. We also do a conference, a seminar in the Islamic world each year, and one in Latin America each year, and one in Russia or Europe each year because these are the topics we are discussing, and we look at relevant things on the ground and meet with parliamentarians there and others. So I think it is essential that travel not be restricted so that the average member really doesn't have the opportunity to travel.

Senator VOINOVICH. I would like to make one last comment, which is that the smart Members of the Senate, when they are traveling or when their staff are traveling, should notify the Ethics Committee beforehand so that we can review it and tell them whether or not it fits in with the rules. So I think that the public should know that the smart people do that, and that is one way that you eliminate some of the problems that we are talking about.

Mr. CLARK. As a matter of fact, we do that. We have submitted all five of our conferences for this year to the Senate Ethics Committee, and they are in the process of reviewing all of those to make sure that they meet the criteria of the Senate.

Mr. ENGLER. And we do that with our plant tours, as well. They come to your committee.

Chairman COLLINS. Senator Carper.

Senator CARPER. Thanks, Madam Chairman.

If I may say to Mr. Samuel, welcome. It is good to see you. To my old colleague, Governor Engler, it is great to see you. Thanks for joining us today. And to the real Dick Clark— [Laughter.]

Not to be confused with the world's oldest teenager, the other Dick Clark, we are glad you are here. Thanks for coming and for being forever young.

I think I want to maybe direct a question to Governor Engler and then maybe some other members of the panel, and I apologize for ducking out. We have another hot hearing going on with respect to flood insurance reform on the heels of Katrina, and I am trying to bounce back and forth between both of those, so I missed your testimony. So if I am asking some questions that are duplicative, let me know.

Before I ask my specific question, Governor, let me just ask each of you to take maybe 30 seconds and point out a couple of broad areas you think that there is unanimity in opinion on this panel or some things that you really think you all three agree on that we ought to consider as we go forward and take up this legislation? Bill, if we could start with you, that would be great. Where do you think you all agree?

Mr. SAMUEL. Well, I think, if I heard the testimony right, I think we all agree there needs to be greater disclosure. I am not sure how much further we go than that, but we will study the recommendations.

Senator CARPER. All right. Governor Engler.

Mr. ENGLER. I think we also agree that enforcement of existing policies and rules is real important and that in enforcing them, to

some extent, the members and lobbyists who are regulated by them are being punished because they have violated them.

Senator CARPER. All right. Thanks. Senator Clark.

Mr. CLARK. I believe disclosure is needed, and I think we all agree upon it. I think we all agree that travel is important, that it not be restricted in a way that—it is very important that it be restricted in a way that takes the special interests out of paying for this. But I think it remains essential that members travel.

Senator CARPER. I have just sort of a follow-up to that. We have a situation where if we have a ban on gifts or a ban on travel, let us say it is illegal for a lobbyist to take somebody, a member or a staff person, out to dinner. But if a lobbyist and a Senator or a Member of the House go out to dinner, the lobbyist makes a \$5,000 donation to the member's campaign reelection committee and then the member pays for the meal, have we really accomplished all that much by having a ban on gifts?

Mr. ENGLER. Well, it sounds to me like you just had a fundraiser. [Laughter.]

Senator CARPER. If you heard my earlier testimony, we have them all the time around here.

Mr. ENGLER. I think there is something absurd about that—

Senator CARPER. Too often.

Mr. ENGLER [continuing]. Where if I give you a check, we can have a meal together, but if I don't give you a check, we can't, unless if we do then you pay for your meal and I pay for mine. I mean, that is just counterintuitive, and yet—well, we just stayed away from that in our testimony because I suspect that wasn't necessarily under consideration here. You have had other novel ideas tossed about, and I will leave it to you to work on.

Part of this is in defining how big is the problem we are trying to fix, Senator, and the personal responsibility of the members at the end of the day is what is going to decide a lot of this and how they conduct themselves. I don't know what laws will work to fix that.

Mr. SAMUEL. If I could just say—

Senator CARPER. Mr. Samuel.

Mr. SAMUEL [continuing]. In response to that, I think tinkering around the edges of the campaign finance laws is probably not going to solve the problem, which is why we have called today and for many years for public financing of campaigns. I think you would all benefit from that and your spouses and families would benefit from that, and I think our democracy would benefit from it.

Senator CARPER. Thank you.

Mr. CLARK. I don't have a further comment.

Senator CARPER. All right. Now, after that specific question, Governor Engler, I think you include some trip itineraries in your testimony, I believe. I missed that, but I understand you did.

Mr. ENGLER. Yes.

Senator CARPER. But it is clear from those documents that the individuals that you brought to, I think, Atlanta and maybe to Phoenix had full days and weren't on anything like a vacation. Are there any limits, however, on how much you and other lobbyists or professional organizations can spend to transport, to feed, to entertain members or staff when they are taken on trips of this nature?

Should there be some kind of limits, and does NAM have any policy on this?

Mr. ENGLER. Well, I know we have—those meals and that would be covered by our policy, a widely attended event, but it still is reported. I mean, some of these locations, it hasn't been problematic, but we feel we are public with them and fully reporting. They are not walking away with fancy suitcases and traveling outfits that we provide for them. They don't get an NAM sportcoat for making the trip, that kind of thing.

Senator CARPER. All right. Senator Clark, you served in this body earlier in your career. What years were you here? I think you served for 6 years, did you not?

Mr. CLARK. That is correct. I left in January 1979.

Senator CARPER. I am certain that you and your staff had at least some contact during that time with lobbyists, did you not?

Mr. CLARK. Oh, absolutely.

Senator CARPER. Would you just talk to us a little bit about those contacts? Were they different from the kinds of contacts that we have now with lobbyists and outside interests?

Mr. CLARK. I don't think they are different in nature. They are different in volume. There are many more lobbyists, as several members of the panel have said. But not being a recipient of the lobbying in the last 25 years, I am not sure in detail what that difference is.

Senator CARPER. OK. You do spend a fair amount of time with Members of the House and the Senate.

Mr. CLARK. Yes.

Senator CARPER. Let me just ask, compared to when you were serving here, do you think there has been an erosion of ethics in the Congress in those who serve as members and staff?

Mr. CLARK. I would say yes.

Senator CARPER. Could you add any more than that?

Mr. CLARK. I think it stems from a lot more money in politics, both in the election system and otherwise. I just think there are many more opportunities now for lapses than existed then. But I have not thought about it systematically by comparison of the two periods.

Senator CARPER. All right. Thanks. My time has expired.

Mr. CLARK. That is an impression.

Senator CARPER. Thank you. I would just say to my colleagues, again, we actually ran the numbers. This is my 12th state-wide race this year. When I ran for the Senate against Senator Roth in 2000, we spent more in that campaign than I spent in my previous 10 state-wide races combined. You can look at the curve in terms of state-wide races and what it costs. It is going up exponentially. It is not going up on a straight line.

For me, I come back to what I said earlier. I am more troubled by that than I am by this issue of meals and accepting a gift and stuff like that. I think we are going to pass legislation that says we are going to ban gifts, we are going to ban travel, we are going to have much better enforcement of the laws that exist, all of which are important, especially the last one. But I think we have an opportunity here to address more of the root problem, and that is the issue just of how much time we spend helping not just ourselves

but others who are running in campaigns all over the country, and it is a huge demand on our time, and I think it poses maybe greater problems and concerns than what we are dealing with here. Thank you.

Chairman COLLINS. Senator Coleman.

Senator COLEMAN. Thank you, Madam Chairman. My more senior colleague, I know that he is a graduate of the Aspen Institute. I still consider myself the student. I have been to a couple of Aspen seminars.

It is interesting. We come here, and I sit in my seat in our corner of the chamber, and we go to lunch on Tuesday, Wednesday, and Thursday with my colleagues on our side of the chamber. Other than CODELs, in fact, Aspen probably provides one of the few bicameral or bipartisan intensive policy discussions that we have, and I think that is a pretty good thing.

My concern, Senator Clark, is that your approach is a little too narrow when you just say CODELs and the concern is a reflection upon the reality that in a couple of years down the road, and it goes perhaps a little bit to what Governor Engler talked about, but not just the constituents back home looking and saying, what are you doing with your budget, but the reality is that we are going to be looking at budget issues and on the table are going to be defense and going to be education and homeland security and border security and Katrina-type of crises, and then travel, or foreign travel. I can tell you from experience this past year, we had about two or three efforts to cut things related to foreign aid or anything like that in regard to more pressing domestic matters.

And so in the end, what I worry is that we are going to have an institution in which understanding that China relationship is pretty important, and it is important domestically for my manufacturers in Minnesota, for my rank and file workers in Minnesota, and if we lose the ability to do that, I think this country is going to be in trouble.

So I clearly come down on the side of transparency, both disclosure, as my colleague Senator Voinovich talked about, up front, so we know beforehand, we kind of pre-screen things, but then in the end, tell your taxpayers what you are doing.

I think, for instance, Senator Clark, AIPAC does a service in having members go to Israel when you get to meet with leaders, and that would be prohibited if we take the approach that has been articulated here. So I don't think that helps us be better Senators, and I worry about the choices that we are going to have to make if, in fact, we go back to just CODELs. Then choices are going to be made, and they are not going to be made that provide a greater understanding of those relationships that have a real impact. Would you agree with that or disagree?

Mr. CLARK. I agree with it. I do believe that if the only travel that is allowed would be CODELs, that certainly is not going to provide the kind of broad experience that members need because taxpayers are not going to, and I assume the Members of the Congress are not going to increase the travel budget to a point that would be necessary to do that. I do think a CODEL on some occasions, for example, the one that Madam Chairman talked about, is a better way in that particular case. But I don't think that

CODELs can be the only approach. I think if the special interests are out of funding Congressional travel and you can make arrangements that fit that category, that they should be allowed.

You mentioned the trips of the AIPAC. I don't know the details at all of that particular organization or travel, but I think they and many other groups could organize in a way to meet the criteria that I am citing if there were no lobbyists involved in any way in the planning or in the trip or in paying for the trip directly or indirectly. Then I think it would certainly meet this criteria, and I think most organizations—many organizations could do that.

Senator COLEMAN. I think we have to take a look at that. I always prided myself when I was a mayor on public-private partnerships. I never believed that taxpayers had to pay for everything. I never believed the taxpayers were responsible for all the growth and development. So I worked closely with the business community, the nonprofit community. For a city, the way you grow a city is you have got the three legs of a stool—government, private sector, nonprofit, and so I worry here we are going to kind of cut off two of those legs in terms of educational opportunities, things that I think make us better public officials.

One other area of concern. I am looking at an independent review of these issues because, again, I really think that we have to do this outside the kind of intensive partisan political atmosphere that we are in now, but we have to do it, and we need to do it quickly, and we need to do it well. The question I have is a question of scope, and I would ask each of you, if there was to be an independent commission looking at this issue, there is concern if we just look at travel, we are not getting to the root of it, and I think that phrase has been used. How do we get to the root of the problem? Can each of you just articulate a range of issues that need to be looked at if we want to get to the root of the problem? Mr. Samuel.

Mr. SAMUEL. Well, as I indicated in my testimony, the problem is pretty far-reaching and solutions are not easy to pinpoint. As I said, the fact is that groups representing corporations and businesses outspend unions, 50–1 in their lobbying and 24–1 in terms of their political donations. Those are big issues to tackle. It is not limited to meals and travel. It is the way our democracy operates and how we petition our government. So I would recommend the broadest possible scope for your inquiry.

Senator COLEMAN. Governor Engler.

Mr. ENGLER. Well, just on the record, obviously I don't accept the characterization of how the current campaign finance is working, and I have for a long time not had a lot of sympathy for the "poor underfunded labor unions" in the political process and some of their well-heeled allies. So rather than go down that route, that is a whole separate inquiry if you want to go into the funding of campaigns. Public funding is a good way to set up incumbent protection, and I think there are a lot of concerns about that whole thing.

In terms of scope, I think there are a lot of companies out there who have very firm gift ban policies. They don't let corporate purchasing staffs accept travel, trips, or gifts. There are some models, perhaps, there. There are also perhaps models in terms of what gets encouraged. I just am very concerned that in the zeal to re-

spond, that we go overreaching and we are not hitting the problem but we are creating other problems that become more acute. Even Mr. Clark's formulation on keeping the lobbyists out, who is a lobbyist when somebody is traveling because the most effective lobbyists may well be the lay leader in AIPAC. I know a couple of our CEOs that have been active there. They are far better than anybody else that could lobby on that issue when they have an opportunity. They don't lobby, but they are powerfully persuasive on a point of view. I don't want to single them out, but we have mentioned that organization. It is one I respect very much. There are many others in the same situation.

So the sunshine has to cure this. We cannot keep track of who everybody comes into contact with. At the end of the day, it is your own integrity that is on the line. You have to decide.

Mr. CLARK. I am speaking only of registered lobbyists, of course. I was intrigued by the commission proposal idea that you made here at the table a few minutes ago, particularly if it could be done in time to really face this issue rather soon. If such a commission were to be formed, I think the issues have to be very broad. I would certainly include campaign finance reform, all of the things we have talked about here today, and probably the internal working of the Congress. Several members of the panel mentioned various things that would include that. So very broad and yet it will have to be specific enough when the work starts that it be done in time for legislation to address this quickly.

Senator COLEMAN. Thank you. Thank you, Madam Chairman.

Chairman COLLINS. Thank you.

I want to thank this panel. We will be in touch with you to get further information from you, and we very much appreciate your participation today. Thank you.

Mr. ENGLER. Thank you very much for the opportunity.

Mr. CLARK. Thank you.

Mr. SAMUEL. Thanks.

Chairman COLLINS. Our third panel brings together two accomplished professionals with experience in the laws that govern lobbying disclosure. Fred Wertheimer, the President and CEO of Democracy 21, has spent more than 30 years working on the issues of money in politics, government accountability, and reform of the political system. I had the pleasure of working very closely with Mr. Wertheimer during the campaign finance reform battles, and I have a great deal of respect for his knowledge.

Paul Miller is the President of the American League of Lobbyists. In his capacity, he works to ensure professionalism, competence, and high ethical standards within the lobbying community, and we are grateful for your presence here today.

Mr. Wertheimer, we will begin with you.

**TESTIMONY OF FRED WERTHEIMER,<sup>1</sup> PRESIDENT,  
DEMOCRACY 21**

Mr. WERTHEIMER. Thank you very much, and needless to say, we greatly appreciated the leadership that you and Senator Lieberman

<sup>1</sup>The prepared statement of Mr. Wertheimer with attachments appears in the Appendix on page 84.

and others provided on that very tough battle on the 2002 campaign finance bill.

I would like to thank you and the other Members of the Committee for this opportunity to testify and also would like to thank you for moving so quickly on this issue. I would also like to note our appreciation for the work that this Committee did in the 1990s under the leadership of Senator Levin, which resulted in some very important lobbying and ethics reforms.

According to a recent CNN–USA Today-Gallup poll taken in January, “Corruption ranked among the concerns most often cited by those polled, with 43 percent telling pollsters it would be an extremely important issue in 2006,” just 2 percent below the 45 percent response for the war in Iraq and terrorism.

A Washington Post-ABC poll taken on January 10 found that 90 percent of the responders said it should be illegal for lobbyists to give Members of Congress gifts, trips, or anything else of value. Again, I will repeat that. Ninety percent said that gifts, travel, and anything of value from lobbyists should be banned. Two-thirds of those respondents said it should be illegal for lobbyists to make campaign contributions to Members of Congress.

These polls show that the American people are looking for strong medicine to solve very serious problems they see in the way Washington works and the way lobbyists function in Congress.

The opportunities to enact basic government integrity reforms are cyclical in nature. They come when problems and scandals arise, as they have now. And that means now is the time to act. We think it is essential for this Committee and the Congress to move quickly to act on legislation, thoughtfully but quickly. We all know that in reality, time passes very quickly here, particularly in an election year, so we would urge you to move as quickly as possible on these issues.

There are really two bottom-line issues here. First, the multiple ways in which lobbyists and lobbying groups use money to curry favor and gain influence in Congress. And second, the absence of effective enforcement of the laws and ethics rules that cover members.

Our organization has joined with six other reform groups to set forth six benchmarks for lobbying reform. We have submitted our benchmarks to the Committee, and I would ask that this statement be included in the record at this point.

Chairman COLLINS. Without objection.

Mr. WERTHEIMER. Thank you. Our organizations all support fundamental campaign finance reforms, including public financing of elections, as essential in the end to solve the problems that have been illustrated by the recent scandals in Washington. We also believe there are very important lobbying reforms that can and should be enacted now in order to address specific problems.

The various bills have presented a number of important and valuable proposals. I think, as we all know, in the end it is the details that will determine the effectiveness of the proposals. We would urge this Committee to take the best of all the various proposals and come up with the strongest possible bill.

We think it is essential to break the nexus between lobbyists’ money and lawmakers. If you look at what Jack Abramoff did, he

used money on Capitol Hill in every way he could think of. He made contributions, arranged contributions, arranged trips, provided meals, arranged skybox tickets. We think that while his activities turned out to be criminal in the end, those kinds of tools are the common tools of lobbying in Washington, and this has to be changed.

I would like to just go over a couple of things our organizations support. A ban on private interests financing travel for members and Congressional staff as well as for Federal judges and Executive Branch officials. We believe that trips for official business should be paid for by the public and through public funds.

We also think it is essential to end the practice of subsidized travel in the form of company and other jet planes being made available at very low prices for members to travel.

We support a ban on gifts to members, and we think it is essential that any new restriction close a current gift loophole which allows lobbyists and others to pay for lavish parties to honor Members of Congress. It doesn't make sense to us to say a lobbyist can't pay \$25 for a meal and yet can pay \$25,000 to finance a party for a member at the National Conventions.

There are other provisions we support. I would like to just focus on one. It is essential—essential—to change the way these rules are enforced. We have proposed an Office of Public Integrity in the Congress. We have set out the responsibilities this office should have, and that includes the ability to investigate matters, receive complaints, and present cases to the Ethics Committees, and this office must be adequately financed.

I will be happy to answer any questions the Committee has.  
Chairman COLLINS. Thank you. Mr. Miller.

**TESTIMONY OF PAUL A. MILLER,<sup>1</sup> PRESIDENT, AMERICAN  
LEAGUE OF LOBBYISTS**

Mr. MILLER. Madam Chairman, I have a longer statement I would like to ask that be entered into the record, if possible.

Chairman COLLINS. Without objection.

Mr. MILLER. Thank you. Madam Chairman, Members of the Committee, my name is Paul Miller, and I serve as President of the American League of Lobbyists (ALL). I am real pleased to be here to hear the discussions today on lobbying reform and your attempts to do so.

As this Committee knows, lobbying Congress is not only a completely legitimate part of our democratic process, it is also essential to its effectiveness. Lobbying is a fundamental right guaranteed by our Constitution, and professional lobbyists, such as ALL's members, perform a critically important role in helping citizens communicate factual information and in advocating their interests and concerns to public officials, like yourselves.

Regrettably, a widespread misperception exists today about what lobbying involves and what lobbyists do. This misperception is not new, but it has been elevated to an extraordinary level as a result of the activities of Mr. Abramoff and his associates. Those activities

<sup>1</sup>The prepared statement of Mr. Miller with attachments appears in the Appendix on page 100.

not only strike at the heart of our democracy, they also have damaged severely the vast majority of lobbying professionals who perform their role in our democracy in an ethical and totally legitimate way.

Members of our profession are as disgusted and appalled by what Mr. Abramoff has done as you are, but we should not allow the actions of a few unscrupulous operatives to paint our entire profession as crooks who will stop at nothing to have their way with Members of Congress. This is far from the truth, and I hope today's hearing will demonstrate that.

The past 3 weeks have not been easy on anyone. We have seen real outrage by the public by what they perceive as a profound corruption of their government. Our government is not corrupt. Lobbyists are not bribing people. And Members of Congress are not being bought for campaign contributions. One man broke the law by lying, cheating, and stealing from his clients. Unfortunately, he was a lobbyist.

I want to assure this Committee and the American people that Mr. Abramoff is not the norm in our profession. He truly is the exception.

Lobbyists represent the interests of every American, from small rural towns to the big cities. If you were ever a member of the Girl Scouts, if you ever used a library, if you ever road a snowmobile, if you ever played on a sports team, if you own a gun or think ordinary people should not be allowed to own guns, if you are pro-life or pro-choice, if you are 65 or older, if you work in a steel mill or own a steel mill, if you have done any of these activities, if you share any of these characteristics, you have been represented at some time or another by a lobbyist, and that lobbyist was ethical, professional, and fulfilling a vital role in our democracy.

Virtually everyone in our democracy, whether they are aware of it or not, has had a lobbyist working on their behalf at one time or another in a way that is quite legitimate and that enjoys the protection of our Constitution. You could say that lobbying, when it is practiced ethically, is as American as Mom and apple pie to this country.

Effective lobbying is not about access or money, it is about forthright, ethical communications on issues that impact the livelihood of legitimate businesses and constituents back home that you all represent. What most lay people view as lobbying, the actual communication with government officials, represents the smallest portion of a lobbyist's time. A far greater portion is devoted to those other activities of preparation, information, and communication. Those activities, Madam Chairman, are essential to the fabric of our democracy, and when they are abused and corrupted, we all suffer.

But before any new lobbying reforms are enacted, we urge Congress not to allow the egregious actions of a few to provoke a kneejerk reaction that may result in more damage to the system.

It is our view that any new reforms will have to include four key elements if they are to be effective. They are enforcement, review of the current rules and regulations, education and training, and the Constitution.

The first step has to be a comprehensive review of the current rules to see what, if any, rules aren't working. Right now, I don't think we can say with certainty that the system is broken. We can't know if the current rules work or not because we don't have an enforcement mechanism in place to gauge this. No matter how well intentioned the reform effort may be, it will be meaningless to the American people if we first don't begin by talking about enforcement of the current rules.

If we can solve the enforcement issue, we then have to discuss the current rules and regulations. We are here today because one lobbyist and a PR consultant broke the law. This is not a widespread scandal that has lots of lobbyists caught up in breaking the law. It is one lobbyist. I think this is important to keep in mind as we debate the need for further reforms.

In terms of rules and regulations, I should mention the American League of Lobbyists has its own Code of Ethics. This document, which I have attached as part of my testimony, is a source of great pride for our members. It is a voluntary code, but one that our members respect and live up to and value for the way it so clearly defines the boundaries of appropriate lobbying. It is a code that makes our profession stronger and better, and for the record, Mr. Abramoff is not and never was a member of ours.

In terms of education and training for the profession, ALL has been working for the past 19 months in partnership with George Mason University's New Century College on an ambitious new lobbying certification program. It can no longer be acceptable to just fill out the right forms and submit them on time in order to call yourself a lobbyist. We have to do better, and we will do better. We need standards to guide our profession and the work we do. We believe our new lobbying certification program will begin to set that standard.

In addition, our lobbyist tool kit, which I have brought with me today, provides all lobbyists with valuable information on staying compliant in an ever-changing profession. We need to change attitudes throughout the entire legislative structure by making this education and training available to everyone, not just to lobbyists, but Members of Congress and their staffs, as well, to keep them up to speed on what is going on.

Finally, if Congress believes reforms are necessary, we need to make sure that these reforms do not limit or impair anyone from exercising their guaranteed constitutional right to petition their government, even if that means using a lobbyist to do so. Our founding Fathers believed that the right to petition government was critical to an open democracy. That is just as vital in today's environment as it was over 200 years ago. If reforms are needed, I believe we can get to those reforms without limiting a person's right to petition their government. We hope Congress will agree with us.

Because of what is at stake here, we should not be in a hurry to implement new reforms. We should take as much time as needed to ensure that any reforms are done right. I think the American people will understand and be better served if all work together to get this right the first time.

Madam Chairman, we welcome the opportunity to work with you and your colleagues on this issue. We look forward to a process by which we will be able to submit the current LDA to a thoughtful and rigorous review and find ways to make it more effective, and we are confident that, working together, we will restore people's faith in government and in the legislative process. We owe them no less.

I want to thank you for the opportunity, and I am happy to address any questions you or anybody else may have today. Thank you.

Chairman COLLINS. Thank you.

Mr. Wertheimer, you stated in your testimony that grassroots lobbying may well account for as much, if not more, of the funds spent to lobby Congress as direct lobbying expenditures, and we have indeed seen a growth of professional grassroots lobbying firms that do nothing else, and you have advocated disclosure for those firms. Do you think that organizations such as the National Right to Life Organization or NARAL on the other side should also be required to disclose when they have spent money to activate their grassroots members?

Mr. WERTHEIMER. We have supported the provisions in the McCain-Lieberman bill, which basically focus this on the expenditures made to reach the public outside organizations. Those provisions deal with money spent on heavily paid for media campaigns, on computerized phone banking directed at the public. So we support the McCain-Lieberman provisions, and those provisions do not cover communications within an organization's own membership.

If I might just add a point here, we strongly do not believe that this is the problem caused by one man. We believe that this problem facing the Committee today was caused by one system, and it is a system that allows a lobbyist to do the following with money: Make a campaign contribution, hold a fundraiser, raise money for you, and that is why we propose strict new limits on what lobbyists can give and prohibition of lobbyists raising money for Members of Congress. The lobbyists can arrange trips for Members of Congress, arrange company planes for Members of Congress, pay for parties for Members of Congress, pay for meals and tickets to sporting events for Members of Congress, make contributions to foundations established or controlled by Members, finance retreats and conferences by Members.

This is not about the right to petition. I think everyone agrees that everyone should have the right to petition. This is about the way money is used by lobbyists and their clients and the organizations they work for on Capitol Hill at the expense of the American people, and it shows up in these polls. It shows up in a rather astounding finding that two-thirds of the country would ban contributions from lobbyists and 90 percent would prevent lobbyists from giving members anything. Those concerns require bold reforms, and we very much hope this Committee will move forward in that light.

Chairman COLLINS. Mr. Miller, Mr. Samuel earlier mentioned that the AFL-CIO missed a filing deadline and no one noticed. They caught the error themselves. It underscores the point that Mr. Wertheimer and several other witnesses have made about the

lack of enforcement for current requirements. Do you have any recommendations to improve the accountability, oversight, and enforcement?

Mr. MILLER. First of all, I think this is the heart of the question that we are here debating right now. We don't know if the current rules work or not because we don't have any enforcement mechanism in place. The House and Senate, and even the Justice Department, they don't have the financial and the human resources to undertake this right now. So until you settle that question, I think we are going to run into some of these problems and you are going to force people to self-police themselves.

I mean, Jack Abramoff did get caught by the system. He got caught by other lobbyists who turned him over to a reporter. So the system did work in many regards, but right now we don't have a system that works effectively. We have to find some sort of enforcement mechanism to handle that before we can even move forward. And the legislation and the ideas are nice, but until you address and fix that problem, it is going to be meaningless. I mean no disrespect by that, but that has to be the core of what you are trying to accomplish here.

Chairman COLLINS. Do you have any enforcement mechanism that accompanies your Code of Conduct? Is there a self-regulatory organization aspect to it?

Mr. MILLER. No. Our code is voluntary, but we do as an organization have the right to kick you out of the organization and not ask you back if you are found to have broken any of our Code of Ethics or any other rules or regulations. We are now implementing a new—again, it is voluntary, but a lobbying certification program through George Mason University's New Century College.

In my belief, we have to provide better education out there. It can no longer be the standard that you fill out the right forms and call yourself a lobbyist and you find clients to pay you. You have to know the rules, and I would venture to guess there are a lot of people out there, members, staff, and lobbyists, who don't know the right rules.

Chairman COLLINS. Mr. Wertheimer, one final quick question for you, although I am sure we are going to be talking to both of you over the next few weeks. You heard the debate this morning on travel, and your testimony just now seemed to call for an outright ban on any privately sponsored travel. Do you think that an exception should be made for a public policy institute like the Aspen Institute?

Mr. WERTHEIMER. Let me first, at the outset, note for the Committee's information that Dick Clark is the Chairman of my Board. [Laughter.]

I have worked with him for many years. He was a great leader in this Congress in the 1970s for campaign finance and ethics reforms, and he has devoted his life to public service. I think he is a great person.

Our position is that your travel ought to be paid for by the public and that private-financed travel should stop. Now, the question has come up in different ways about writing exceptions to this provision. Writing narrow exceptions that work is a very difficult task. When the gift rules were written, travel was excepted. As it was

written in as an exception, in theory, it was supposed to be contained. It got out of control. When the gift ban, or the limit to \$50, was written, there was a little exception in there for a group who wanted to put on an event honoring a member, and we wind up with \$250,000 parties paid for by lobbyists, companies at the National Conventions for single individuals or specific Members of Congress. So it becomes very hard to write specific exemptions.

If this Committee looks at exemptions, obviously, we and the groups who are interested in this will look at it and will give you our response. But our basic view is that privately financed travel should stop and that it is hard to write exceptions here.

Chairman COLLINS. Thank you. Senator Lieberman.

Senator LIEBERMAN. Thanks, Madam Chairman.

I got a kick out of the very accurate point that Mr. Miller made that the Abramoff scandal was broken in the first instance not by any enforcement mechanism, but by other lobbyists who felt that Abramoff was taking their clients away. There is a certain market motivation that helped to break the story, and they called, I believe, Susan Schmidt at the *Washington Post*, and then Senator McCain did that extraordinary series of hearings he held.

In this same regard, as you know, Mr. Miller, a lot of attention has been focused on the so-called K Street Project where Members of Congress apparently were pressuring lobbying firms to hire certain people of a particular party. I presume that people in your association, lobbyists, don't like that.

At least one of the bills, Senator Reid's bill, makes an attempt to make it illegal for a member to take or withhold action in an attempt to influence a private employer's hiring decisions for partisan reasons. What do you think about that?

Mr. MILLER. We agree with you. I don't think anybody—at least that I have talked to—is proud of some of the things that they hear about the K Street Project or any other project. I think both sides have similar types, or had similar types of projects in the past. They don't have a place here in Washington, and I think if you can do something about them, yes, I think you would get our support.

But the problem I think you get on some of these issues is you can't really legislate ethics or morality and values. I think people have to be better accountable and more accountable to their profession and the standards that they are supposed to live by. I just don't know how you make that effective other than say you can't do it because you are never going to really have any—unless somebody writes it down, how are you going to prove that they did those types of projects?

Senator LIEBERMAN. Yes. Obviously, if two people have a conversation, you have a possibility for somebody to testify to what happened, and that is the challenge we have in legislating in this area.

Let me ask you something else. Some of the bills ban gifts by lobbyists to Members of Congress. Others call for disclosure. Let me give you an opportunity to address that issue. If you take the position that there shouldn't be a ban, why not? I will just say for the record that under the current law, as I understand it, lobbyists are limited to giving Members of Congress a gift that cannot be worth more than \$50, and cumulatively during the year not more than

\$100, and gifts include meals and obviously would include tickets to sports events or whatever else. So if, in fact, you don't support a ban on gifts, why not?

Mr. MILLER. I think you have reasonable rules in place right now, and the question becomes, if you are able to buy somebody, whether it be a staffer or a Member of Congress, for a \$50 meal or \$100 worth of meals throughout the year, I think that says something about our system much more than what we are talking about here today.

I don't support banning gifts. I think they have a place in our system. Right now, if you go to any office—you all are very familiar—if somebody wants to talk to you or your staff, the offices are very crowded, phones are ringing, people are in and out, and sometimes you are meeting in the lobby, you are meeting in the hallway. You don't have the time and the focus of people at times. By going to a lunch that may cost \$50, you are having a little bit more time to sit down, have some real dialogue to talk about these issues.

If you take that away and you ban it, there have been some newspaper articles that say they will just move it to the political side and make it fundraising events type of thing. I disagree with that. I think we need to allow for some sort of gift. The \$100 is reasonable. We just need to figure out a way to make it enforceable.

Senator LIEBERMAN. OK. Mr. Wertheimer, you and Mr. Miller both have talked about the need for greater enforcement. As I understand the status quo, lobbyists file their reports with the Secretary of the Senate or the Clerk of the House. You probably know more about this than I do, or Mr. Miller does. I gather there are a few staff members in each place that basically accept them, but there is not much beyond that in the status quo. Maybe I should ask you first if my understanding is right. In other words, are they open so the press can go or other organizations, other competitors can go and review them?

Mr. WERTHEIMER. Our feeling is that both in lobbying reports filed with the Clerk of the House and the Secretary of the Senate, with financial disclosure, with travel reports, the resources are not there to do more than accept them, and there are certainly not there to do serious oversight, monitoring, review, and that is part of a much larger oversight and enforcement issue in Congress that is a core question. We believe it is essential to deal with that.

Where I would strongly disagree with Mr. Miller is we believe you should deal with both now. I don't think there is any question that there are serious problems with the current rules and changes that need to be made.

We have outlined a proposal for an Office of Public Integrity in the Congress—

Senator LIEBERMAN. Take a little time and talk about that. Senator Reid has an Office of Public Integrity in his proposal, but I don't believe it has all the authority that your "six benchmarks" proposal has. So how would it work?

Mr. WERTHEIMER. Here is what we think should be done. First, this office, which is in the Congress, should be nonpartisan, professional, independent, and headed by a publicly credible individual

appointed by the Joint Leadership. That is a tough assignment, and it is critical.

But this office should have the following responsibilities. It should be able to receive, monitor, and oversee reports filed by members and filed by lobbyists. It should be the office that advises and provides you advance information—members, staff, lobbyists—on how to comply with the law.

It should have the ability to conduct non-frivolous ethics investigations, to respond to complaints filed by members or outsiders, or own its own grounds to pursue investigations as to whether ethics violations have occurred in either the House or Senate. If it concludes that there is sufficient information that this matter should go forward, it would then switch to the Ethics Committees in the sense that this office would present the cases to the Ethics Committees, which would serve as the judges here. The Ethics Committee would decide whether violations had occurred and whether the matter should then go forward to the full body for action and sanctions.

While the Ethics Committees are the judges, this process would allow in an independent way matters to go forward sufficiently so they will be tested and determined when serious ethics violations occur. Right now, and it has been this way forever, it is very hard to serve on the Ethics Committee. It is a terrible job. You have to judge your peers. There is built-in inherent resistance to moving forward with problems, but Ethics Committees have dealt with fundamental problems—Koreagate and ABSCAM in the 1970s, the Keating Five affair in the 1980s. I would point out that with everything that has happened in the Abramoff matter, there is no public information that tells us that any investigation has been conducted to date by either Ethics Committee.

So the Ethics Committees can deal with tough problems, but that is not the inclination and that is why you need a body that is going to take a look at these things, and if you find serious problems, you bring them to the Ethics Committees to judge. They can't be blocked at the outset.

And the last part of this responsibility would be to refer problems with lobbyists and lobbying reports to the Justice Department, which currently has civil enforcement responsibilities but doesn't review any of these reports.

The one additional item I would add, right now, all of the responsibility for complying with some of these rules rests on members. If a lobbyist provides \$500 to pay for a meal, the lobbyist isn't violating anything. You are violating it as a member. We think that in situations like travel and gifts that responsibilities and prohibitions have to be placed on the lobbyists as well as the members. I think this will gain the attention of the lobbyists and be a very strong incentive for lobbyists to make sure they comply with these rules as well as members.

Senator LIEBERMAN. That is a very serious proposal which deserves consideration.

Mr. WERTHEIMER. And we would, if I could just add, like to submit some more information to this Committee on the proposal.

Senator LIEBERMAN. Please.

Mr. MILLER. Senator Lieberman, can I just add to that point?

Senator LIEBERMAN. Yes, go right ahead.

Mr. MILLER. Or Madam Chairman, can I add to that point? We don't disagree with my colleague over here. One of the things that we have thrown out there and discussed earlier this week was why not maybe possibly look at GAO taking this over and undertaking this project. If there is some credibility to having them do it, maybe it is an option for you all to look at.

If you all are looking to make some real reforms right now that are fast and easy to do, two steps. We are not opposed to transparency. Some say that we don't want to file more than twice a year. We don't have a problem doing it. What we have a problem with is the burdensome and cumbersome processes that we have. If the House and Senate could come up with one system, electronic filing system, this would make it so much easier for us to do and the transparency would be immediate for the general public. So if you could fix that problem, that is something that should be easy enough to do and something the general public, I think, would be very happy with.

The other thing right now, a second proposal is we hear a lot of numbers about how many registered lobbyists there are in this town, and I don't think anybody actually has the right number. I was told right before this hearing by a company that tracks that that there are 11,500 registered lobbyists. We heard as high as 35,000. I think if you talk to the folks in the Senate, they will tell you that if you are a woman and you get married and you change your maiden name out. If you are retired, you are still kept in the database. And if you are deceased, you are still kept in the database. So if we could get a better, accurate reflection of how many lobbyists there truly are in this town, I think we wouldn't have to throw so many different numbers around.

Senator LIEBERMAN. Thanks, Mr. Miller, Mr. Wertheimer. Thanks for still being in the fight.

Mr. WERTHEIMER. Thanks very much for this opportunity.

Mr. MILLER. Thank you both.

Chairman COLLINS. Thank you. I want to thank all of our witnesses for their contributions today. We do look forward to working further with you to develop legislative reforms. We welcome any additional information to be submitted to the record and to the Committee for consideration, not only by our witnesses today but by those who didn't have the opportunity to testify today. The hearing record will remain open for 15 days.

This hearing is now adjourned.

[Whereupon, at 12:32 p.m., the Committee was adjourned.]

## A P P E N D I X

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Testimony of Senator John McCain  
Lobbying Reform Proposals  
U.S. Senate Committee on Homeland Security and Governmental Affairs  
January 25, 2006

Madam Chairman, let me begin by thanking you and Senator Lieberman for holding this important hearing today. There is no doubt that a crisis of confidence exists in how Congress is perceived by the American people. Poll after poll reveals that a majority of the American people see those us who serve in Congress as the lowest of the low. We need to fix that. We need to restore the confidence of the American people by proving to them that we can make tough decisions and end corrupting practices. We need to restore the confidence of the American people in their government, not so that we can all stay in office, but so that our children and our grandchildren will have a trustworthy, reliable government upon which they can depend.

As you all know, over the past year and a half, the Indian Affairs Committee has unearthed a story of excess and abuse by former lobbyists of a few Indian tribes. The story is alarming in its depth and breadth of potential wrongdoing. It has spanned across the United States, sweeping up tribes throughout Indian Country. It has taken us from Tribal reservations across America to luxury sports boxes here in town, from a sham international think tank in Rehoboth Beach, Delaware to a sniper workshop in Israel, and beyond. It involves tens of millions of dollars that we know about, and likely more that we do not. Much of what the Committee learned was extraordinary. Yet, much of what we uncovered in the investigation was unfortunately the ordinary way of doing business in this town.

How these lobbyists sought to influence policy and opinion makers is a case study in the ways lobbyists seek to curry favor with legislators and their aides. For example, they sought to ingratiate themselves with public servants with tickets to plush skyboxes at the MCI Center, FedEx Field, and Camden Yards for sports and entertainment events. They arranged extravagant getaways to tropical islands, the famed golfing links of St. Andrews, and elsewhere. They regularly treated people to meals and drinks. Fundraisers and contributions abounded.

During its investigation, the Committee also learned about unscrupulous tactics employed to lobby Members and to shape public opinion. We found a sham international think tank in Rehoboth Beach, Delaware, established, in part, to disguise the true identity of clients. We saw phony Christian grassroots organizations consisting of a box of cell phones in a desk drawer. I would submit that in the great marketplace of ideas we call public discourse, truth is a premium that we cannot sacrifice. Through these practices, the lobbyists distorted the truth, not only with false messages, but also with fake messengers.

Many cast blame only on the lobbying industry. But, we should not forget that we, as Members, owe it to the American people to conduct ourselves in a way that reinforces, rather than diminishes, the public's faith and confidence in Congress.

Because of the pressing need to address the cynicism of the American public, I introduced a bill to provide greater transparency into the process of influencing our government, and to

ensure greater accountability among public officials. The legislation does a number of things. It provides for faster reporting and greater public access to reports filed by lobbyists and their employers under the Lobbying Disclosure Act of 1995. It requires greater disclosure of the activities of lobbyists, including for the first time, grassroots lobbying firms. The bill also requires greater disclosure from both lobbyists, and Members and employees of Congress, about travel that is arranged or financed by a lobbyist or his client.

To understand more thoroughly the actions lobbyists take to influence elected officials, the bill requires lobbying firms, lobbyists, and their political action committees to disclose their campaign contributions to federal candidates and officeholders, their political action committees, and political party committees. It further mandates disclosure of fundraisers hosted, co-hosted, or otherwise sponsored by these entities, and disclosure of contributions for other events involving legislative and executive branch officials.

To get behind anonymous coalitions and associations and discover who actually is seeking to influence government, the bill requires registrants to list as clients those entities that contribute \$10,000 or more to a coalition or association. The bill expressly keeps intact, however, existing law governing the disclosure of the identities of members and donors to organizations designated as 501(c) groups under the Internal Revenue Code.

I have read news reports that the Department of Justice is investigating job negotiations that some public officials may have had with lobbying firms while still in government, negotiations that may have compromised their job performance. I have long been concerned with the revolving door between public service and the private sector, how that door is spun for personal gain, and the corrupting influences that can creep through that door into government decision-making. To address the problem, I am proposing to expand the cooling-off period to two years for Members of Congress and senior staff, and certain Executive Branch officials. And, to ensure a level playing field, I am seeking to close a loophole that has existed in Federal conflict of interest laws for those who represent Indian tribes.

To ensure compliance with Congressional restrictions on accepting gifts, the bill requires registrants under the Lobbying Disclosure Act to report gifts worth \$20 or more. To more accurately reflect the true value of benefits received, the bill also requires Members of Congress and staff to pay the fair market value for travel on private planes, and values sports and entertainment tickets in skyboxes at the cost of the highest priced ticket in the arena.

Madam Chairman and Sen. Lieberman, an informed citizenry is essential to a thriving democracy. And, a democratic government operates best in the disinfecting light of the public eye. The Senate's approach should be one of greater disclosure of and transparency into the interactions of lobbyists with our public officials. My legislation is intended to balance the right of the public to know with its right to petition government; the ability of lobbyists to advocate their clients' causes with the need for truthful public discourse; and, the ability of Members to legislate with the imperative that our government must be free from corrupting influences, both real and perceived. We must act now to ensure that the erosion we see today in the public's confidence in Congress does not become a collapse of confidence.

Again, thank you for holding this important hearing, and thank you for giving me the opportunity to present my views.

**Prepared Statement of Senator Richard J. Durbin  
Senate Committee on Homeland Security and Governmental Affairs  
January 25, 2006**

Madam Chairman, Senator Lieberman, and members of the Committee, it is a privilege to appear before you this morning on a subject of real urgency – restoring public confidence and trust in their government. This morning’s hearing is important, and I want to commend you for scheduling it, and for tackling the difficult work that lies ahead.

At the outset, let me make it clear that neither political party has a monopoly on virtue. And further, the vast majority of Members of Congress on both sides of the aisle are hard-working, honest, ethical people. Though the examples I use in this presentation focus on Jack Abramoff and the notorious K Street Project, I believe that many Republicans in Congress detest these dishonest enterprises as much as any Democrat.

The outrageous conduct of Republican lobbyist Jack Abramoff and his cronies had real-world consequences for average Americans.

Their insider deals drove an energy bill that subsidizes profitable oil and gas companies while doing virtually nothing to make our nation less reliant on foreign energy sources. And resulted in a Medicare prescription drug bill that rewards pharmaceutical giants and drives seniors to tears.

All too often in this environment, the same hand that was writing the checks was also writing the laws.

As some of you may know, the first job I ever had as a college intern was working for Senator Paul Douglas of Illinois. Paul Douglas was one of the men I respected most in the world, and he was passionately committed to honest and open government. He once said, “[W]hen I asked a policeman how some of his colleagues got started on the downward path, he replied, ‘It generally began with a cigar.’”

Whether the culture of corruption in Washington began with a cigar, or a sky box seat or a golfing excursion to Scotland or a special interest ploy to affect legislation, it is unacceptable - and it must stop.

The legislative problems we face are relatively straightforward. We have it within our power to make the necessary policy changes today. The real question is whether we have the political will to make changes that are real and lasting.

Let me outline how the Democratic caucus bill offers real reform.

The Honest Leadership and Open Government Act, S. 2180, was introduced last Friday with 34 original co-sponsors. I want to acknowledge Senators Feingold, Levin and Lieberman for their input in drafting the bill and their continued work in this area. I appreciate the wide caucus support for this bill which allowed us to create a strong starting point for reform.

The bill is grounded on five core principles:

- closing the revolving door
- ensuring full public disclosure of lobbying activities
- eliminating excessive gifts and travel from private sources
- strengthening enforcement of lobbying and ethics rules, and
- insisting that law-making be an open, transparent process

Given the present state of affairs in Washington, we believe we must establish new – and clear – lines between those who lobby and those who serve the public to avoid the appearance of any conflicts.

Our Honest Leadership and Open Government bill prohibits receipt of meals and gifts from lobbyists and bans acceptance of free travel from companies, associations and groups who advocate before the Congress.

Our bill also dramatically increases the transparency of activities in the lobbying community by establishing new disclosure rules and by providing real enforcement measures.

Here are a few specifics:

First, to close the revolving door, our bill

Doubles length of time (from one year to two) that Members, senior congressional staff, and senior executive branch officials are barred from lobbying their former offices.

Eliminates floor privileges for former Members of Congress while they are lobbyists.

Requires Members and senior staff to inform the Ethics Committee of private sector job negotiations that pose a conflict of interest and to recuse themselves in certain matters when negotiating future employment.

Requires senior executive branch officials to inform the Office of Government Ethics of job negotiations that pose a conflict and authorizes OGE to grant and publicize appropriate recusal waivers.

Makes it illegal for Member of Congress to take or withhold official action in an attempt to influence private sector employment decisions in exchange for political access. Our bill would bring to a screeching halt the K Street Project tactic of pressuring firms to only hire Republican-tied lobbyists.

Second, to strengthen the laws on public disclosure, our bill:

Requires lobbyists to file reports quarterly and electronically instead of semi-annually and

on paper.

Requires lobbyists to disclose more detailed information including campaign contributions, client fees, prior government employment, and to certify that they have not provided, requested or directed a gift, including travel, in violation of Senate Rules.

Requires disclosure of "hired gun" efforts to stimulate grassroots lobbying. The Michael Scanlon/Ralph Reed scheme to use Abramoff tribal client's funds to contact Christian Coalition members to stir up opposition to a gambling bill was appalling, and our bill would force disclosure of this type of scheme.

Closes a loophole in current law that allows business organizations to disguise their lobbying activities through lobbying coalitions.

Calls for a comprehensive unified electronic database for lobbying disclosures that is searchable and free to the public over the Internet.

Third, to deal with the problem of gifts and privately-financed travel, our bill

Prohibits Members and staff from receiving gifts from registered lobbyists, and directs the Rules Committee to review existing exceptions to the gift ban.

Prohibits privately funded travel for members and staff, unless it sponsored by a 501(c)(3) charitable organization and no lobbyist had requested, directed, planned or will participate in the trip.

Requires the Ethics Committee to develop and publish appropriate per diem guidelines for Congressional travel.

Fourth, to strengthen the enforcement of lobbying and ethics rules, our bill

Creates an independent Senate Office of Public Integrity.

Increases civil and criminal penalties for failure to comply with disclosure rules and for making false certifications.

Requires all congressional employees to attend annual ethics training, and certify completion.

Finally, to make the legislative process more open and accountable, our bill

Ensures that conference committees hold regular formal meetings open to the public; conferees receive adequate notice of time and place of meetings; votes occur on the public record; and new rules shine light on special interest dead-of-night legislation.

Requires that each conference member be afforded an opportunity at an open meeting to vote on full text of proposed conference report.

Creates a point of order against considering a conference report unless made available to Members and the general public 24 hours in advance.

Madam Chairman, this Committee has never shied away from facing issues of government integrity, or exposing abuse, fraud, and mismanagement. Whether it was the Enron debacle or money laundering, Medicare fraud or the Administration's response to Hurricane Katrina, this Committee has been at the forefront of not only identifying problems, but working hard to solve them.

The Democratic Caucus is eager to restore public confidence, and redeem the integrity of the legislative process. We believe our proposal is a realistic step towards resolving the problems currently facing us.

I hope that the members of this committee and all the members of the Senate will find the political will to take up the cause of real lobbying reform – not for ourselves, but for the people we represent.

Allow me to close where I began, by quoting my mentor and friend, Senator Paul Douglas from his book *In Our Time*:

“Everywhere one finds powerful groups moving to extract special privileges from our society, and they always seem to be able to attract to their cause skilled lawyers, technical experts, economists, publicity men and public relations practitioners, who then use their brains and their wiles to promote the fortunes of their employers.”

“Where are the champions of the people? I do not know, but I am still an optimist. I cannot believe that the people. . . will allow the noble ship of democratic government to be taken over by these well-clad pirates with impeccable credentials. For if they do, there may ultimately be such disillusion with our government as to cause the people to abandon ship and allow it to be taken over by a worse group of tyrants, who will suppress our liberties and shut the gates of mercy on mankind.”

Thank you for holding today's hearing and inviting me to participate.

**Statement of Senator Rick Santorum**  
**“Lobbying Reform: Proposals and Issues”**  
**Senate Committee on Homeland Security and Governmental Affairs**  
**January 25, 2005**

Chairman Collins, Senator Lieberman, and Committee members, good morning and thank you for this opportunity to testify before you on the issue of lobbying reform. I am pleased to join my colleagues on this panel and hope that our discussion today will lead us to a bipartisan bill that we can take to the floor of the Senate. I have enjoyed the opportunity to work with my colleague from Arizona, Senator McCain, on these issues to date and want to give you a brief outline of some of the work that we have been doing with respect to lobbying reform.

I am excited about the opportunity to be the Senate Republican Leadership’s point person on these important issues. However, I should be clear that congressional reform is not new to me. In fact, I came to the United States Senate having spent four years in the United States House as a member of the “Gang of Seven”, one of the original congressional reformers. Our band of freshman Congressmen uncovered Member abuses at the House Bank scandal including a host of Members who bounced checks with impunity. We exposed the “stamps-for-cash” scandal and the drug dealing out of the House Post Office. We forced real changes in the way the House operated. I was one of the leaders in pointing the finger at members of BOTH parties to make sure that we had congressional accountability, that we had reforms that made the body more accountable to the people.

But I did not stop with reforming the House. When I came to the United States Senate I did the same thing. One of the reasons I got on the Rules Committee was because I wanted to carry those reforms forward. Along with my colleague, Senator Kyl, I pushed for term limits on committee chairmen and term limits on leaders. I supported the passage of the Congressional Accountability Act, which says that Congress will live under the same laws as the rest of the country.

I also took on some other “sacred cows” that do not necessarily endear you to your colleagues – things like reforming the Senate barber shop and restaurant. Those of you who have been here for some time know that the prices at the barber shop and restaurant are not what

they were when I came to the United States Senate in 1995, and that is because when I came to the Senate these institutions were being subsidized by the taxpayers. Now I still get some looks and occasional comments from my colleagues about the fact that the prices at the barber shop and restaurant are higher than they used to be, but I am not deterred. Each of us has the incredible privilege of serving in this great body and while there are, of course, needed services here like the restaurant, these services can and should be run like the businesses in our respective states, without taxpayer subsidies.

All of that to say, that I have a track record of reform, and I am looking forward to taking on this responsibility.

It is important that we have a strong system of ethics and lobbying reform. Senator McCain's bill, which he introduced in December, will be the basis upon which we build the architecture of my reform bill and we will be working from there and going further. The primary issue will be to increase transparency – to make sure that the people's body is a transparent body and one where the people of our states know what is going on here in the formulation of policy. I expect we will also address other areas such as privately funded congressional travel, gifts and meals, the revolving door of access of Members and staff, spouses of Members and their access, Members' access to the floor, earmarks and the regulation of so-called 527 organizations.

When you take on the issue of congressional reform, one of the first people you turn to in the United States Senate is Senator McCain. We have had some good discussions and I expect to have an ongoing dialogue. My goal is to work with my colleagues to develop a robust, comprehensive reform package that becomes a strong bipartisan bill that we can pass on the floor of the United States Senate. This bill will be focused on making this body more accountable to the people that we represent. Nonetheless, we must be deliberative in this process. Every citizen in our country – regardless of income, regardless of political affiliation, regardless of campaign contributions – has the right to petition their government. It is also an honorable and fundamental principle of our democracy that groups and associations such as the Salvation Army or the Boys and Girls Club can come together and petition Congress – their elected government – to hear and address their concerns. Despite recent headlines, despite contentions from many

sides, the acts of organizations to communicate their concerns and seek action – whether or not through a paid lobbyist – is an exercise of liberty in this country. Nothing we do here should diminish the bedrock principles of free speech, free association and the ability to petition one’s government. In my office I have an “open door policy.” My staff or I make every effort to meet with as many of our constituents as possible -- whether we agree or disagree on the merits of an issue, whether they are a large manufacturer, a small business, a large statewide nonprofit, a mom-and-pop local nonprofit, or an individual. So as we approach this task we do not, nor will we, infringe upon that fundamental right of every citizen to petition their government and make their voice heard in the process.

We are in the preliminary stages of this process. As you all are aware, the Members of the Senate have been scattered around the country and in their states during the recent recess. I believe it is important to hear the thoughts and concerns of our colleagues in a deliberative process. I will reiterate, it is my hope that we can develop a comprehensive, bipartisan package that we can move forward in an expeditious manner. The Majority Leader has laid out a time frame for the quick introduction and passage of these necessary reforms. My hope is that we will move forward on this together, in a collegial manner. I appreciate that this Committee is taking the initiative by providing this opportunity to discuss the issues in an open and bipartisan manner.

Thank you for allowing me to testify today, and I look forward to working with you as we move forward.

**Testimony before the Homeland Security and Governmental Affairs Committee  
United States Senate  
Washington, D.C.**

**Dick Clark  
Director, Aspen Institute Congressional Program  
January 25, 2006**

Madam Chairman and members of the Committee: Thank you for inviting me to participate in this important hearing.

I strongly support the efforts by members of Congress to reform the rules on congressional travel. It is critical that public trust be restored in the institution.

As director of The Aspen Institute Congressional Program, a leading sponsor of educational seminars for members of the Senate and House, I will limit my remarks to the area of congressional travel.

I would recommend the following reforms:

- 1) Funds should not be accepted from registered lobbyists or from groups that employ registered lobbyists;
- 2) Travel should not include in any way, shape or form the participation of lobbyists;
- 3) Sponsoring organizations should be required to disclose their funding sources in invitations to members;
- 4) In particular, enforcement mechanisms must be put in place.

However, a total ban on privately-funded travel would be a disservice to members of Congress, denying them valuable resources to gain greater knowledge and understanding of the range of issues they must address.

As a former member of the Senate Foreign Relations Committee, coming from a background as a professor of international relations, I experienced the wide gap between the average legislator's understanding of complex foreign policy issues and the expertise that exists in the academic community. I saw firsthand the necessity of bringing policy scholars together with those who make policy.

After leaving the Senate, this was my catalyst to create a program that is designed to do just that—foster a relationship between the worlds of scholarship and policy making.

Since I established the Congressional Program in 1983, funding has come solely from established, independent foundations such as Ford, MacArthur, Carnegie, and Kellogg. We accept no support from lobbyists, governments, corporations, private individuals or special interests; and honoraria are not paid to members of Congress or scholars. Lobbyists are not permitted at our meetings and are not involved in the program in any way. The program does not pay for any recreational activities.

Nearly 200 governmental leaders (including heads of state) and approximately 800 scholars have participated.

Seminar discussions revolve around the 4-8 scholarly papers commissioned for each meeting, which ensures a diversity of opinion based on the scholars' research. These are, in essence, graduate seminars.

Participants are required to attend all conference events which last at least six hours a day over the course of four days during congressional recesses. These include roundtable discussions, luncheon speeches with questions and answers, and dinners with assigned seating that expose members to various scholars and a range of viewpoints.

Published reports of the seminars are sent to all members of Congress, and the agendas and scholars' papers are widely disseminated on our website.

A very important aspect of our program is a series of breakfast meetings conducted in the Capitol building for members of Congress.

Twenty-five breakfasts are held annually, providing members with ongoing, direct access to internationally-recognized experts and analysts on a variety of topics.

Members tell us that an exceptional benefit of the program is that it provides a “faculty” of scholars and experts whom they call on to give testimony or advice.

The Congressional Program is a bicameral, nonpartisan *neutral convener*. In the current political climate, members of Congress need a “safe haven” where they can study critical issues in an academic, in-depth way with members of both parties and both chambers. The program, described by one Senator as “an oasis of civility,” has been the genesis of major initiatives such as the Nunn-Lugar Cooperative Threat Reduction act.

We have taken steps to ensure that our educational mission is not compromised, including conferring with the Ethics committees to make certain that we comply with their standards.

Foreign travel is essential in an era of globalization. It is critical for members to personally see developments on the ground in other countries, meeting with world leaders, academics and others. Insularity is not an option for the world’s only superpower. If our lawmakers are to effectively address immigration, international trade, the war on terror and other pressing matters, an understanding of the peoples of the world is vital.

Mickey Edwards, former Republican congressman from Oklahoma and director of the Aspen Institute–Rodel Fellowships in Public Leadership, joins me in supporting these much needed reforms. His program brings together promising young political leaders to explore the underlying values and principles of western democracy.

Again, Madam Chairman, I thank you and distinguished members of the committee for giving me the opportunity to share my views on this important subject.

Remarks of the Honorable John Engler  
President and CEO of the National Association of Manufacturers  
before the  
US Senate Homeland Security and Governmental Affairs Committee

“Lobbying Reform: Proposals and Issues”  
January 25, 2005

Chairman Collins, thank you for the opportunity to be with you today.

I am John Engler, President of the National Association of Manufacturers, a 501(c)6 tax exempt trade association. We were formed in 1895 and for the past 110 years we have played a unique role in promoting a strong manufacturing economy and economic growth, resulting in higher living standards for all Americans.

The NAM represents more than 14 million workers in the manufacturing economy. Every day, the members of our Association and our staff, exercise the fundamental constitutional right to petition, or contact, our government and its elected leaders.

In simple terms, we lobby Congress and the executive branch to educate and inform about the impact of legislation, executive actions and other public policy on the manufacturing economy of this country. And even though recent excesses and criminal activities by one lobbyist is fodder for the headlines, lobbying is not a new phenomenon.

In fact, in the 1830s, Alexis de Tocqueville marveled at our unique American tradition with citizens “of all ages, all conditions, and all dispositions constantly forming association.”

In the fast-paced 21<sup>st</sup> Century, information is moving at a blinding speed. Access to that information is essential for policy makers to make informed decisions and that is why people form associations to lobby for their interests, or hire an individual or firm to do so for them.

Given the workload of Congress, time doesn’t allow our elected leaders to be completely familiar with the complexity and nuance of every issue before them, and the impact of every piece of legislation on real people in the real world.

At the NAM, we educate Senators, Members of Congress and their staff through personal meetings and phone calls; via letters, faxes and emails from our staff and membership; by providing essential data, research and analysis; by travel outside of Washington to tour manufacturing facilities (all approved by Ethics Committees); and by facilitating personal meetings and dialog between legislators and our members in the home districts and states. For the record, Chairman Collins, I would like to submit two examples of our Congressional Staff Tours. I think you will see by these agendas that these tours provide a valuable, first-hand education about the importance of manufacturing to our nation's economy. They are bipartisan and educational, and Congressional staffers have unfettered access to leaders and works at manufacturing facilities.

Curtailing – or making more complicated – any of these educational processes will impede the ability of our membership to provide input on issues before the Congress that directly impact the livelihoods of Americans and the overall economic welfare of our country.

Elected leaders who cherish our unique freedoms outlined in the Bill of Rights to our Constitution should act carefully to ensure that the ability of Americans to educate and inform our elected leaders is not restricted. Chairman Collins and distinguished Senators, we live in America – and in America our elected officials do not hide from those they represent.

I have been in politics long enough to know Congress will react to the recent scandals by adopting new rules of legislation of some sort in the near future. Whatever occurs, it is imperative that you do not overreact. Just as a majority of Senators and Members of Congress have always conducted themselves in a legal and ethical manner; so, too, have a vast majority of lobbyists.

Therefore, as you develop proposals to reassure the American people that our government is not for sale, I urge you to consider the following:

- First, current laws and rules are imposing serious penalties on those who have abused the public trust. A lobbyist is going to jail. A former Member of Congress is likely going to jail. The system caught them. Additional laws and rules are not needed to make them pay the price.
- Second, Congress must not treat all who are classified as “registered lobbyists” the same. There is a distinct difference between for profit, high profile specialist lobbyists and the work of associations, companies and causes who lobby directly for an organized interest or membership. My association, as I suspect are the vast majority of associations, is governed by a Constitution, by-laws, governing bodies with fiduciary responsibility,

and the direct involvement of our members. There is an obvious distinction between 501(c)6 membership trade organizations and the hired lobbyist.

- Third, in an attempt to limit “gifts” and meals, do not create a paperwork nightmare for trade organizations and their members that legitimately use working meals and similar functions to educate elected leaders and staff. A hamburger is not going to change the mind of an elected leader about a policy proposal.
- Fourth, as you focus on obvious excesses, do not limit the ability of trade associations and their members to sponsor out of Washington activities that educate policy-makers on the real-life impact of their actions. Globalization requires that elected leaders see firsthand how manufacturing facilities operate and what challenges they face from international competition.
- Fifth, the concept of personal responsibility was the bedrock of many changes in Federal law promulgated by Congress after the 1994 party change. That concept is now needed more than ever and Congress must look inward and adopt measures to seriously enforce the rules it has already imposed on itself before it attempts to blame others for its own failures and create a morass of new rules and regulations directed at lobbyists.

Before I came to the NAM, I spent 32 years in public office – 20 years as a member of the Michigan state legislature and 12 years as Governor. During that time, countless thousands of individuals attempted to influence my opinion on the issues of the day. Those individuals were comprised of everyday citizens, teachers, law enforcement officers, union members, business executives, students, retirees and yes, even registered lobbyists.

And I can say that, although my goals and guiding principles of government never changed, my opinion on a specific provision or nuance contained in a piece of legislation or executive action sometimes did. Was the fact that I might make or offer a change in a policy proposal a result of undue influence? Of course not. It was a result of persuasive arguments that my constituents – and their representatives – made about how a well-intentioned proposal might sometimes contain language that would result in the opposite effect than the original altruistic intention.

Had the people of Michigan and their representatives been subjected to the tyranny of statutes, rules, regulations and mounds of expensive and time-consuming paperwork in order to express those opinions, history might have been different.

To be sure, the recent scandals are an example of what can go wrong when greed and arrogance supersede honor, judgment and sound public policy. Those who broke the law can – and should – be punished. Law-abiding, hard-working Members of Congress, Congressional staff and lobbyists should not be.

Personal responsibility and personal integrity are absolutes in public office. If the public trust is violated, the offending parties must pay the price. In responding to such a violation, eroding and impeding opportunities for the American people to contact their elected representatives is not the answer.

Thank you, Chairman Collins and members of the Committee, for your time.

**Georgia Congressional Staff Tour  
Greater Atlanta Area  
January 11-13, 2006**

Itinerary

**Wednesday, January 11**

*Congressional staff guests arrive at Hartsfield-Jackson Airport and are transported by bus to our first tour site. Please note that all staffers will be housed at the Omni Hotel at CNN Center, 100 CNN Center in Atlanta.*

12:30 p.m.    **Company Visit and Working Lunch:** *Plant Wansley—Georgia Power Company, 1371 Liberty Church Road, Carrollton*

*Georgia Power is the largest subsidiary of Southern Company, one of the nation's largest generators of electricity. The company is an investor-owned, tax-paying utility, serving customers in 57,000 of the state's 59,000 square miles. Georgia Power's rates are below the national average and its 2 million customers are in all but six of Georgia's 159 counties.*

2:30 p.m.    Bus departs

3:30 p.m. - 5:00 p.m.    **Company Visit:** *Illinois Tool Works, Inc., Gale Wrap, 1320 Leslie Drive, Douglasville*

*Illinois Tool Works Inc. is a global producer of products and systems that add value to other manufacturers' products and which operates over 600 manufacturing facilities around the world. The facility you will visit in Georgia produces stretch film and related special products. For more information please visit our web site at [www.itw.com](http://www.itw.com).*

5:00 p.m.    Bus Departs; *Check-in, Omni Hotel at CNN Center, 100 CNN Center, Atlanta*

6:15 p.m.    Bus departs for dinner location

6:45 p.m.    **Reception and Dinner:** *Maggiano's Little Italy, 3368 Peachtree Rd., Buckhead*

**Thursday, January 12**

7:30 a.m.    Breakfast Buffet Available



**Thursday, January 12 – continued**

8:45 a.m. Bus departs

9:00 a.m. **Company Visit: The Coca-Cola Company, 3791 Browns Mill Road, SE, Atlanta**  
10:30 a.m.

*The Coca-Cola Company exists to benefit and refresh the world. Founded in 1886, The Coca-Cola Company is the world's largest manufacturer, marketer, and distributor of nonalcoholic beverage concentrates and syrups, used to produce nearly 400 beverage brands. Our corporate headquarters are in Atlanta, with local operations in over 200 countries around the world.*

10:30 a.m. Bus departs

11:00 a.m. - **Company Visit and Working Lunch: Arch Wood Protection, Inc., 3941 Bonsal**  
1:00 p.m. **Road, Conley**

*Headquartered in Norwalk, Conn., Arch Chemicals, Inc. is a global specialty chemicals company with approximately \$1.3 billion in annual sales. Arch Treatment Technologies is a subsidiary of Arch Chemicals and is headquartered in Smyrna, Ga. It was established April 1, 2003, to develop and manufacture new wood preservative systems, including Wolman® E copper azole preservative used in the production of Wolmanized® Residential Outdoor® wood, which recently earned the Good Housekeeping Seal. Arch Wood Protection manufactures chemicals that enhance the properties of wood, licenses the production of the most widely used brands of preserved wood, and provides engineering, environmental, technical and marketing services to its customers. For more information, visit the Company's Web site at [www.archchemicals.com](http://www.archchemicals.com).*

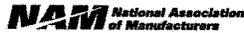
1:00 p.m. Bus departs

1:30 p.m. - **Company Visit: BellSouth Corporation, Midtown II, 725 W. Peachtree Street,**  
3:00 p.m. **NW, Atlanta**

*BellSouth Corporation is a Fortune 100 communications company headquartered in Atlanta and a parent company of Cingular Wireless, the nation's largest wireless voice and data provider. With over \$26 billion in annual revenue and close to 64,000 employees, BellSouth has over 20-million access lines in service, 1.9 million DSL subscribers and 5.7 million long-distance subscribers.*

3:00 p.m. Bus Departs; return to hotel

5:45 p.m. Bus departs

6:00 p.m. **Dinner: Blue Ridge Grill, 1261 W. Paces Ferry Road, Atlanta**

**Friday, January 13**

*Please pack your belongings and bring with you to the breakfast room.*

7:30 a.m. Breakfast Buffet Available

8:45 a.m. Bus departs

9:00 a.m. - **Company Visit: MeadWestvaco Packaging Systems, 1040 W. Marietta Street,**  
10:30 a.m. **NW, Atlanta**

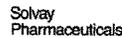
*MeadWestvaco Packaging Systems, LLC, a world-leading producer and marketer of secondary, Multiple packaging, is at the forefront of creative carton design and advanced high performance technology for packaging systems that fill, fold and glue paperboard cartons. With over 50 years of industry experience, the division provides total packaging solutions for customers around the world – from marketing approaches to innovative packaging concepts for beverage, dairy, frozen, fresh and processed food, and personal care products. MeadWestvaco Packaging Systems has four theaters of operation – North America, Europe, Asia Pacific and Latin America.*

10:30 a.m. Bus departs

11:00 a.m. - **Company Visit and Working Lunch: Owens-Illinois, Inc., 3107 Sylvan Road,**  
1:00 p.m. **Atlanta**

*More glass containers are produced at O-I's Atlanta plant, daily, than any other facility in North America with a primary focus of manufacturing for the beer industry. In producing the world's most environmentally friendly package O-I is committed to recycling and is the world's largest user of recycled glass. O-I glass containers, healthcare packaging and specialty closure systems deliver many of the world's best-known consumer products to millions of people all around the world. With leading positions in Europe, North America, Asia Pacific and South America, O-I provides consumer-preferred products that enable superior taste, purity, visual appeal and value benefits for our customers' products. Established in 1903, the company employs nearly 30,000 people and has more than 100 manufacturing facilities in 23 countries.*

1:00 p.m. Bus departs



**Friday, January 13 – continued**

1:45 p.m. - **Company Visit: Solvay Pharmaceuticals, 901 Sawyer Road, Marietta**  
3:15 p.m.

*Solvay Pharmaceuticals, Inc., headquartered in Marietta, Ga., seeks to fulfill unmet medical needs in the therapeutic areas of cardiology, gastroenterology, mental health, women's health and a select group of specialized markets including men's health and influenza. The company is a part of the global Solvay Pharmaceuticals organization whose core activities consist of discovering, developing and manufacturing medicines for human use. Solvay Pharmaceuticals is a subsidiary corporation of the worldwide Solvay Group of chemical and pharmaceutical companies headquartered in Brussels, Belgium. For more information, visit [www.solvaypharmaceuticals-us.com](http://www.solvaypharmaceuticals-us.com).*

3:15 p.m. **Tour Ends; Bus Departs for Airport**



**Arizona Congressional Staff Tour  
Greater Phoenix Area  
January 11-14, 2006**

Official Itinerary

**Wednesday, January 11<sup>th</sup>**

*Congressional staff guests arrive at Phoenix International Airport and are transported to Crowne Plaza Hotel, 2532 W. Peoria Avenue, Phoenix*

1:00 p.m. - Arrive and Check-In  
3:00 p.m.

5:00 p.m. Bus departs hotel lobby

5:30 p.m. **Welcome Reception and Dinner: Maggiano's Little Italy, 16405 N. Scottsdale Road, Scottsdale**

**Thursday, January 12<sup>th</sup>**

7:45 a.m. Coffee Station Available in Hotel Lobby

8:00 a.m. Bus departs hotel

8:30 a.m. - **Company Visit & Working Breakfast: ITW Angleboard, 1429 S. 40<sup>th</sup> Avenue, Phoenix**  
10:30 a.m.

*Illinois Tool Works Inc. is a global producer of products and systems that add value to other manufacturers' products and which operates over 600 manufacturing facilities around the world. The facility you will visit in Arizona produces Cornerboard and Poly Agboard, protective packaging products used in a wide range of industries for shipping protection, load stabilization and stacking strength. For more information please visit our web site at [www.itw.com](http://www.itw.com).*

10:30 a.m. Bus Departs

11:00 a.m. - **Company Visit & Working Lunch: Hamilton Sundstrand - Phoenix Electronic Operations, 1007 E. University Drive, Phoenix**  
1:00 p.m.

*At Hamilton Sundstrand Phoenix you will see great examples of lean manufacturing implemented in an Electronics operation. Full Supply Chain integration (Customer through Supplier) has allowed us to develop Customer*



**SUMCO USA**



**intel.**



**NAM** National Association of Manufacturers



**ITW Angleboard**

*focused Flow Cells that guarantee On Time, high Quality deliveries to our Customers.*

*HS Phoenix is the Final Assembly, Test, and Integration center for Electronic Controls (Engine Controls, Power Generation and Distribution Controls, Actuators Controls) used throughout the Commercial and Military Aircraft Industry. Major Customers include Boeing, Airbus, Bombardier, Embraer, Gulfstream, Rolls Royce, Pratt Canada.*

- 1:00 p.m. Bus Departs
- 1:45 p.m. - 3:15 p.m. **Company Visit: SUMCO USA, 19801 N. Tatum Blvd., Phoenix**  
*SUMCO USA manufactures silicon wafers for the global semiconductor industry and is a subsidiary of the world's second largest silicon wafer manufacturer, SUMCO. Our wafers are used to make integrated circuits and semiconductor devices that power electronic products we use every day – from computers to cell phones, digital watches to automobile engine systems, electronic gaming systems to pacemakers. At our Phoenix plant, we make 200mm Complimentary Metal Oxide Semiconductor (CMOS) wafers, as well as solar wafers of various diameters.*
- 3:15 p.m. Bus returns to hotel
- 5:30 p.m. Bus departs hotel
- 6:00 p.m. **Dinner: Sam's Café, A Southwestern Grill, 2566 E. Camelback Road, Suite 201**

**Friday, January 13<sup>th</sup>**

- 7:00 a.m. Coffee and Continental Breakfast Station Available in Hotel Lobby
- 7:15 a.m. Bus departs hotel
- 8:15 a.m. - 9:45 a.m. **Company Visit: The Boeing Company, 5000 E. McDowell Road, Mesa**  
*The Boeing Company in Mesa- Home of the Army's Apache Attack Helicopter, the world's most advanced combat helicopter; tour the design, production and flight test areas. Visit one of the most advanced flight simulation facilities - where we take a step further in innovations for the future of rotorcraft aerodynamics. Boeing Mesa is a recipient of the 2005 prestigious Shingo Award for excellence in manufacturing- the Shingo Award is referred to as "the Nobel Prize in Manufacturing".*



**SUMCO USA**



9:45 a.m. Bus departs

10:30 a.m. - 12:30 p.m. **Company Visit & Working Lunch: Intel Corporation, 4500 S. Dobson Road, OC8, Chandler**

*Intel, the world's largest chipmaker, is also a leading manufacturer of computer, networking and communications products. During your visit to Intel's Ocotillo site, in Chandler, Arizona, you will visit one of the largest and most advanced microprocessor manufacturing facilities in the world.*

12:30 p.m. Bus departs

12:45 p.m. - 2:15 p.m. **Company Visit: ArmorWorks, LLC, 7306 South Harl Avenue, Tempe**

*Founded in 1996, ArmorWorks is a Tempe, Ariz.-based company that provides cutting edge armor and survival technologies for U.S. military applications and to companies worldwide. ArmorWorks designs and produces protective armor using the latest generation ceramic and composite materials that are objectively evaluated and tested to assure their performance in a variety of environments.*

*ArmorWorks products are currently being used in several applications including personnel vehicle and aircraft armor for the Department of Defense.*

2:15 p.m. Bus departs

2:30 p.m. - 4:00 p.m. **Company Visit: Coca-Cola Bottling Company of Phoenix/Tempe Manufacturing, Sales & Distribution Facility, 7414 South Harl Avenue, Tempe**

*Headquartered in Atlanta, Coca-Cola is the world's largest producer, marketer and distributor of nonalcoholic bottle and can liquid refreshment. Coca-Cola Enterprises Inc. sells approximately 80% of the Coca-Cola Company's bottle and can volume in North America and is the sole licensed bottler for Coca-Cola products in Belgium, France Great Britain, Luxembourg, Monaco, and the Netherlands. The Coca-Cola Bottling Company of Phoenix is one of the 79 production facilities we have throughout our territory. The Phoenix Manufacturing, Sales and Distribution facility is the largest in our territory with 1,066 employees.*

4:00 p.m. Bus returns to hotel

4:30 p.m. **Policy Wrap-Up: Crowne Plaza Hotel – Salon D**



**SUMCO USA**



**intel.**



6:00 p.m. Bus departs hotel  
6:30 p.m. **Dinner:** *Abuelo's Mexican Food Embassy, 7000 East Mayo Blvd., Building #26, Phoenix*

**Saturday, January 14<sup>th</sup>**

7:45 a.m. Coffee and Boxed Breakfast available in Hotel Lobby  
8:00 a.m. Depart for Airport



SUMCO USA



**Testimony of William Samuel**  
**Legislative Director of the AFL-CIO**  
**On "Lobbying Reform: Proposals and Issues"**  
**Committee on Homeland Security and Governmental Affairs**  
**January 25, 2006**

Thank you, Senator Collins and members of the Committee for inviting me to testify on behalf of the working men and women of the AFL-CIO at today's hearing on "Lobbying Reform: Proposals and Issues."

The AFL-CIO represents over 9 million workers in 52 unions, and on their behalf we advocate for policies that will improve the lives of all working Americans. Our members send us to Washington to support legislation that will make it possible for every American to have a good job -- with financial security, access to affordable health care, and a secure retirement. We represent the interests of workers -- both organized and unorganized workers -- on issues such as reforming our trade and immigration laws, increasing the minimum wage, investing in our nation's infrastructure, improving job training and education, protecting wage and safety standards, and restoring the right to form and join a union.

One of the reasons why labor unions exist is to allow ordinary workers all across the country to join together and make their voices heard. One of the ways unions do that is by serving as an advocate for workers in the halls of Congress. Yet even with the participation of workers through their labor unions, workers' voices are still overwhelmed by an avalanche of corporate money. Corporate political action committees (PACs) outspent labor union PACs by 24 to 1 in 2004. The imbalance is even worse when it comes to lobbying. According to the Center for Responsive Politics, lobbyists representing corporate interests outspent labor unions by more than 50 to 1 in 2000, spending well over \$1 billion to influence the outcome of legislation.

The effects of that imbalance are plain to see. Without the disproportionate influence of corporations and wealthy campaign contributors, I believe our public policy debates would look very different. For example, if our politics truly represented the interests of the vast majority of working Americans, the recent bankruptcy bill, which enriched the credit card industry at the expense of consumers, would never have been enacted. The prescription drug bill would have financed drug coverage for seniors instead of profits for the pharmaceutical companies. The federal minimum wage would have been raised long ago. And the tax burden would not be shifted from the super-wealthy onto the backs of middle class and lower-income taxpayers.

The problem of corporations and wealthy individuals buying disproportionate influence in Congress has gotten worse in recent years, and the abuses have become more flagrant and egregious. Washington Post reporter Jeffrey Birnbaum wrote, in an article entitled "The Road To Riches Is Called K Street," that "with pro-business officials running the executive and legislative branches, companies are ... hiring well placed lobbyists to go on the offensive and find ways to profit from the many tax breaks, loosened regulations and other government goodies that are available." This may explain why the overall number of registered lobbyists has more than doubled since 2000.

Now a spate of scandals has focused the spotlight on corruption in Congress. It should be emphasized that this is a problem of corporate corruption. Neither unions, whose leaders are democratically elected, nor any other organizations representing working people or the public interest, have been implicated in any of these scandals.

The recent scandals have increased political pressure for reform. As a result, it will be necessary to do away with many of the tawdry ways in which perks and campaign cash have been traded for legislative favors, especially in recent years. But we urge Congress to pursue meaningful reform, rather than cosmetic changes, by addressing the root causes of corruption.

We propose a sweeping standard for reform. For any particular reform proposal, we should ask the following questions: "Will it prevent or encourage private interests from buying disproportionate influence in Congress and the executive branch?" And "Will it encourage or impede meaningful grassroots participation in the democratic process?"

Reform should not be used as an excuse to heighten disproportionate influence in Congress, discourage grassroots participation in the democratic process, or inhibit the ability of groups representing workers, consumers, and other ordinary Americans to petition the government and participate in politics.

The AFL-CIO supports several reforms that meet the foregoing criteria, and which have garnered broad support. These include a ban on gifts and entertainment, and a ban on privately-funded travel.

One key principle for reform is that new rules on gifts and travel should not treat individuals differently based on whether they are lobbyists, nor treat organizations differently based on whether they employ lobbyists. The key consideration should be whether individuals or organizations have interests before Congress, or potentially before Congress, regardless of how they conduct their lobbying.

For example, lobbyists are not the only individuals with interests before Congress who should be subject to a gift ban. We support a ban on gifts of any value to members of Congress or senior staff from any individual, subject to the current common sense exceptions under Senate Rule XXXV.

Privately-funded travel involves special considerations, both because it often represents a significant expense, and because it affords opportunities for private access to members and their staff. The AFL-CIO supports a ban on all privately-funded travel for members and staff, subject to only one exception.

We would support a travel ban exception for the payment of reasonable and necessary costs incurred in connection with transporting a member to an organization's meeting, conference, or convention that is being conducted for reasons unrelated to the member's potential attendance, and for the purpose of allowing the member to meet with or address the

group. For example, under this exception, the Chamber of Commerce could pay for a member to travel to a regular meeting, and the AFL-CIO could pay for a member to attend its convention.

We also support a prohibition of congressional travel on aircraft owned by corporations or other groups whose business is not providing charter or scheduled airline flights. Even the most far-reaching reform proposals allow such travel, so long as it is reimbursed at full cost. But providing this kind of transportation is a special favor that is not extended to other individuals with the means to pay, even if members pay the full cost at market rates.

Some have suggested a travel ban exception for Section 501(c)(3) organizations that are not affiliated with any group that lobbies. However, this rule would not prevent privately-funded travel from including meetings and other interactions with lobbyists, or with lobbyists and business executives who serve on the boards of charitable groups. Section 501(c)(3) status provides no guarantee that there will be no special or unfair access obtained in connection with privately-funded travel.

In addition to travel and gift bans, the AFL-CIO supports several measures that address the relationship between members of Congress and lobbying firms. We support extending the post-employment lobbying ban for members of Congress and senior staff to two years. We support requiring members of Congress to disclose their negotiations for post-congressional employment. And we support eliminating floor and gym privileges for former members who represent interests before Congress.

We also support increased disclosure. On this issue, it is very important to understand that labor unions already disclose their expenses related to politics and legislation under the Lobbying Disclosure Act (LDA) and the Labor Management Reporting and Disclosure Act (LMRDA). In fact, the AFL-CIO and other labor organizations already routinely provide far more disclosure of their spending on lobbying and public outreach than do any other organizations. Regulations under the LMRDA already require unions to file every year with the Labor Department public reports that disclose every recipient of an aggregate of \$5,000 of union spending, and itemize every expense above the \$5,000 threshold and explain its purpose. This requirement covers everything that a union does, from collective bargaining to lobbying Congress. These reports are publicly available on DOL's website.

By contrast, no other kind of organization – neither business corporations, nor trade associations, nor non-profit groups, nor charities, nor anyone else -- operates under comparable disclosure requirements. While others are subject to the Lobbying Disclosure Act, only unions already must go the extra mile and itemize with specificity their lobbying expenditures.

The leading reform packages require, for the first time, public disclosure of so-called "grassroots lobbying," generally defined as attempts to influence the public to contact members of Congress. We should be clear at the outset that grassroots lobbying is not a "problem," because efforts to mobilize citizens and band together to influence public decision-making are an important part of the democratic process and protected by the First Amendment. But we do believe it serves a useful purpose to require more public disclosure of who is paying for such efforts at persuasion and mobilization. New disclosure requirements must define very clearly

what kind of public advocacy is covered, and should target conduct that is truly a proxy for direct lobbying and not any effort to influence public opinion. In addition, disclosure of direct expenses should be required rather than an allocation of staff and administrative costs.

I should point out that most union “grassroots” lobbying and outreach activities are directed not at the general public, but at union members, on issues of importance to members and to working families generally. This kind of outreach is an important aspect of the associational rights and freedoms that cause working people to join together in unions to begin with. All of the principal reform proposals – the Democratic package (S. 2180), the Feingold bill (S. 1398), and the McCain bill (S. 2128) – properly exempt organizational outreach to members, employees, officers and shareholders.

The Democratic reform package (S. 2180) also requires additional disclosure regarding certain coalitions and associations. This new provision requires the disclosure of funding by one entity of another entity’s lobbying, except where the other entity is already a publicly-known affiliate or funder of the lobbying client. We support an exception for known affiliates, but we believe the exception for publicly-known funding ought to apply only where the funding is recent and at a meaningful level.

The Democratic reform package (S. 2180) contains important reforms that are absent from the other leading proposals. For example, the Democratic plan would shut down the K Street Project, through which Republican office-holders have pressured lobbying firms and trade associations to hire only Republicans, thereby guaranteeing support for Republican-sponsored legislation and a steady stream of campaign cash for Republican candidates.

The Democratic plan also goes beyond lobbying reform and requires that all conference committee meetings be open and members be allowed to vote on all amendments. The AFL-CIO supports the proposed changes in conference committee protocols, and we hope and expect there to be a bipartisan consensus in support of greater transparency and public access to conference committees and conference reports.

The nature of the enforcement mechanism for any new set of lobbying rules is critical. Neither the Feingold bill (S. 1398) nor the McCain bill (S. 2128) addresses this matter. We believe the Democratic package (S. 2180) provides an appropriate enforcement mechanism through its Senate Office of Public Integrity, but several aspects of the Democratic proposal could be improved.

First, the Democratic package (S. 2180) seems to assure that the majority party in the Senate will dictate who runs the Office of Public Integrity. It empowers the President Pro Tempore of the Senate to appoint someone “from among recommendations submitted by the majority and minority leaders of the Senate” as director of the Office, subject to confirmation by a full vote of the Senate. There is no requirement that the two party leaders make joint recommendations, and there is nothing that qualifies the President Pro Tempore, who holds this title solely on the basis of seniority, to make this choice.

Although the Democratic bill states that the director of the Office of Public Integrity must be appointed “without regard to political affiliation and solely on the basis of fitness to perform the duties of the position,” we suggest that the inherent partisanship of the selection process is not remedied by an unenforceable prohibition of partisanship. A simpler and better approach would be to empower the majority and minority leaders to appoint the director jointly, followed by confirmation votes by a majority of each party caucus in the Senate. Similarly, removal of the director short of completion of her term of service should require agreement by both party leaders, or a majority vote of both the majority and minority caucuses.

Second, the Democratic reform package (S. 2180) should clarify the nature and extent of the “audit” that the new Office of Public Integrity would be required to perform of reports filed under the LDA. Specifically, it should provide the Office with clear guidelines for the exercise of its powers and discretion, and clarify that the Office has investigatory powers. In addition, the Office should be required to respond to complaints filed by the public.

By themselves, these reforms will not fully ensure that the concerns of ordinary Americans are well represented in a legislative decision-making process that is currently dominated by wealthy vested special interests. If it is deemed corrupting for lobbyists to take members of Congress out to lunch, is it not far more corrupting for Congress to be awash in a flood of corporate campaign contributions? Does anyone doubt that corporations wield disproportionate influence in Congress when they spend 50 times more than working people on lobbying, or when their PACs spend 24 times more than labor unions on political campaigns?

In addition to tighter rules on lobbying, public financing of congressional elections is also necessary to combat the corrupting influence of money in the legislative process. Only public financing can ensure a level playing field where the interests of ordinary citizens and workers are treated with just as much respect and consideration as the interests of well-heeled corporations and billionaires. Public financing is the crucial element necessary to restore public confidence in our political system.

In conclusion, this may well be an historic opportunity for Congress to restore integrity to the legislative process, and we urge Congress to act quickly in this area. But we also caution that the problem of congressional corruption will not be fixed until the interests of the vast majority of working Americans are given the same weight as corporations and the most privileged members of our society.

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**Testimony of**  
**Fred Wertheimer**  
**President, Democracy 21**  
**On Lobbying Reform**  
**Before the**  
**Homeland Security and Government Affairs Committee**  
**United States Senate**  
**January 25, 2006**

I would like to thank Chairman Collins and the members of the Homeland Security and Government Affairs Committee for the opportunity to testify today on lobbying and related reforms.

I would also like to express my appreciation to the Chairman for moving so quickly to hold these hearings and address issues that are of deep concern to the American people.

According to a recent *CNN/USA Today/Gallup* poll (January 10, 2006), “corruption ranked among the concerns most often cited by those polled, with 43 percent telling pollsters it would be an ‘extremely important’ issue in 2006,” just two percent below the 45 percent response for the war in Iraq and terrorism. Other polls have similarly shown that citizens are greatly concerned about government corruption and the lobbying scandals in Washington.

A *Washington Post-ABC News* poll (January 10, 2005) found that “Nine in ten said it should be illegal for lobbyists to give members of Congress gifts, trips or anything else of value.” The *Post* poll also stated, “Two in three, including majorities of Republicans and Democrats, would go far beyond current proposals for change and make it illegal for lobbyists to make campaign contributions to members of Congress or to congressional candidates.”

As these polls show, the American people are looking for strong medicine to solve the serious problems they see in the way Washington works and the way lobbyists function in Congress.

At the outset, I would like to make two basic points about government integrity reforms.

First, reforms matter. They do change the way people act and in this particular area, they can change the way lobbyists function in Congress.

Second, reforms have worked.

It is a common Washington game to challenge the idea that government integrity reforms can make any difference, while they are being considered in Congress, and then once reforms are enacted, to immediately begin making the case they aren’t working.

Most often, these challenges come from individuals who wanted to keep the status quo in the first place and then want to try to get back to it as soon as they can.

Here are some examples of government integrity reforms that did matter and have worked:

The financial disclosure requirements for Members and other government officials, adopted in the 1970s, have served to minimize the cases of federal officeholders using their public office for personal financial gain. The recent criminal case involving a plea bargain agreement by Representative Duke Cunningham and the charges of misuse of office for personal gain that have been made regarding Representative William Jefferson are rare examples. Our country appears to have done very well at the national level, and much better than most other countries, in preventing the misuse of public office for personal gain. The financial disclosure rules have been a major factor in achieving this result.

The congressional rules preventing Members from practicing professions for profit and limiting their outside earned income, also enacted in the 1970s, have served to prevent conflicts of interest and have also been an important factor in preventing the misuse of public office for personal financial gain.

The congressional rule preventing Members from accepting honoraria fees adopted in the 1980s has served to stop special interests from paying private fees to Members whose positions they are trying to influence.

The Bipartisan Campaign Reform Act of 2002 ended the corrupting link between members of Congress who were soliciting huge, unlimited soft money contributions to support their campaigns and big donors who were providing such contributions and seeking to influence government decisions made by those Members.

The opportunities to enact these kinds of basic integrity reforms are cyclical in nature. They come when government integrity and corruption problems get out-of-control and reach a crisis stage.

We are at such a moment and the Washington lobbying scandals provide such an opportunity. We urge the Committee to propose bold, necessary, and effective reforms to change the way lobbyists do business in Congress.

We urge the Committee to respond decisively to the overwhelming public support for fundamental changes.

Republican and Democratic congressional leaders recently unveiled proposals to reform the lobbying laws and congressional ethics rules, although bills setting forth the legislative language for these proposals are not yet publicly available.

This followed the introduction last year of reform bills by Senator John McCain (R-AZ) and Representative Christopher Shays (R-CT), by Senator Russell Feingold (D-WI) and by Representatives Marty Meehan (D-MA) and Rahm Emanuel (D-IL).

A number of important new reforms have been presented in these bills and proposals. In order to determine just how effective any of the proposed reforms will be, however, it is necessary to analyze the legislative language of the proposals. This is a case where reality lies in the details.

We urge the Committee to combine the best provisions from these various proposals, to supplement them with additional reforms, and to send the Senate a strong, comprehensive and effective package of reforms for consideration and passage.

There are two bottom line issues here that must be effectively addressed to deal with the lobbying scandals: first, the multiple ways in which lobbyists and lobbying groups use money to curry favor and gain influence in Congress, and second, the absence of any effective enforcement of the laws and ethics rules that cover Members.

Democracy 21 has joined with six other reform groups to set forth six benchmarks for lobbying reform which we are supporting and working to enact. I would like to submit our benchmark reforms for the record.

#### **Lobbyists and Money**

The multiple ways in which lobbyists currently use money to curry favor and gain influence with Members include:

- Making campaign contributions to Members and their leadership PACs;
- Hosting fundraisers for Members and their leadership PACs;
- Raising and bundling contributions for Members and their leadership PACs;
- Arranging trips for Members, paid for by their clients or employers;
- Arranging company planes for Members at greatly subsidized fares;
- Paying for parties for Members, such as parties at the national conventions;
- Paying for meals and tickets to sporting and entertainment events for Members;

- Making contributions to foundations established or controlled by Members;
- Financing retreats and conferences held by Members.

In many of these cases, no public disclosure is required for these various uses of money by lobbyists. For example, a lobbyist can contribute up to \$2,100 per election to a Member, which is required to be disclosed by campaign finance laws. Yet the same lobbyist can host a fundraiser or solicit funds for a Member that results in \$25,000 or \$50,000, or more, being provided to the Member through the fundraising efforts of the lobbyist, and there is no public disclosure required of these large sums provided by the lobbyist to the Member.

Washington lobbyist Jack Abramoff provided large amounts of campaign contributions for Members by arranging for his clients to contribute the funds.

In fact, Jack Abramoff used money on Capitol Hill in every way he could think of to pursue his lobbying agenda. Abramoff gave campaign contributions, arranged contributions to be made by his clients, arranged trips, including golfing adventures, provided free meals, provided skybox tickets to sporting events, and the like.

These kinds of uses of money, however, were not unique to Abramoff; they are common tools of the Washington lobbying trade.

The nexus between lobbyists, money and lawmakers has to be broken.

It is important to recognize in this regard that lobbyists providing money to help Members have a unique attribute that is not possessed by other individuals: lobbyists are in the business of influencing congressional decisions. This is what they do for a living.

In these circumstances, money provided by lobbyists to Members in the various ways set forth above must be presumed to be money intended to help influence the decisions of Members, and must be subject to appropriate controls to protect the integrity of congressional decisions.

To break the lobbyist money nexus, Democracy 21 has joined with other reform groups in recommending the following reforms:

First, campaign contributions from lobbyists and lobbying firm PACs to federal candidates should be capped at \$200 per candidate per election. Contributions to national parties and leadership PACs should be capped at \$500 per election cycle.

Second, lobbyists and lobbying firms should be prohibited from soliciting, arranging or delivering campaign contributions, and also from serving as officials on candidate campaign committees and leadership PACs.

Third, lobbyists, lobbying firms and lobbying organizations should be prohibited from paying for, or arranging payments for, events “honoring” members of Congress, such as parties at national conventions, from contributing or arranging contributions to entities established or controlled by members of Congress, such as foundations, and from financing Members’ conferences, retreats and the like.

At a minimum, public disclosure must be required by lobbyists for any of these uses of money that Congress does not act to prohibit.

In addition, gifts and privately financed and subsidized travel for Members should be banned as discussed below.

#### **Oversight and Enforcement**

The bodies responsible for overseeing and enforcing the laws and ethics rules that apply to members of Congress are abject failures. We have been functioning without a “sheriff” or “judge” for Congress and that leads to a “wild west,” “anything goes” attitude and approach, and ends up in corruption scandals like the Abramoff affair.

The Federal Election Commission (FEC), for example, which is responsible for enforcing the campaign finance laws, is a failed and captive agency. FEC Commissioners see their job as representing the interests of incumbent officeholders and party officials, often at the great expense of the interests of the American people.

It is the FEC, for example, that created the soft money system, which turned into a \$500 million national scandal, and that has refused to properly enforce the campaign finance laws as they apply to 527 groups.

The Commission has been severely rebuked and admonished by the courts for wrongly interpreting the campaign finance laws passed by Congress. Nevertheless, the FEC goes merrily on its way continuing to ignore Congress and to ignore the courts, functioning as a “super-legislature disregarding congressional intent,” in the words of federal district court Judge Kollar-Kotelly.

As *The Washington Post* stated in an editorial (July 11, 2003), the FEC “is an agency that was designed to fail, and at that task, at least, it has succeeded brilliantly.”

The *Post* also stated in an editorial (August 4, 2005), "Assigned by Congress to write regulations implementing the McCain-Feingold campaign finance law, the [FEC] has instead spent the past few years writing and defending rules that would undermine it."

The *New York Times* said in an editorial (September 21, 2004) that the FEC is "a blight on American politics that must be scrapped and replaced with nonpartisan regulators who have the interests of voters, not politicians, at heart."

Similar editorials have run in newspapers throughout the country, such as *The Boston Globe*, *Newsday*, *The Philadelphia Inquirer*, *The Kansas City Star* and the *Los Angeles Times*.

The FEC is an agency with no public credibility today and must be replaced with a real campaign finance enforcement body. Legislation was introduced in the last Congress by Senators McCain and Feingold, and Representatives Shays and Meehan to accomplish this goal by creating a new body to enforce the campaign finance laws.

The congressional Ethics Committees have neither the resources to properly oversee the financial disclosure and travel reports currently filed by Members nor the inclination to pursue serious allegations of ethics violations by Members.

As a result, despite all of the stories about Jack Abramoff's improper conduct on Capitol Hill involving Members and congressional staff, there is no indication that either the House or Senate Ethics Committee has conducted any investigation of these matters.

Previous major congressional scandals, including the Koreagate and ABSCAM scandals in the House in the late 1970s and the Keating Five affair in the Senate in the late 1980s, all involved major congressional ethics investigations. In the Abramoff affair, however, which could turn out to be the biggest congressional scandal in modern times, the ethics committees apparently have done nothing to investigate the matter.

The performance of the House Ethics Committee, in particular, is its own scandal. During the entire year of 1995, the House Ethics Committee has not even been functional. This failure of the Committee to be able to operate for an entire year is unprecedented and demonstrates a complete breakdown of the process in the House for overseeing and enforcing House ethics rules.

It is essential for Congress to establish a new means for overseeing and enforcing congressional ethics rules if new, and old, rules are going to be effective in the future.

We urge this Committee to support the establishment of an independent, nonpartisan and professional Office of Public Integrity in Congress to oversee and help enforce ethics rules and lobbying laws, just as we have a Public Integrity Section in the Justice Department to enforce the criminal laws dealing with public corruption.

The Office should be responsible for many of the tasks currently assigned to the congressional ethics committees, the Clerk of the House and the Secretary of the Senate. This should include investigating non-frivolous allegations of ethics violations by Members, and presenting appropriate cases to the House and Senate Ethics Committees, while still leaving the Committees to make final decisions about whether congressional ethics rules have been violated and to recommend sanctions for violations.

It is also critical that the Office be provided with adequate funds to effectively carry out these responsibilities.

The Office's jurisdiction should cover both the House and Senate and should have a professional, nonpartisan staff led by a publicly credible, professionally experienced individual chosen by the Republican and Democratic leaders in Congress. The Office should:

- Monitor and oversee financial disclosure and other reports filed by Members and lobbying reports filed by lobbyists and lobbying organizations;
- Advise Members, staff and lobbyists on compliance with the rules;
- Conduct investigations of non-frivolous allegations of ethics violations, including complaints filed by Members and by outside individuals and groups;
- Present cases involving potential ethics violations to the House and Senate Ethics Committees for their decisions and, where appropriate, make recommendations to the full House and Senate for sanctions; and
- Refer potential lobbying law violations to the Justice Department for civil enforcement.

Members of Congress take the position that under the Constitution they have the sole responsibility for the rules governing Congress, including the congressional ethics rules. If that is the case, then Congress must start doing the job of enforcing its ethics rules. In failing to carry out this responsibility, members of Congress have failed the American people and seriously damaged the institution in which they serve.

**Ban Private Interests from Financing Members' Trips**

Current congressional ethics rules prohibit lobbyists from paying for trips by Members but allow the lobbyists' clients or employers, and anyone else, to pay for the trips, if the trips are in connection with "official business." Lobbyists are permitted to arrange trips and travel with Members on the trips.

Published reports have shown that such trips are all too often more vacation and recreational in nature than "official business" trips, and are paid for by corporations, trade associations, and others with matters pending in Congress. Reports also show that the disclosure requirements for such trips have been ignored or evaded by some Members.

Congress should ban private interests from financing travel for Members and congressional staff and should apply this ban to federal judges and executive branch officials as well. Trips for "official business" should be paid for with public funds.

Any such ban, furthermore, also must end the current practice of corporations making their corporate planes available to Members to travel, and greatly subsidizing the cost of these trips by charging Members only the cost of a first class air fare rather than the cost of a chartered plane.

This practice is widely used by Members and provides them with privately subsidized travel, often worth thousands of dollars per trip, and with corporate planes available at their convenience. In return, company lobbyists can and do accompany Members on the flights and have them as a captive audience for the flights' duration.

Members should be required by both congressional ethics rules and campaign finance laws to pay the cost of a charter plane in these circumstances. This would virtually end this practice.

Another issue that has been raised and has caused some confusion involves the use by Members and congressional party campaign committees of their campaign funds to pay for trips associated with fundraising events.

Expenditures for trips have been made by Members from their campaign committee funds in holding fundraising events at ski resorts and the like, and by congressional party campaign committees in holding fundraising events at resorts and major sporting events.

This issue would be addressed, in part, by preventing Members from paying first class fares rather than charter fares for planes provided by corporations and others to travel to these “fundraising events.”

In addition, detailed campaign finance disclosures should be required from Members and party campaign committees regarding the campaign funds they spend in association with fundraising events. The disclosures should include the location of each fundraiser, the amounts raised and the identity of contributors attending the event, and the costs of the event, including travel costs, lodging costs, the costs for entertainment activities and tickets to sporting events, and the like.

The issues involved here also raise larger questions about campaign finance practices and the need for fundamental reform. They do not, however, undermine the importance, value and great impact of banning the private financing and subsidizing of Members’ travel.

#### **Banning Gifts**

Current congressional ethics rules limit gifts from a single giver to no more than \$50 per individual gift, and an aggregate of \$100 per year. This includes such items as meals and tickets to sporting and entertainment events. There is no disclosure of these gifts, however, leaving room for widespread evasion to occur.

There are proposals for banning gifts or limiting gifts to token amounts. Any new gift restriction must close the loophole in the current gift rules that allows lobbyists, their clients and others to finance parties given to “honor” specific members of Congress, such as the lavish five-and six-figure parties thrown at the national party conventions.

Without closing this gift loophole, we will end up prohibiting a lobbyist from paying \$25 for a Member’s lunch while allowing the same lobbyist to pay \$25,000, or more, to finance a party that, in essence, is being given by the Member.

In addition, in the event that any gifts are allowed, the scam must be shut down whereby skybox and luxury tickets to sporting and entertainment events are grossly undervalued in order to “comply” with the current \$50 gift limit.

#### **Slow the revolving door.**

There are currently hundreds of former members of Congress who stayed in Washington to pursue lobbying careers and are registered lobbyists.

The current revolving door provisions prohibit members of Congress from directly lobbying Congress for one year after they leave their jobs. The provisions allow Members, however, to engage in all other lobbying activities, including planning and directing lobbying campaigns, and participating in lobbying strategy sessions.

These provisions need to be strengthened.

Members should be prohibited from directly lobbying their former congressional colleagues for compensation for two years, and the prohibition should include all lobbying activities, not just direct lobbying contacts.

In addition, former Members who register as lobbyists should not receive special congressional privileges, such as access to the House and Senate chambers..

Senior congressional staff, currently subject to a one year restriction, should be prohibited from making lobbying contacts for compensation with their former offices or committees for two years after leaving their positions.

**Place sunshine on lobbying activities and financial disclosure reports.**

In recent years, the role of “Astro Turf” lobbying firms has grown enormously. These firms generate lobbying of Congress by the public through the use of paid advertising campaigns and computerized phone banking campaigns.

Grassroots lobbying may well account for as much, if not more, of the funds spent to lobby Congress, as direct lobbying expenditures. There is simply no way to know, however, because no disclosure is currently required of the various grassroots lobbying campaigns that are conducted.

Professional grassroots lobbying firms should be required under lobbying laws to disclose their clients, the amounts they are receiving and spending on these activities, the issues they work on for their clients and the amount being spent on paid advertising campaigns. These firms are often doing just as much, or more, to influence congressional decisions as direct lobbying firms, without making the same kind of public disclosures that are required from direct lobbying firms.

In addition, lobbying reports and reports filed by Members should be filed in an electronic format and made fully searchable on the Internet. Lobbying reports, which are now filed semi-annually, should be required on a quarterly basis, and should include a list

of the Members' offices and the congressional committees that were directly lobbied during the quarter.

Also, reports filed by lobbying coalitions should disclose the real financial backers of the coalition, not just the name of the front group which gives the public no real information of which interests stand behind stealth lobbying coalitions.

**Conclusion**

An unusual opportunity exists today to enact important, effective reforms to change the way lobbyists function in Congress. These opportunities do not come along often and it is critical to seize the moment. Citizens want strong, comprehensive and effective reforms and will not accept cosmetic changes designed to maintain the status quo in Washington.

I appreciate the opportunity to submit this testimony and would be happy to answer any questions members of the Committee may have.

January 23, 2006

## Six Benchmarks for Lobbying Reform

During the coming months, the House and Senate will consider reforms to respond to the lobbying scandals in Washington that deeply concern the American people.

A *CNN/USA Today/Gallup* poll (January 10, 2006), for example, found that “corruption ranked among the concerns most often cited by those polled, with 43 percent telling pollsters it would be an ‘extremely important’ issue in 2006,” just two percent below the 45 percent response for the war in Iraq and terrorism.

Our organizations are releasing today six benchmark lobbying reforms that should be used to judge the proposals being considered by Congress in the next few months. The organizations include the Campaign Legal Center, Common Cause, Democracy 21, the League of Women Voters, Public Campaign, Public Citizen and U.S. PIRG. We will work to enact these important reforms.

While we are focusing primarily on lobbying reforms today, we want to make clear that campaign contributions are at the heart of the lobbying and corruption scandals now engulfing Congress. In addition to the immediate battle for lobbying reforms, it is essential in the end to achieve fundamental campaign finance reforms, most importantly public financing of elections, if we are to restore the integrity and health of our democracy.

Our organizations will work to fix the presidential public financing system in time for the 2008 presidential election and to extend public financing to congressional races. We will also work for other essential campaign finance reforms, including replacing the Federal Election Commission with a real campaign finance enforcement agency, closing the loophole for 527 groups and abolishing leadership PACs. We also recognize that structural reforms of Congress must be enacted to address the lobbying scandals, including reforms to address the misuse of “earmarks,” and that other procedural reforms are necessary to ensure a fair and democratic legislative process.

In terms of lobbying reform, we are proposing six essential benchmark reforms. They include proposals that have overwhelming public support. A *Washington Post/ABC News* poll (January 10, 2006), for example, reported that *ninety percent* of the American people believe that it should be illegal for lobbyists to give members of Congress gifts, trips or other things of value. *Two-thirds* of the American people, according to the poll, believe it should be illegal for lobbyists to make contributions to Members and other federal candidates. Our organizations support the following benchmark reforms.

### 1. Break the nexus between lobbyists, money and lawmakers.

Cap contributions from lobbyists and lobbying firm PACs to federal candidates at \$200 per election and to national parties and leadership PACs at \$500 per election cycle.

Prohibit lobbyists and lobbying firms from soliciting, arranging or delivering contributions and from serving as officials on candidate campaign committees and leadership PACs.

Prohibit lobbyists, lobbying firms and lobbying organizations from paying or arranging payments for events “honoring” members of Congress and political parties, such as parties at national conventions, and from contributing or arranging contributions to entities established or controlled by members of Congress, such as foundations.

**2. Prevent private interests from financing trips and from subsidizing travel for members of Congress and staff, and executive branch officials and federal judges.**

Corporations and others should be prohibited from making privately-owned planes available for Members to travel at the cost of a first class air ticket rather than the cost of a chartered plane.

**3. Ban gifts to members of Congress and staff.**

The gift ban should close the existing loophole in the gift rules that allow lobbyists and others to pay for parties held to “honor” or “recognize” specific Members, such as the lavish parties held at the national party conventions.

**4. Oversee and enforce ethics rules and lobbying laws through an independent congressional Office of Public Integrity and increase penalties for violations.**

Establish an independent Office of Public Integrity in Congress and provide sufficient resources for the Office to effectively carry out its responsibilities.

The Office should monitor and oversee financial disclosure and lobbying reports; advise Members, staff and lobbyists on compliance with the rules; conduct investigations of non-frivolous allegations of ethics violations, including complaints filed by Members and outside individuals and groups; present cases involving potential ethics violations to the congressional Ethics Committees for consideration and action; and refer potential lobbying law violations to the Justice Department for civil enforcement.

**5. Slow the revolving door.**

Prohibit members of Congress and senior executive branch officials from making lobbying contacts or conducting lobbying activities for compensation in either branch for two years after leaving their positions.

Prohibit senior congressional staff from making lobbying contacts for compensation with their former offices or committees for two years after leaving their positions.

**6. Place sunshine on lobbying activities and financial disclosure reports.**

Require lobbying reports and Members’ financial disclosure reports to be filed in an electronic format and made fully searchable on the Internet; lobbying reports to be filed on a quarterly basis; lobbyists and lobbying firms to disclose grassroots lobbying activities; lobbyists to file a list of the Members’ offices and congressional committees they lobbied during the quarter; and reports to be filed disclosing the financial backers of stealth lobbying coalitions.



Democracy 21

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January 26, 2006

Dear Senator:

Attached for your information is a fact sheet on a proposal by Democracy 21 for the creation of an Office of Public Integrity in Congress.

According to the fact sheet, "An independent, nonpartisan and professional Office of Public Integrity in Congress should be created to oversee and help enforce ethics rules and lobbying laws . . . ."

The fact sheet states, "The Office should be responsible for many of the tasks currently assigned to the congressional Ethics Committees, the Clerk of the House and the Secretary of the Senate."

The fact sheet continues, "This should include investigating non-frivolous allegations of ethics violations by Members, and presenting appropriate cases, and evidence, of potential ethics violations to the House and Senate Ethics Committees, while still leaving the Committees to decide whether ethics rules have been violated and what, if any, sanctions should be imposed by the Committees or recommended to the full House or Senate."

According to the Democracy 21 fact sheet "It is critical that the Office be provided with adequate funds to effectively carry out these responsibilities."

Sincerely,

A handwritten signature in black ink, appearing to read "Fred Wertheimer". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Fred Wertheimer

### **Fact Sheet on Democracy 21 Proposal for an Office of Public Integrity in Congress**

It is essential to establish a new means for overseeing and enforcing congressional ethics rules if these rules are going to be effective in the future.

An independent, nonpartisan and professional Office of Public Integrity in Congress should be created to oversee and help enforce ethics rules and lobbying laws, just as we have a Public Integrity Section in the Justice Department to enforce the criminal laws dealing with public corruption.

The Office should be responsible for many of the tasks currently assigned to the congressional Ethics Committees, the Clerk of the House and the Secretary of the Senate.

This should include investigating non-frivolous allegations of ethics violations by Members, and presenting appropriate cases, and evidence, of potential ethics violations to the House and Senate Ethics Committees, while still leaving the Committees to decide whether ethics rules have been violated and what, if any, sanctions should be imposed by the Committees or recommended to the full House or Senate.

It is critical that the Office be provided with adequate funds to effectively carry out these responsibilities.

The Office's jurisdiction should cover both the House and Senate and should have a professional, nonpartisan staff led by a publicly credible, professionally experienced individual jointly chosen by the Republican and Democratic leaders in Congress. The Office should:

- Monitor and oversee financial disclosure and other reports filed by Members and lobbying reports filed by lobbyists and lobbying organizations;
- Advise Members, congressional staff and lobbyists on compliance with the ethics and lobbying rules;
- Conduct investigations of non-frivolous allegations of ethics violations, including complaints filed by Members and by outside individuals and groups;
- Present appropriate cases, and evidence, of potential ethics violations to the House and Senate Ethics Committees for the Committees to decide whether violations have occurred and what, if any, sanctions should be imposed by the Committees or recommended to the full House or Senate; and
- Refer potential lobbying law violations to the Justice Department for civil enforcement.



**Testimony of**

**Paul A. Miller**  
**President of the American League of Lobbyists**

**Before the**

**United States Senate**  
**Committee on Homeland Security and Governmental Affairs**

**Lobbying Reform: Proposals and Issues**

**Wednesday, January 25, 2006**

Madam Chairman and members of the Committee, my name is Paul Miller and I serve as the President of the American League of Lobbyists (ALL). I also am a founding partner in the firm Miller/Wenhold Capitol Strategies, LLC. I am pleased to appear in response to your invitation to comment on the current proposals before Congress dealing with lobbying reform.

As this Committee knows, lobbying Congress is not only a completely legitimate part of our democratic process. It is also essential to its effectiveness.

Lobbying is a fundamental right guaranteed by our Constitution, and professional lobbyists such as ALL's members perform a critically important role in helping citizens communicate factual information and in advocating their interests and concerns to public officials.

Regrettably, a widespread misperception exists today about what lobbying involves and what lobbyists do. This misperception is not new, but it has been elevated to an extraordinary level as a result of the activities of Mr. Abramoff and his associates.

Those activities not only strike at the heart of our democracy. They also have damaged severely the vast majority of lobbying professionals who perform their role in our democracy in an ethical and totally legitimate way.

Members of our profession are as disgusted and appalled by what Mr. Abramoff has done as you are. But we should not allow the actions of a few unscrupulous operatives to paint our entire profession as "crooks" or unscrupulous scoundrels who will stop at nothing to have their way with members of Congress.

This is far from the truth and I hope today's hearing will demonstrate that.

The past three weeks have not been easy on anyone. We have seen real and very understandable outrage on the part of the public. They, and we, have been horrified by what they perceive as a profound corruption of their government.

Madam Chairman, I understand and sympathize with that view, but it is not an accurate one.

Our government is not "corrupt." Lobbyists are not "bribing" people; and members of Congress are not being "bought" for campaign contributions.

One man broke the law by lying, cheating, and stealing from his clients. Unfortunately, he was a lobbyist.

I want to assure this committee and the American people that Mr. Abramoff is not the norm in our profession. He is truly the exception.

Like any profession, we have bad apples and no matter what rules we put in place, there will always be those who choose to break them. This is no different from the legal profession, accounting, journalism, medicine or any other profession.

Unfortunately, we often find our bad apples on the front page of every newspaper, because frankly, scandal sells.

Three years ago, I was fortunate enough to be asked to speak at Career Day at my nephew's school back in Wisconsin. Like every proud uncle, I was flattered to have been asked, but I was unsure about just how to explain what I do to a group of kids who ranged from second- through eighth- graders.

I began by asking *them* a question: "Does anyone know what a lobbyist is?"

A couple of students raised their hands and one in particular caught my eye. This was a young second-grader who was climbing out of her seat to be called upon.

She knew exactly what a lobbyist does and when I called on her, she didn't hesitate: "You're the guy who carries my bags at the hotel!"

I tell you this story because regardless of age, I don't think the perception this little girl had of a lobbyist is that far off from how the rest of the country sees us. I would venture to guess that if you were to choose 100 people at random from across the country and ask them the same question, you would get a broad array of equally imaginative answers.

Ironically, perhaps, all of us have lobbied someone for something during our lifetimes; we just don't consider it lobbying.

A child lobbies for a higher allowance or for extending his or her curfew. Adults lobby when they sign a petition in support of a cause or in protest against it. When we do something like that, however, we may not think of it in terms of lobbying. But lobbying it is.

The overwhelming majority of lobbyists are not sinister, corrupt individuals. That is just a stereotype that has emerged from the intense media coverage of the Abramoff scandal. And if we are to overcome that stereotype, we need to break down what a lobbyist is and does in the simplest of terms, so that everyone all across the country understands.

Lobbyists represent the interests of every American, from the small rural towns to the big cities. If you were ever a member of the Girl Scouts ...if you ever used a library ... if you ever rode a snowmobile ... if you ever played on a sports team ... if you own a gun or if you think ordinary people should not be allowed to own guns ... if you're pro-life or pro-choice ... if you're 65 or older ... if you work in a steel mill or own a steel mill.

If you have done any of these activities, if you share any of these characteristics, you have been represented at some time or another by a lobbyist. And that lobbyist was ethical, professional and fulfilling a vital role in our democracy.

Virtually everyone in our democracy, whether they are aware of it or not, has had a lobbyist working on their behalf at one time or another, in a way that is quite legitimate and that enjoys the protection of our Constitution. You could say that lobbying, when it is practiced ethically, is as American as "Mom and apple pie" to this country.

In Washington you will often hear about "special interests." Typically, the phrase is used in a negative way and the person using it more often than not is talking about a group of people he or she disagrees with.

But a special interest in reality is nothing more than a group of people with a clearly defined point of view who have come together to petition their government in a way that has been sanctioned by the Constitution from the earliest days of our country.

Our Founding Fathers recognized a legitimate role for the people's participation in our legislative process by conferring a First Amendment right on citizens to petition the government for redress of grievances. Citizens caught up in the demands of day-to-day living delegate these "petition" duties to professionals and those professionals are known as lobbyists.

History has proven that legislators need lobbyists.

It's not for the so-called "special interest money." It's for the research and other resources they bring to the table.

Over 4,000 bills have been introduced in the 108th Congress. That makes it simply impossible for any member or his or her staff to know all the nuances of every bill introduced. This is why the role of a lobbyist is so critical.

With so many pieces of legislation and so many different interpretations of any legislative proposal, lobbyists on all sides play a key role by helping members and their staffs weed through it all. The information that lobbyists provide on particular legislation, both for and against, is critical if members are to be able to cast their votes in the best interest of their constituents and the country.

Lobbying is a legitimate and necessary part of our democratic political process. Government decisions affect both people and organizations, and information must be provided in order to produce informed decisions. Public officials cannot make fair and informed decisions without considering information from a broad range of interested parties. All sides of an issue must be explored in order to produce equitable government policies. In a nutshell, this is a vital role we play.

Effective lobbying is NOT about access or money. It's about forthright, ethical communications on issues that impact the livelihood of legitimate businesses and constituents back home. Its principal elements include research and analysis on legislation or regulatory proposals; monitoring and reporting on developments; attending congressional or regulatory hearings; working with coalitions interested in the same issues; and educating not only government officials but also employees and corporate officers on the implications of various changes.

What most lay people view as lobbying—the actual communication with government officials—represents the smallest portion of a lobbyist's time. A far greater proportion is devoted to those other activities of preparation, information and communication.

Those activities, Madam Chairman, are essential to the fabric of our democracy. And when they are abused and corrupted, we all suffer.

But before any new lobbying reforms are enacted, we would urge Congress to not allow the egregious actions of a few to provoke a knee-jerk reaction that may result in more damage to the system.

We would ask you to work with groups like ALL on any and all reforms to prevent this type of behavior in the future. Our members are harmed by abuse of the lobbying privilege just as much as Congress and the American people in general. We believe that if we are going to get it right, we all need to work together. We owe that to the people who sent us here.

It is our view that any new reforms will have to include four key elements if they are to be effective. They are:

- 1) Enforcement;
- 2) Current Rules and Regulations;
- 3) Education and Training; and
- 4) the Constitution.

The first step has to be a comprehensive review of the current rules to see what if any of these rules aren't working.

Right now, I don't think we can say with certainty that the current system is broken.

We can't know if the current rules work or not because we don't have an enforcement mechanism in place to gauge this.

No matter how well intentioned a reform effort may be, it will be meaningless to the American people if we first don't begin by talking about enforcement of the current rules. Otherwise, without that critical first step, we risk finding ourselves back here again next year, facing a similar scandal and with the public even more outraged. And they will have every right to feel that way!

If we can solve the enforcement issue, we then have to discuss the current rules and regulations.

We are here today because one lobbyist and a PR consultant broke the law. This is not a widespread scandal that has lots of lobbyists caught up in breaking the law. It's one lobbyist. I think this is important to keep in mind as we debate the need for reform.

Absent an effective enforcement mechanism, we really don't know if the current rules are truly as inadequate as some critics have suggested. Before we create new ones, therefore, we would urge Congress to undertake a detailed review of what's currently in place, to see how effective those rules and regulations would be with enforcement.

In terms of rules and regulations, I should mention the American League of Lobbyists' own Code of Ethics. This document, which I have attached as part of my testimony, is a source of great pride for ALL members. It is a voluntary code but one that our members respect and live up to and value for the way it so clearly defines the boundaries of appropriate lobbying.

It is a Code that makes our profession stronger and better. And for the record, Mr. Abramoff is not and never was a member of ours.

In terms of education and training for the profession, ALL has been working for the past 19 months in partnership with George Mason University's New Century College on an ambitious new lobbying certification program. It can no longer be acceptable just to fill out the right forms and submit them on time in order to call yourself a lobbyist.

We have to do better and we will do better. We need standards to guide our profession and the work we do. We believe our new Lobbying Certification Program will begin to set that standard. In addition, our Lobbyist Toolkit, which I have brought with me, provides all lobbyists with valuable information on staying compliant in an ever changing profession.

This training, however, cannot just be for lobbyists. We need to provide regular training for congressional staff as well. If people don't know the current rules and aren't able or willing to keep up with new rules, that becomes a problem that affects us all.

We need to change attitudes throughout the entire legislative structure by making this education and training available to everyone.

Finally, if Congress believes reforms are necessary, we need to make sure that these reforms do not limit or impair anyone from exercising their guaranteed Constitutional rights of petitioning their government, even if that means using a lobbyist to do so. This is so important.

Our Founding Fathers believed that the right to petition government was critical to an open democracy. That is just as vital in today's environment as it was over 200 years ago. If reforms are needed, I believe we can get to those reforms without limiting a person's right to petition their government. We hope Congress will agree.

Because of what's a stake here, we should not be in a hurry to implement new reforms. We should take as much time as is needed to ensure that any reforms are done right. I think the American people will understand and be better served if we all work together to get this right the first time.

We are not here because we are looking to create loopholes in any reforms Congress proposes. It's quite the opposite. We want to ensure that any new reforms achieve their stated objectives without creating any unintended consequences. Our organization was in the forefront of lobbying reform prior to the 1995 LDA and we are prepared and willing to serve as a resource again.

Madam Chairman, we welcome the opportunity to work with you and your colleagues on this issue. We look forward to a process by which we will be able to submit the current LDA to a thoughtful and rigorous review and find ways to make it more effective. And we are confident that working together, we will restore our people's faith in government and in the legislative process. We owe them no less.

I want to thank you for the opportunity today and am happy to answer any questions at this time.

Attachment 1

Lobbying Reform Principles  
Adopted August 2005 by the American League of Lobbyists

If Congress is going to draft meaningful reform that provides the transparency and openness the public wants, we believe it must take into consideration the following:

- ALL supports more sunshine in the legislative and political processes, but urges Congress to take a careful and thorough look at these issues before acting on pending legislation.
- ALL believes many of the issues Congress is currently seeking to address through legislation can be resolved more effectively by means of simple rule changes within each Chamber.
- Before imposing new regulations on the lobbying profession, ALL asks that Congress work with the profession to identify where change is needed and determine the most appropriate means to effect such change. ALL urges Congress to take into consideration the following principles.
- Review and Enforcement
  - I. The American League of Lobbyists supports a review and enforcement of the current Lobbying Disclosure Act by Congress.
  - II. Before Congress imposes a new set of regulations with potential loopholes, ALL hope urges Congress to carefully review the current LDA to determine if and where problems may exist.
  - III. If the current LDA is not being enforced, adding additional penalties and rules without proper enforcement will not have any real effect.
- Uniform Electronic Filing System
  - I. In an era of more openness, the American League of Lobbyists supports more transparency and urges both the House and Senate to create a uniform filing system that will make more transparency possible.
  - II. Under the current electronic filing system, lobbyists must file two distinctly different LDA forms. By creating a single uniform filing system Congress will put an end to the most serious criticism levied against Congress and lobbyists – lack of transparency. A uniform system of filing would give the public access to all registered lobbyist filings in real time, which is not available under the current system. A uniform system of filing should not mean more frequent filings. Rather, it should mean greater real time access to the current semi-annual filings.

- iii. The only way true transparency can be achieved is through a uniform system in the House and Senate for reporting semi-annual lobbying disclosure forms.
- Full Online Disclosure
    - i. The American League of Lobbyists supports full online disclosure of lobbying reports.
    - ii. The general public has come to believe that politicians and lobbyists deliberately seek to operate in a furtive and largely covert manner. This perception, whether right or wrong, has contributed in large measure to the antipathy and distrust that exists towards our system of government and those in the lobbying profession. In an effort to try and change this perception, ALL supports full online access to all lobbying disclosure forms.
    - iii. ALL supports the idea of making available to the general public all current lobbying disclosure forms. By doing so, we believe the public will have a better understanding of the role of the lobbying profession in our system of government and the value it brings to lawmakers and the overall legislative process.
  - Rules and Regulations Should Apply to All
    - i. The American League of Lobbyists supports the requirement that all those involved in advocacy-related activities be held to the same standard.
    - ii. To achieve more transparency, regulations must be applied across the board to all those involved in advocacy activities of any kind that relates to the federal legislative and political processes.
    - iii. Current loopholes that exempt various groups from filing lobbying disclosure forms should be closed. The current system allows church groups, state and local governments, and public relations professionals to avoid disclosure under the LDA, even though their activities may be identical to professional lobbyists. It is inappropriate for different individuals or organizations to be held to different standards.
    - iv. All those involved in advocacy activities should be required to comply with the standards set by the LDA. If the goal is to give the public a genuine, comprehensive understanding of how our processes work, then they need access to information on *all* advocacy activities, not only those performed by professional lobbyists.

- Review and Enforcement
  - I. To help identify lobbyists on Capitol Hill, we urge Congress to consider requiring registered lobbyists to obtain lobbying identification cards, similar to the ones utilized by Capitol Hill staff. This expense could be paid for by lobbyists.
  - II. Lobbyists would be required to display or carry their identification card when making lobbying visits.
  - III. This new identification card will also help identify non registered lobbyists. A member and/or their staff could simply request to see the lobbyists card prior to each meeting. If a "lobbyist" doesn't have a card, means they are not registered and staff or members can and should decline to meet with them.
- Registered Lobbyist Database
  - I. To help track who is lobbying and how many registered lobbyists there are in Washington, we need an accurate database that tracks registered lobbyists; updates changes in marital status, retirements and deaths, something the system doesn't currently track; and makes this information available to the public in real time
- Code of Ethics
  - I. The American League of Lobbyists continues to support and advocate a code of ethics for our profession.
  - II. ALL first promulgated a code of ethics in 1987, long before the current debate on lobbying ethics. This code affirms our commitment to the highest professional standards and makes a strong statement about the importance we assign to ethical practices in advocacy.
  - III. It is our hope that Congress will carefully review the ALL code of ethics and use it as a model for others. If the objective behind the debate on the current LDA is to create greater transparency, broad adoption of the ALL code of ethics would represent major progress towards achieving that objective.
  - IV. ALL will continue its efforts to make its code of ethics the standard for all lobbyists.

Attachment 2

ALL Code of Ethics  
Approved by the ALL Board February 28, 2000

The ALL Code of Ethics is utilized as a model by various organizations and serves to strengthen our image and enhance our role as a vital and respected link in the democratic process.

Lobbying is an integral part of our nation's democratic process and is a constitutionally guaranteed right. Government officials are continuously making public policy decisions that affect the vital interests of individuals, corporations, labor organizations, religious groups, charitable institutions and other entities. Public officials need to receive factual information from affected interests and to know such parties' views in order to make informed policy judgments. In exercising their rights to try to influence public policy, interests often choose to employ professional representatives to monitor developments and advocate their positions, or to use lobbyists through their membership in trade associations and other membership organizations. Tens of thousands of men and women now are professional lobbyists and represent virtually every type of interest. With over 4,000 pieces of legislation introduced in the last Congress, members and staff must rely on input from a variety of experts on those issues.

To help preserve and advance public trust and confidence in our democratic institutions and the public policy advocacy process, professional lobbyists have a strong obligation to act always in the highest ethical and moral manner in their dealings with all parties. Lobbyists also have a duty to advance public understanding of the lobbying profession. The American League of Lobbyists, accordingly, has adopted the following "Code of Lobbying Ethics" to provide basic guidelines and standards for lobbyists' conduct. In general, this Code is intended to apply to independent lobbyists who are retained to represent third party clients' interests and to lobbyists employed on the staff of corporations, labor organizations, associations and other entities where their employer is in effect their "client." Lobbyists are strongly urged to comply with this Code and to seek always to practice the highest ethical conduct in their lobbying endeavors. Individual members of American League of Lobbyists affirm their commitment to abide by this code.

ARTICLE I - HONESTY & INTEGRITY

A lobbyist should conduct lobbying activities with honesty and integrity.

1.1. A lobbyist should be truthful in communicating with public officials and with other interested persons and should seek to provide factually correct, current and accurate information.

1.2. If a lobbyist determines that the lobbyist has provided a public official or other interested person with factually inaccurate information of a significant, relevant, and material nature, the lobbyist should promptly provide the factually accurate information to the interested person.

1.3. If a material change in factual information that the lobbyist provided previously to a public official causes the information to become inaccurate and the lobbyist knows the public official may still be relying upon the information, the lobbyist should provide accurate and updated information to the public official.

#### ARTICLE II - COMPLIANCE WITH APPLICABLE LAWS, REGULATIONS & RULES

A lobbyist should seek to comply fully with all laws, regulations and rules applicable to the lobbyist.

2.1. A lobbyist should be familiar with laws, regulations and rules applicable to the lobbying profession and should not engage in any violation of such laws, regulations and rules.

2.2. A lobbyist should not cause a public official to violate any law, regulation or rule applicable to such public official.

#### ARTICLE III - PROFESSIONALISM

A lobbyist should conduct lobbying activities in a fair and professional manner.

3.1. A lobbyist should have a basic understanding of the legislative and governmental process and such specialized knowledge as is necessary to represent clients or an employer in a competent, professional manner.

3.2. A lobbyist should maintain the lobbyist's understanding of governmental processes and specialized knowledge through appropriate methods such as continuing study, seminars and similar sessions in order to represent clients or an employer in a competent, professional manner.

3.3. A lobbyist should treat others - both allies and adversaries - with respect and civility.

#### ARTICLE IV - CONFLICTS OF INTEREST

A lobbyist should not continue or undertake representations that may create conflicts of interest without the informed consent of the client or potential client involved.

4.1. A lobbyist should avoid advocating a position on an issue if the lobbyist is also representing another client on the same issue with a conflicting position.

4.2. If a lobbyist's work for one client on an issue may have a significant adverse impact on another client's interests, the lobbyist should inform and obtain consent from the other client whose interests may be affected of this fact even if the lobbyist is not representing the other client on the same issue.

4.3. A lobbyist should disclose all potential conflicts to the client or prospective client and discuss and resolve the conflict issues promptly.

4.4. A lobbyist should inform the client if any other person is receiving a direct or indirect referral or consulting fee from the lobbyist due to or in connection with the client's work and the amount of such fee or payment.

#### ARTICLE V - DUE DILIGENCE & BEST EFFORTS

A lobbyist should vigorously and diligently advance and advocate the client's or employer's interests.

5.1. A lobbyist should devote adequate time, attention, and resources to the client's or employer's interests.

5.2. A lobbyist should exercise loyalty to the client's or employer's interests.

5.3. A lobbyist should keep the client or employer informed regarding the work that the lobbyist is undertaking and, to the extent possible, should give the client the opportunity to choose between various options and strategies.

#### ARTICLE VI - COMPENSATION AND ENGAGEMENT TERMS

An independent lobbyist who is retained by a client should have a written agreement with the client regarding the terms and conditions for the lobbyist's services, including the amount of and basis for compensation.

#### ARTICLE VII - CONFIDENTIALITY

A lobbyist should maintain appropriate confidentiality of client or employer information.

7.1. A lobbyist should not disclose confidential information without the client's or employer's informed consent.

7.2. A lobbyist should not use confidential client information against the interests of a client or employer or for any purpose not contemplated by the engagement or terms of employment.

#### ARTICLE VIII - PUBLIC EDUCATION

A lobbyist should seek to ensure better public understanding and appreciation of the nature, legitimacy and necessity of lobbying in our democratic governmental process. This includes the First Amendment right to "petition the government for redress of grievances."

#### ARTICLE IX - DUTY TO GOVERNMENTAL INSTITUTIONS

In addition to fulfilling duties and responsibilities to the client or employer, a lobbyist should exhibit proper respect for the governmental institutions before which the lobbyist represents and advocates clients' interests.

9.1. A lobbyist should not act in any manner that will undermine public confidence and trust in the democratic governmental process.

9.2. A lobbyist should not act in a manner that shows disrespect for government institutions.

Senator Nelson of Nebraska  
Statement for Government Affairs Committee Hearing, January 25, 2006

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Thank you for the opportunity to share my views with the members of this Committee.

Recent events have exacerbated what I would call a confidence crisis in Washington, putting trust in Washington at all time lows. It is appropriate that we should study and consider ideas in the area of "ethics reform".

However, I think we need to avoid a rush to change the law because somebody violated the law. Only in Washington can you get into a situation where somebody violates the law and the first reaction is to change the law. This issue runs much deeper than that. And it requires thoughtful consideration on our part.

I want to take a moment to applaud the efforts of my colleagues who have brought forth proposals to address these concerns. Many thoughtful ideas have been suggested, and I look forward to learning more about these proposals. Some of the plans that we have heard about have been developed by leaders in one party or the other. There is no question that there are good intentions behind all of these proposals.

The proposal that Senator Coleman and I are introducing is different from the other proposals in one major way: Instead of having the Senate try and judge itself by creating reforms that directly impact each one of us, the Coleman-Nelson plan would create a bipartisan independent commission to study the issue. Specifically, this commission would be tasked with recommending reforms to strengthen the ethics, disclosure and transparency requirements governing the relationship between members of Congress and lobbyists and restore public confidence in the legislative process. The Commission to Strengthen Confidence in Congress (CSCC), modeled after the 9-11 Commission, would be comprised of an equal number of Republicans and Democrats and would be tasked with producing a report containing findings, conclusions and recommendations for corrective measures on July 1, 2006, with annual reports thereafter.

By having a review of existing rules and laws, I think we will find a deliberate approach to identifying the problems and developing sound solutions that will rebuild America's trust in Washington. By making that review both bipartisan and independent, I believe we will open the doors to better communication, cooperation and thoughtful consideration of these issues.

Thank you again for the opportunity to share my thoughts on this issue. I look forward to working with Senator Coleman, this committee and my colleagues as the debate proceeds.



**Statement for the Record**

**For the**

**Senate Committee on Homeland Security  
and Governmental Affairs**

**Hearing on**

**Lobbying Regulation Overhaul**

**January 25, 2006**

For further information,  
Contact: Ridge Multop  
Federal Affairs Department  
(202) 434-3760

AARP appreciates the opportunity to present its views regarding the important issue of reforming the laws regulating lobbying activities.

AARP is a non-profit and nonpartisan membership organization with more than 36 million members throughout the country. We are the largest organization representing Americans over the age of 50 and their families, and we have more than 300,000 volunteers who are active in their communities. Our citizen volunteers provide an important source of outreach and services to many older Americans across the country. They are advocates for older Americans and are a strong voice representing people over the age of 50 in public discussions and to their elected officials in local governments, state legislatures, as well as to their Senators and Representatives here in Washington and at home.

In addition, some 3 million of our members have indicated that they are interested in participating in state and federal issues. Millions more depend on AARP for information about issues that concern them and contact their elected officials by telephone, email or letters.

As a grassroots-based organization whose primary focus is on serving our members, AARP has offices and staff in all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. In addition to our paid advocacy staff in the states, we also have an advocacy staff at the National Office in Washington that represents our members to Congress and the Executive Branch. As a strictly nonpartisan organization we do not have a political action committee and we do not endorse candidates.

Recently, the news has been full of stories about the need to reform the laws which govern lobbying. It is clear that the excesses of some paid lobbyists for special interests point to the need for a thorough examination and reform of the system. AARP strongly supports this effort to make our government more transparent to citizens, and we commend Chairman Collins and Senator Lieberman for holding this hearing.

Nothing less than the confidence of America's citizens in their government is at stake here, so we urge Congress to strive for effective reforms. We hope that legislation that is considered by the Senate will not be simply a reaction to the more egregious behavior of some lobbyists. We urge the Senate to stay focused on the long-term goal of improving the transparency of the system and eliminating the undue influence of moneyed or special interests. A business as usual approach would seriously undermine the trust of Americans in their democracy and the representatives who they elect to serve them.

Ensuring that citizens have access to their elected representatives both directly and through organizations that represent them is just as important as reforming the system to eliminate the undue influence of special or moneyed interests. Therefore, we would like to take this opportunity to offer some views on balancing these two important objectives.

AARP has long supported measures that aim to ensure the integrity of lobbying practices.

- Greater disclosure of lobbying activities and spending. Further, the information provided on lobbying should be made available electronically to facilitate public scrutiny. Few people have the opportunity to physically access the information on spending and activities by lobbyists if it is only available in hard copy in a few locations. Truly making this information public by putting it on the Internet is a crucial first step.
- There should be standards that protect against real or perceived conflicts of interest by lawmakers, their staffs, and lobbyists.
- The requirements for disclosure and limitations on gifts must be enforced by appropriate mechanisms. Those who are lobbying and those who are lobbied must be held accountable for timely and accurate reporting of spending and travel, entertainment, or gifts that are received. But the reporting requirements must be clear to prevent evasion and provide information that the public can understand.

In addition, any legislation should avoid a negative impact on true grassroots advocacy and should not discourage individual participation in the democratic process. Some of the proposals that have been introduced in Congress could have the unintended consequence of discouraging genuine citizen participation in the legislative process. We must be careful not to impede citizens' participation, which is fundamental to our democratic form of government. Our members and volunteers understand the important role that they have in the process through their calls, letters, and visits to their representatives in Congress on behalf of AARP and its members.

Every year, hundreds of our volunteers around the country attend town hall meetings or visit their Senators and Representatives to make their views known on a wide range of issues that are of concern to older Americans and their families. Senators and Representative from both parties rely on this kind of dialogue with their constituents as the best way to determine the appropriate course of action.

It is often said that the most effective lobbyists are those who provide the best information, not the most money. That's exactly what our citizen volunteers do: provide information about a wide range of issues that come before Congress. They bring the benefit of real life experience and can relate how legislation will affect them, their communities, and their children and grandchildren. Our members are our best spokespeople, whether they are sitting in a Senator's office, attending a local forum, sending an e-mail, or calling from their homes.

This volunteer representation is a textbook example of the kind of citizen action that our founding fathers had in mind when they wrote that Congress shall not prohibit the right of citizens to petition their government. Onerous or complex reporting requirements on

citizen volunteers could result in fewer people taking on what is really a duty of every citizen. That would defeat the purpose of lobbying reform because the special interests would still have access, but the voices of constituents would be fewer and softer.

Congress is right to be concerned about the growing mistrust by the American people of the political process. The problem is not that average people have too much access and influence, but that special interests appear to have purchased access that is unavailable to the typical American voter. Sensible action will bring special interest lobbying into the sunlight where it belongs while ensuring that the voices of the people you represent continue to be heard.

AARP's members look forward to participating in the public dialogue over how to reform lobbying just as they have in Social Security, Medicare, improving the security of private pensions and protecting the rights of 50+ workers.

We applaud the Committee's timely and bipartisan effort to address the issue, and stand ready to assist in making real reform a reality this year.



Written Statement of John H. Graham IV, CAE  
President and CEO, American Society of Association Executives ("ASAE")  
"Lobbying Reform: Proposals and Issues"  
Senate Committee on Homeland Security and Government Affairs  
January 25, 2006

Chairman Collins, Senator Lieberman, and Committee members, thank you for the opportunity to submit testimony for the record on the important issue of lobbying reform.

I am John Graham, president and CEO of the American Society of Association Executives ("ASAE"), a 501(c)(6) tax exempt organization founded in 1920 and representing roughly 23,000 members who staff trade, professional and philanthropic organizations in the U.S. and in 50 countries worldwide. Among the member benefits provided by ASAE to its members are education and skills training, credentialing, access to industry research, access to industry partners who supply services to associations, and advocacy on issues that impact or threaten to impact the success of the association and nonprofit community. In short, our members represent nearly every trade, profession, or philanthropic cause one might imagine.

I am very grateful for the ability to speak to you on the issue of lobbying reform, because at its heart, lobbying is a constitutional right, and an honorable and fundamental principle of American democracy. We have all read the recent headlines about abuse of existing rules governing the act of lobbying, and hence, we fully comprehend the need to reexamine these rules to ensure public accountability and trust in the political process.

Nevertheless, we ask that in its examination of various reform proposals, Congress not lose sight of the obligation to preserve legislators' access to firsthand information about the impact of legislation, regulations, and other public policy on various trades, professions and philanthropic causes across the country.

One such proposal in particular -- the proposed ban on privately funded congressional travel -- poses a serious threat to the exchange between Congress and associations that represent a profession or group of individuals. The companies or individuals who belong to associations may in many cases be on the front lines of an issue, uniquely qualified to share their perspectives on how legislation might directly impact their trade, profession or charitable cause.

Chairman Collins has astutely made the point in her public comments that the term “lobbying” today too often conjures up images of all-expense paid vacations masquerading as “fact-finding” trips. ASAE believes Congress must create a distinction between these unnecessary “fact-finding” trips to exotic locales where the agenda is more socially or recreationally driven, and educational trips to an association meeting or conference, where an association might pay for an elected official’s domestic plane or train ticket. We would contend that such conferences provide a setting outside of Washington, DC, where lawmakers can see and hear from the source how legislation impacts a particular constituency.

Approximately 97 million U.S. and 16 million international members pay dues to a U.S. trade or professional association. The primary reason they belong to associations is for education and training. Nearly all associations (94%) invest in education and training programs for their members and the principal vehicle for delivering that education and training is via meetings and conferences across the U.S. In 2004, 21 million people attended association trade shows, conventions, conferences and seminars and nearly 5 million attended committee and board meetings. These industry events are enhanced by the attendance of members of Congress or congressional staff who can share with attendees the thinking back on Capitol Hill and gather valuable feedback from those attendees that they might not otherwise obtain.

ASAE strongly believes that if congressional travel were entirely funded by taxpayers, members of Congress would be less inclined to accept an invitation to attend an association or nonprofit meeting outside of Washington, DC. This would without a doubt be a “lose-lose” outcome, and an unintended consequence of several of the lobbying reform proposals currently under debate.

ASAE suggests that a more amenable policy on congressional travel might include a pre-approval system for all trips, whereby an ethics committee or advisory office would scrutinize all incoming requests for privately funded travel by members of Congress or their staff.

I especially appreciated the statement in Sen. Santorum’s comments for this hearing urging Congress to look into the “use of self regulatory organizations.” As Sen. Santorum points out, many professions – doctors, lawyers, accountants – all have their own self-regulatory bodies. It seems reasonable that Congress might entrust a pre-approval system for discerning legitimate privately funded travel invitations to just such a body.

Lastly, I would like to say that we are thankful Congress appears to be addressing this issue through a deliberate process. With careful consideration of these various reform proposals, Congress can avoid a rush to judgment that might result in unintended consequences for the legitimate, vital dialogue between elected officials and our community of trade, professional and philanthropic organizations.

We look forward to continuing a discussion with Congress on the proposed ban on privately funded congressional travel, and ASAE stands ready to answer any questions members of Congress or their staff may have on the subject.

Please contact ASAE’s Senior Vice President for Public Policy Jim Clarke for more information at 202-626-2703 or email him at [jclarke@asaenet.org](mailto:jclarke@asaenet.org).



Buyers Up • Congress Watch • Critical Mass • Global Trade Watch • Health Research Group • Litigation Group  
Joan Claybrook, President

## Testimony of Joan Claybrook President, Public Citizen

Submitted to the Senate Homeland Security and Governmental Affairs Committee  
Hearing on Lobbying Reform: Proposals and Issues

**February 8, 2006**

Chairman Collins and Ranking Member Lieberman, I thank you for the opportunity to submit written testimony on behalf of Public Citizen and our 150,000 members on reforming the conduct and disclosure of lobbying.

In recent weeks, both parties have made grand promises about their plans to enact “comprehensive lobbying reforms” [Republicans] and “end the culture of corruption” [Democrats] in Washington.

While each party appears to have come a long way from doing little about political corruption and the appearance of corruption in Washington just a few months ago – before former super-lobbyist Jack Abramoff pleaded guilty to conspiracy to bribe officials – the reform proposals still have a long way to go. [For a comparison of the legislative proposals, see Attachment A]

Public Citizen has joined with six other civic organizations – the League of Women Voters, Common Cause, U.S. PIRG, the Campaign Legal Center, Democracy 21 and Public Campaign – in calling for six benchmark reform proposals that we deem as essential to any genuine reform legislation. [For the coalition statement on the benchmark proposals, see Attachment B] These benchmark proposals are:

- Break the nexus between lobbyists, money and lawmakers by prohibiting lobbyists from soliciting or arranging campaign contributions.
- Prohibit private interests from financing trips or subsidizing air travel for members of Congress and staff, executive branch officials and federal judges.
- Ban gifts to members of Congress and staff.
- Oversee and enforce ethics rules and lobbying laws through an independent congressional Office of Public Integrity and increase penalties for violations.
- Slow the revolving door by prohibiting former public officials from conducting lobbying activity and making lobbying contacts for two years after leaving public service.

- Place sunshine on lobbying activities by requiring disclosure of grassroots lobbying, financial backers behind stealth lobbying coalitions, and the date and subject matter of each lobbying contact with a member of Congress and senior executive branch official.

To their credit, Democratic leaders have partly kept to their word and offered legislation in both the House and the Senate that would take some important first-steps to clean up Washington. They have proposed to significantly limit privately sponsored travel and gifts, slow the revolving door through which senior federal employees leave public service to work for the private sector, improve disclosure of lobbyists' activities and create a congressional Office of Public Integrity to improve enforcement of lobbying regulations. But Democratic proposals are relatively modest, given the enormity of the problem, and will not fundamentally change the system and end what they have called "the culture of corruption."

Republican leaders, on the other hand, are tying themselves in knots over which way to go. In January, House Speaker Dennis Hastert (R-Ill.) declared that his party would offer legislation banning privately sponsored travel and gifts. But on Sunday, Feb. 5, newly elected House Majority Leader John Boehner (R-Ohio) said on "Fox News Sunday" that "[B]ringing more transparency to this relationship [with lobbyists], I think, is the best way to control it. But taking actions to ban this and ban that, when there's no appearance of a problem, there's no foundation of a problem, I think, in fact, does not serve the institution well."

I truly hope this is not the position of Senate Republican leaders or of the members of this committee.

The ultimate solution to the systemic problems that afflict Washington is to get large amounts of private, special interest money out of politics by overhauling the existing presidential public finance system and by enacting a public finance system for congressional races. That is the best way to restore the integrity and health of our democracy.

But if those goals are not achievable in this session of Congress, there are two major loopholes and three significant loopholes in the current Senate Democratic leadership lobbying reform proposal that should be closed in order to be able to declare that significant reform was achieved. (I am confining my references to the Democratic leadership proposal since Republican leaders have not yet proposed a bill.) They are described below.

#### **Loophole #1: Lobbyists' campaign contributions**

Current Democratic reform proposals would prohibit lobbyists from giving gifts to lawmakers worth \$20, but would permit lobbyists to make campaign contributions to lawmakers of \$2,100 per election, organize fundraisers that would raise \$20,000 or more and bundle together contributions from clients and colleagues for candidates that would total \$200,000 or more. This makes no sense. Here is what Congress should do:

- Cap lobbyists' campaign contributions at a low amount.

National reform groups propose limiting lobbyists' contributions to \$200 per candidate per election and \$500 to political parties per year, as opposed to the current high contribution limits of \$2,100 per candidate per election and \$26,700 to all national party committees per year. These lower amounts would allow lobbyists to make campaign contributions *with their own money* under the First Amendment, but still cap those contributions at a level sufficiently low to avoid potential issues of corruption. Remember, admitted felon and former super-lobbyist Jack Abramoff personally contributed more than \$206,000 to federal officeholders and party committees from 1999 to 2005, according to the Center for Responsive Politics.

- Prohibit lobbyists from soliciting, bundling or arranging campaign contributions for candidates and parties.

When it comes to lobbyists handling other people's money, the same constitutional considerations do not arise. And it is in the area of soliciting and arranging campaign contributions from others where lobbyists have their greatest impact on influence-peddling. Consider these examples:

Abramoff's bigger stake in providing campaign funds was the \$3.7 million in political contributions his clients, mainly Indian casinos, anted up from 1999 through 2005, according to the Center for Responsive Politics, often at Abramoff's direction.

Abramoff served as a Pioneer for the 2004 Bush campaign, bundling at least \$100,000 in campaign cash from clients and colleagues. A Public Citizen study found that he was among 72 lobbyists who bundled together \$11 million in campaign contributions for President Bush's 2004 campaign (as Pioneers, Rangers and Super Rangers) – an average of more than \$150,000 each.

Former Freddie Mac lobbyist, Mitch Delk, hosted 45 fundraising events for federal lawmakers, candidates and party committees in 2002 alone. More than half of the events featured as a special guest Rep. Michael Oxley (R-Ohio), chairman of the House Financial Services Committee, which regulates Freddie Mac. Nineteen of the events were held explicitly for the benefit of legislators with oversight responsibility over Freddie Mac. Public Citizen filed a complaint with the Federal Election Commission concerning Delk's activities, which we are attaching for the hearing record. [To read the press release of the complaint filed with the Federal Election Commission, see Attachment C]

- Prohibit lobbyists from serving on lawmakers fundraising committees.

Lobbyists not only provide a lot of the money for politicians' campaigns, many of them even control candidates' purse-strings. The Center for Public Integrity has documented that 79 members of Congress have hired lobbyists to manage their money as campaign or PAC treasurers since 1998.

**Loophole #2: Enforcement**

New lobbying reform regulations are only as good as the measures put in place to enforce them. That is part of the current problem, especially in the House where the ethics committee has been moribund for more than a year. Senate Democratic leaders have proposed a congressional Office of Public Integrity, which we applaud. (Republicans have been silent on this matter.) However, the office's authority is much too limited – it would only receive and audit lobbyist disclosure reports.

We propose that the office serve as a central clearinghouse for all information related to lobbyists, campaign contributions to members filed on lobbyist reports, travel by members and staff and personal financial disclosure statements, and that its authority include auditing of such reports.

Most important, the Office of Public Integrity should be able to receive ethics complaints from outside parties and initiate and carry through investigations into alleged wrongdoing with respect to members. Upon completion of an investigation it would then forward its findings to the relevant congressional ethics committee or the Justice Department Public Integrity Division for final action. We highly recommend Sen. Barack Obama's legislation that would establish an ethics commission with independent enforcement authority.

**Loophole #3: The Billy Tauzin "revolving door" loophole**

Former Rep. Billy Tauzin (R-La.), who played a leading role in drafting the Medicare prescription drug law that gave a bonanza to the drug industry, left Congress in 2004 and immediately became one of the city's highest paid lobbyists as president of the Pharmaceutical Research and Manufacturers of America (PhRMA). He's not alone – a Public Citizen study in 2005 found that 43 percent of retiring members of Congress (including 50 percent of U.S. senators) who go to work in the private sector become lobbyists. [See letter of complaint filed with the House ethics committee, Attachment D]

While the Democratic leadership bill would extend the cooling-off period from the current one year to two years during which a member cannot directly lobby, it fails to include in this restriction "lobbying activity," as defined by the Lobbying Disclosure Act. For example, when Tauzin became the head of PhRMA he was immediately able to direct his organization's entire lobbying operation, from developing strategy to supervising lobbyists, as long as he did not directly lobby members for one year. Consider that, in 2003 during the Medicare prescription drug bill fight, PhRMA had 136 lobbyists under its direction – 18 in-house and 118 lobbyists it contracted with in 34 firms, according to a Public Citizen study. This loophole must be closed, and only Sen. Russ Feingold's (D-Wisc.) lobbying reform bill does that.

**Loophole #4: Lobbying contacts**

The Senate Democratic reform proposal would make major improvements in the amount of information that is available about the activities of lobbyists by requiring quarterly (rather than semi-annual) reporting, electronic reporting, and a robust Web-based disclosure system that

reveals how much lobbyists contribute to candidates, the amount organizations spend on “grassroots” lobbying, including broadcast ads, and the names of companies behind stealth lobbying coalitions.

However, the one glaring omission from the proposal is that it fails to require lobbyists to identify the names of members of Congress and senior executive branch officials they have spoken to and the date the contact occurred. This loophole enables the public to learn how much interest groups spend on lobbying but not who they lobbied. Such disclosure is scarcely more illustrative than the Pentagon divulging the size of its “Black Box” budget, but providing no detail on how the money is spent.

A requirement to disclose the dates and names of members of Congress and senior executive branch officials with whom the lobbyist made oral or written communications for the purpose of lobbying is only in the Feingold bill (covering oral communications) and a bill sponsored by Rep. Marty Meehan (D-Mass.) (covering written communications).

#### **Loophole #5: Corporate subsidized travel loophole**

Senate Democratic leaders have proposed to significantly limit privately sponsored travel, with the exception of 501(c)(3) groups. This is a constructive step to reduce the potential for corruption associated with privately-sponsored congressional junkets. However, the problems of influence peddling through privately-sponsored travel are so widespread that it would be more appropriate to ban it altogether. Public Citizen has documented how the Ripon Society, a 501(c)(3), is largely led by lobbyists and its primary activity has been to shuttle members of Congress and their staff around the globe. [See press release, Attachment E] It would be easier, cleaner – and ultimately less costly to taxpayers – to ban privately-sponsored travel and require that trips deemed necessary for the education of members and their staff be paid directly with public funds.

There is another failure in the Senate Democratic leadership plan to close a very large loophole – the use of corporate-subsidized jets for travel. The Senate Democratic leadership bill, for example, would allow corporations to continue subsidizing travel for members of Congress on corporate jets for both official business and campaign trips. It only requires disclosure of the use of corporate jets.

Under this proposal, corporations would still be permitted to provide corporate jets to members for the travel described above, as long as they pay the first-class rate, rather than the much more expensive charter rate (as in the current rule). A recent Public Citizen study found that House Majority Leader Roy Blunt (R-Mo.) and candidates his political committees paid for received 140 such trips from 2001 to 2005 at a cost of only \$193,744. We estimate that if Blunt’s committees had been charged the charter rate, or just the cost to operate the airplanes, they would have owed \$1.1 million to \$2.2 million.

Such corporate-subsidized travel should be banned. But if Congress is unwilling to do that, the traveler should be required to pay the more expensive charter rate, rather than the first-class rate, and lobbyists should be prohibited from traveling with members and their staff. Such a

proposal is contained in the Feingold bill and in legislation sponsored by Sen. John McCain (R-Ariz.) and Rep. Chris Shays (R-Conn.).

### **Conclusion**

Nothing less than the integrity of Congress is at stake. The Abramoff scandal has wrought plenty of damage to the credibility of Congress, but the damage could get even worse as the Department of Justice may pursue indictments against sitting members of Congress and their staff.

If Congress is serious about winning back the confidence of the American public, it must offer serious reform legislation that addresses the problems of corruption and the appearance of corruption head on. Most of all, the corrupting nexus between lobbyists, money and lawmakers must be ended, and Congress must establish an independent ethics agency that takes charge of monitoring and enforcing ethics and lobbying rules in earnest.

## **Attachments**

- Attachment A: Detailed Comparison of Lobbying Reform Proposals from the House Democratic Leadership (H.R. 4682), Senate Democratic Leadership (S. 2180), Sen. Feingold (S. 1398), Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575) and Reps. Meehan/Emanuel (H.R. 2412)
- Attachment B: Six Benchmarks for Lobbying Reform
- Attachment C: Press Release: Public Citizen Urges FEC to Investigate Possible Campaign Finance Violations by Freddie Mac Lobbyist
- Attachment D: Possible Violations of Code of Official Conduct and 18 U.S.C. 207(e)(1)(A), U.S. Representative W.J. "Billy" Tauzin (R-La.)
- Attachment E: Press Release: Lobbyists Provide Millions in Free Travel for Members of Congress

**Attachment A**  
**Detailed Comparison of Lobbying Reform Proposals from**  
**the House Democratic Leadership (H.R. 4682), Senate Democratic Leadership (S. 2180),**  
**Sen. Feingold (S. 1398), Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)**  
**and Reps. Meehan/Emanuel (H.R. 2412)**  
**Most Recent Update: Feb. 6, 2006**

Type of Lobbyist Activity Subject to Regulation	House Democratic Leadership (H.R. 4682)	Senate Democratic Leadership (S. 2180)	Sen. Feingold (S. 1398)	Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)	Reps. Meehan and Emanuel (H.R. 2412)
<b>CAMPAIGN CONTRIBUTIONS TO POLITICIANS</b>	House Democratic Leadership (H.R. 4682) <b>CURRENT LAW</b> <ul style="list-style-type: none"> <li>Lobbyists are subject to the same \$2,100 per election contribution limit as all other individuals; \$5,000 per year to PACs; and \$26,700 per year to all national party committees. Individuals are also subject to the \$101,400 per election cycle aggregate limit to all candidates and committees.</li> <li>There are no restrictions on who can organize fundraising events or serve on fundraising committees, such as lobbyists.</li> </ul>	Senate Democratic Leadership (S. 2180)	Sen. Feingold (S. 1398)	Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)	Reps. Meehan and Emanuel (H.R. 2412)
Prohibit campaign contributions from or arranged by lobbyists	No	No	No	No	No
Prohibit lobbyists from hosting fundraising events	No	No	No	No	No
Prohibit lobbyists from bundling campaign contributions from others	No	No	No	No	No
Prohibit lobbyists from serving on officeholder fundraising committees	No	No	No	No	No

Type of Lobbyist Activity Subject to Regulation	House Democratic Leadership (H.R. 4682)	Senate Democratic Leadership (S. 2180)	Sen. Feingold (S. 1398)	Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)	Reps. Meehan and Emanuel (H.R. 2412)
Report lobbyists' campaign contributions	Yes, lobbyists and lobbying firms to disclose contributions made to candidates, committees and Leadership PACs on their lobbying reports.	Yes, lobbyists and lobbying firms to disclose contributions made to candidates, committees and Leadership PACs on their lobbying reports.	No requirement for lobbyists to report contributions other than the current reporting requirement for candidates to disclose donors to the FEC.	Requires lobbyists and lobbying firms to report contributions made to, and fundraisers hosted for, candidates on their lobbying reports.	No requirement for lobbyists to report contributions other than the current reporting requirement for candidates to disclose donors to the FEC.
<b>TRAVEL RESTRICTIONS</b>	<p><b>CURRENT LAW</b></p> <ul style="list-style-type: none"> <li>Congressional rules, rather than statutes, prohibit lobbyists from paying for travel for members of Congress and their staff.</li> <li>Lobbyists may arrange travel and have their clients pay for it.</li> <li>Corporations and special interests may pay travel expenses for members of Congress and staff.</li> <li>Corporate jets may be used for travel valued usually at lower-cost first-class airfare, rather than the actual higher-cost charter rate.</li> <li>The sponsor and cost of travel is to be reported by the member and staff shortly after the event.</li> </ul>				
Prohibit privately-sponsored trips	Yes, except for sponsorship by non-governmental organizations with no ties to lobbyists.	Yes, except for sponsorship by 501(c)(3) non-profit groups with no ties to lobbyists.	No	No	No
Prohibit lobbyists from paying for trips	Yes, but only for non-campaign-related trips.	Yes, but only for non-campaign-related trips.	Yes, but only for non-campaign-related trips.	No, but ethics rules prohibit lobbyists paying for trips.	Yes, but only for non-campaign-related trips.
Prohibit lobbyists from organizing trips	Yes, but only for non-campaign-related trips.	Yes, but only for non-campaign-related trips.	Yes, but only for non-campaign-related trips.	No	Yes, but only for non-campaign-related trips.
Prohibit lobbyists from participating in trips	Yes, but only for non-campaign-related trips.	Yes, but only for non-campaign-related trips.	Yes, but only for non-campaign-related trips.	No	No

Type of Lobbyist Activity Subject to Regulation	House Democratic Leadership (H.R. 4682)	Senate Democratic Leadership (S. 2180)	Sen. Feingold (S. 1398)	Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)	Reps. Meehan and Emanuel (H.R. 2412)
Restrict use of corporate jets to transport members on trips	Yes, but only for personal trips, which must be reimbursed at the full charter rate. Trips related to officials duties and campaign trips are not covered.	No, but requires disclosure of date, destination and owner of the jet on trips related to official duties. Personal trips and campaign-related trips are not covered.	Yes, requires member to reimburse the airfare at the full charter rate for personal trips and campaign trips only. Trips related to official duties are not covered.	Yes, requires member to reimburse the airfare at the full charter rate for personal trips and campaign trips only. Trips related to official duties are not covered.	No
Require detailed disclosure of trips	Yes	Yes	Yes	Yes	Yes
Limit expenses on trips	Yes, at per diem rate.	Yes, at per diem rate.	Yes, at per diem rate.	Yes, at per diem rate.	Yes, at per diem rate.
<b>GIFT RULES</b>	<b>CURRENT LAW</b> <ul style="list-style-type: none"> <li>Congressional rules cap gifts at \$50 per item and \$100 per year from any individual to a member of Congress and staff.</li> <li>The value of a seat in a skybox is artificially set at below \$50.</li> <li>There are no special reporting requirements for gifts that are not travel related.</li> </ul>				
Prohibit lobbyists from giving gifts to members and staff	Yes, bans gifts from lobbyists and nongovernmental organizations that employ lobbyists, including meals, tickets to sporting events and other gifts above nominal value.	Yes, bans gifts from lobbyists, including meals, tickets to sporting events and other gifts above nominal value.	Yes, bans gifts from lobbyists, including meals, tickets to sporting events and other gifts above nominal value.	No, but would require that any gift in excess of \$20 value be reported. Also requires that tickets to sporting events be reported at actual market value.	No

Type of Lobbyist Activity Subject to Regulation	House Democratic Leadership (H.R. 4682)	Senate Democratic Leadership (S. 2180)	Sen. Feingold (S. 1398)	Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)	Reps. Meehan and Emanuel (H.R. 2412)
<p><b>REVOLVING DOOR</b></p> <p><b>CURRENT LAW</b></p> <ul style="list-style-type: none"> <li>Former members of Congress and their staff and executive branch officials may become lobbyists immediately upon leaving public service, but are generally prohibited from making lobbying contacts with their former colleagues for one year.</li> <li>Executive branch officials are prohibited from negotiating future employment from persons with official business, unless a confidential waiver is received.</li> <li>Members of Congress are advised not to create a conflict of interest through negotiating future employment, but there is no prohibition.</li> <li>Congressional staff are required to inform members when they are negotiating future employment that may pose a conflict of interest and receive their approval.</li> </ul>					
<p>Extend current one-year "cooling-off period" during which an individual cannot lobby</p>	<p>Yes, to two years for lobbying contacts for members, senior congressional staff and senior executive branch officials.</p>	<p>Yes, to two years for lobbying contacts for members, senior congressional staff and senior executive branch officials.</p>	<p>Yes, to two years for lobbying contacts for members, senior congressional staff and senior executive branch officials.</p>	<p>Yes, to two years for lobbying contacts for members, senior congressional staff and senior executive branch officials.</p>	<p>Yes, to two years for lobbying contacts for members, senior congressional staff and senior executive branch officials.</p>
<p>Include during "cooling-off-period" any paid lobbying activity, such as supervising others and developing lobbying strategy</p>	<p>No</p>	<p>No</p>	<p>Yes, for members and very senior executive branch officials.</p>	<p>No</p>	<p>No</p>
<p>Disclose when seeking private employment</p>	<p>Yes, for members, senior staff and covered executive branch officials.</p>	<p>Yes, for members, senior staff and covered executive branch officials.</p>	<p>Yes, for members, senior staff and covered executive branch officials.</p>	<p>Yes, for members and covered executive branch officials.</p>	<p>Yes, for members and covered executive branch officials.</p>
<p>Prohibit special privileges (e.g. access to the congressional floor and gym) for members who become lobbyists</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>No</p>	<p>No</p>

<p>Type of Lobbyist Activity Subject to Regulation</p> <p>Restrict members from influencing employment decisions of lobbying firms based on partisanship</p>	<p>House Democratic Leadership (H.R. 4682)</p> <p>Yes</p>	<p>Senate Democratic Leadership (S. 2180)</p> <p>Yes</p>	<p>Sen. Feingold (S. 1398)</p> <p>Yes</p>	<p>Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)</p> <p>No</p>	<p>Reps. Meehan and Emanuel (H.R. 2412)</p> <p>Yes</p>
<p>LOBBYIST DISCLOSURE</p>	<p>CURRENT LAW</p> <ul style="list-style-type: none"> <li>Lobbyists file semi-annual financial disclosure reports usually in paper format that are made available on the Internet; they are searchable only by limited fields, such as lobbyist name.</li> <li>Contributions are reported to the FEC, which are difficult to track, not as part of disclosure reports filed by lobbyists with the Senate and House.</li> <li>There are no reporting requirements for bundled contributions – money raised by lobbyists from their family, friends and colleagues.</li> <li>Specific lobbying contacts with “covered” officials – members of Congress, their senior staff, or officials in the executive branch – are not required to be disclosed.</li> <li>Members of lobbying coalitions are not disclosed.</li> <li>Grass-roots lobbying activity (hiring consultants, advertising, phone banks, direct mail, paid state staff, grants to groups) is not subject to disclosure.</li> </ul>				
<p>Disclose lobbying contacts</p>	<p>No</p>	<p>No</p>	<p>Yes, of oral lobbying contacts with members of Congress and senior executive branch officials.</p>	<p>No</p>	<p>Yes, of oral or written lobbying contacts with members of Congress and senior executive branch officials.</p>
<p>File quarterly reports</p> <p>Mandatory electronic filing and full Web-based disclosure of lobbying reports</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>

Type of Lobbyist Activity Subject to Regulation	House Democratic Leadership (H.R. 4682)	Senate Democratic Leadership (S. 2180)	Sen. Feingold (S. 1398)	Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)	Reps. Meehan and Emanuel (H.R. 2412)
Disclose stealth lobbying coalitions	Yes, of organizational members of coalitions whose spending exceeds lobbying registration threshold of \$10,000 every three months.	Yes, of organizational members of coalitions whose spending exceeds lobbying registration threshold of \$10,000 every three months.	Yes, of organizational members of coalitions whose spending exceeds lobbying registration threshold of \$10,000 every three months.	Yes, of organizational members of coalitions whose spending exceeds lobbying registration threshold of \$10,000 every three months.	Yes, of members of coalitions whose primary purpose is to lobby on that specific issue.
Disclose grassroots lobbying	Yes, of paid grassroots lobbying activity for those who receive or spend more than \$50,000 for lobbying in a three-month period. Paid grassroots lobbying does not count toward the registration threshold for lobbyists.	Yes, of paid grassroots lobbying activity for those who receive or spend more than \$50,000 for lobbying in a three-month period. Paid grassroots lobbying does not count toward the registration threshold for lobbyists.	Yes, of mass communications by registered lobbyists encouraging the general public to make lobbying contacts.	Yes, of any attempt by an individual paid to engage in grassroots lobbying, a registered lobbyist or consulting firm, or leadership PAC, to influence the general public to make lobbying contacts.	Yes, of mass communications by registered lobbyists encouraging the general public to make lobbying contacts.
Disclose lobbyists' previous federal employment	Yes	Yes	Yes	Yes	Yes
Disclose travel and gifts received by members of Congress on their Web sites	No	No	No	No	No
Disclose contributors to presidential libraries	Yes	No	No	No	No
Create a central database of all lobbying, travel, ethics and campaign finance records	Yes	Yes	No	No	No

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Type of Lobbyist Activity Subject to Regulation	House Democratic Leadership (H.R. 4682)	Senate Democratic Leadership (S. 2180)	Sen. Feingold (S. 1398)	Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)	Reps. Meehan and Emanuel (H.R. 2412)
<b>ENFORCEMENT</b>	<p><b>CURRENT LAW</b></p> <ul style="list-style-type: none"> <li>Monitoring reporting violations of lobbyists is the responsibility of the Secretary of the Senate and the Clerk of the House in Congress, and the Office of Government Ethics (OGE) for the executive branch, each of which may refer violations to the Department of Justice (DOJ) for legal sanctions.</li> <li>Reporting violations are subject to a maximum penalty of \$50,000.</li> <li>Monitoring compliance to the travel or gift rules is the responsibility of the ethics committees in Congress, which may assess a variety of penalties on members and staff depending on the violations, and the OGE and DOJ for the executive branch.</li> </ul>				
<b>Create an agency with independent authority for monitoring and enforcing compliance</b>	Yes, for monitoring compliance with filing requirements and referring violations to the Department of Justice.	Yes, for monitoring compliance with filing requirements and referring violations to the Department of Justice.	No	No	No
<b>Forfeit congressional pension if convicted of a felony</b>	No	No	No	No	No
<b>Increase penalties for violations of lobbying disclosure laws</b>	Yes, for reporting violations, up to \$100,000; for willful criminal violations, up to 5 to 10 years in prison; for travel violations, up to \$100,000 first offense, \$300,000 for second offense, \$500,000 for third offense.	Yes, for reporting violations, up to \$100,000; for willful criminal violations, up to 5 to 10 years in prison; for travel violations, up to \$100,000 first offense, \$300,000 for second offense, \$500,000 for third offense.	Yes, for reporting violations, up to \$100,000.	Yes, for reporting violations, up to \$100,000.	Yes, for reporting violations, up to \$100,000; for travel violations, up to \$100,000 first offense, \$300,000 for second offense, \$500,000 for third offense.

Type of Lobbyist Activity Subject to Regulation	House Democratic Leadership (H.R. 4682)	Senate Democratic Leadership (S. 2180)	Sen. Feingold (S. 1398)	Sens. McCain/Burns and Rep. Shays (S. 2128/H.R. 4575)	Reps. Meehan and Emanuel (H.R. 2412)
<b>CONGRESSIONAL PROCESS</b>	<b>CURRENT LAW</b>				
	<ul style="list-style-type: none"> <li>Congressional rules committees may attached "closed rules" to specific bills, which limit the time for debate, restrict the opportunity for amendments, and/or rescind the requirement that the bills be in print prior to consideration.</li> <li>Conference committee deliberations occasionally exclude selected committee members based on partisanship.</li> <li>Conference reports submitted to the floor often contain provisions inserted by congressional leaders rather than the conference committee.</li> <li>Earmarks are appropriations for special projects, often non-germane to an appropriations bill, that are frequently inserted in conference committee.</li> </ul>				
Require conference bills to be in print and available to the public before a vote	Yes, in print and on the Internet at least 24 hours before a vote.	Yes, in print and on the Internet at least 24 hours before a vote.	No	No	No
Opens conference committee deliberations to all committee members	Yes	Yes; each committee member shall be allowed to vote on the final report; each committee member should be allowed to participate in deliberations as a "sense of the Senate."	No	No	No
Limits contents of conference report to matters decided by the conference committee	Yes	No	No	No	No
Restricts earmarks in appropriations	Yes, by disclosing the member of Congress who sponsored the earmark, the purpose and the recipient of the earmark.	No	No	No	No

**Attachment B**

**Public Citizen • Common Cause • Democracy 21 • Public Campaign  
Campaign Legal Center • U.S. PIRG • League of Women Voters**

January 23, 2006

### **Six Benchmarks for Lobbying Reform**

During the coming months, the House and Senate will consider reforms to respond to the lobbying scandals in Washington that deeply concern the American people.

A *CNN/USA Today/Gallup* poll (January 10, 2006), for example, found that “corruption ranked among the concerns most often cited by those polled, with 43 percent telling pollsters it would be an ‘extremely important’ issue in 2006,” just two percent below the 45 percent response for the war in Iraq and terrorism.

Our organizations are releasing today six benchmark lobbying reforms that should be used to judge the proposals being considered by Congress in the next few months. The organizations include the Campaign Legal Center, Common Cause, Democracy 21, the League of Women Voters, Public Campaign, Public Citizen and U.S. PIRG. We will work to enact these important reforms.

While we are focusing primarily on lobbying reforms today, we want to make clear that campaign contributions are at the heart of the lobbying and corruption scandals now engulfing Congress. In addition to the immediate battle for lobbying reforms, it is essential in the end to achieve fundamental campaign finance reforms, most importantly public financing of elections, if we are to restore the integrity and health of our democracy.

Our organizations will work to fix the presidential public financing system in time for the 2008 presidential election and to extend public financing to congressional races. We will also work for other essential campaign finance reforms, including replacing the Federal Election Commission with a real campaign finance enforcement agency, closing the loophole for 527 groups and abolishing leadership PACs. We also recognize that structural reforms of Congress must be enacted to address the lobbying scandals, including reforms to address the misuse of “earmarks,” and that other procedural reforms are necessary to ensure a fair and democratic legislative process.

In terms of lobbying reform, we are proposing six essential benchmark reforms. They include proposals that have overwhelming public support. A *Washington Post/ABC News* poll (January 10, 2006), for example, reported that *ninety percent* of the American people believe that it should be illegal for lobbyists to give members of Congress gifts, trips or other things of value. *Two-thirds* of the American people, according to the poll, believe it should be illegal for lobbyists to make contributions to Members and other federal candidates. Our organizations support the following benchmark reforms.

**1. Break the nexus between lobbyists, money and lawmakers.**

Cap contributions from lobbyists and lobbying firm PACs to federal candidates at \$200 per election and to national parties and leadership PACs at \$500 per election cycle.

Prohibit lobbyists and lobbying firms from soliciting, arranging or delivering contributions and from serving as officials on candidate campaign committees and leadership PACs.

Prohibit lobbyists, lobbying firms and lobbying organizations from paying or arranging payments for events “honoring” members of Congress and political parties, such as parties at national conventions, and from contributing or arranging contributions to entities established or controlled by members of Congress, such as foundations.

**2. Prevent private interests from financing trips and from subsidizing travel for members of Congress and staff, and executive branch officials and federal judges.**

Corporations and others should be prohibited from making privately-owned planes available for Members to travel at the cost of a first class air ticket rather than the cost of a chartered plane.

**3. Ban gifts to members of Congress and staff.**

The gift ban should close the existing loophole in the gift rules that allow lobbyists and others to pay for parties held to “honor” or “recognize” specific Members, such as the lavish parties held at the national party conventions.

**4. Oversee and enforce ethics rules and lobbying laws through an independent congressional Office of Public Integrity and increase penalties for violations.**

Establish an independent Office of Public Integrity in Congress and provide sufficient resources for the Office to effectively carry out its responsibilities.

The Office should monitor and oversee financial disclosure and lobbying reports; advise Members, staff and lobbyists on compliance with the rules; conduct investigations of non-frivolous allegations of ethics violations, including complaints filed by Members and outside individuals and groups; present cases involving potential ethics violations to the congressional Ethics Committees for consideration and action; and refer potential lobbying law violations to the Justice Department for civil enforcement.

**5. Slow the revolving door.**

Prohibit members of Congress and senior executive branch officials from making lobbying contacts or conducting lobbying activities for compensation in either branch for two years after leaving their positions.

Prohibit senior congressional staff from making lobbying contacts for compensation with their former offices or committees for two years after leaving their positions.

**6. Place sunshine on lobbying activities and financial disclosure reports.**

Require lobbying reports and Members' financial disclosure reports to be filed in an electronic format and made fully searchable on the Internet; lobbying reports to be filed on a quarterly basis; lobbyists and lobbying firms to disclose grassroots lobbying activities; lobbyists to file a list of the Members' offices and congressional committees they lobbied during the quarter; and reports to be filed disclosing the financial backers of stealth lobbying coalitions.

**Attachment C**

For Immediate Release  
Oct. 15, 2003

Contact: Craig Holman (202) 454-5182  
Frank Clemente (202) 454-5190

**Public Citizen Urges FEC to Investigate Possible Campaign Finance Violations by Freddie Mac Lobbyist*****Epiphany Productions May Have Violated Ban on Corporate Contributions; Lobbyist Mitch Delk Appears to Have Violated Contribution Limits***

WASHINGTON, D.C. – Public Citizen today filed a complaint with the Federal Election Commission (FEC) urging the agency to conduct an immediate investigation into apparent violations of contribution limits, a ban on corporate campaign contributions and reporting requirements by Freddie Mac's chief lobbyist, Mitch Delk, and the fundraising firm Epiphany Productions Inc.

The complaint was filed the day before the Senate Banking, Housing and Urban Affairs Committee was scheduled to discuss mortgage lending practices, including those of Freddie Mac.

During the 2002 election cycle, Delk hosted at least 45 fundraising events for federal officeholders and candidates – many with direct oversight of Freddie Mac. While Delk reported absorbing the costs of dinners at most of the fundraising events as in-kind contributions to the officeholders and candidates, he paid significantly discounted prices for the events, according to news accounts, the low-balling of which kept Delk's total contributions within federal limits. But if the actual value of the events were charged, Delk would have exceeded these limits.

Delk enlisted Epiphany Productions – primarily a Republican fundraising business – to organize these fundraising events. In at least 19 of the events, Epiphany Productions appears not to have been paid by the campaigns for its services, which would constitute an illegal corporate contribution to the campaigns. In at least another 19 Delk fundraising events, Epiphany productions was paid late – up to 20 months late – and apparently only after news stories reported the questionable fundraising activity.

Freddie Mac, a congressionally chartered mortgage lending company, is subject to oversight by the House Financial Services Committee and the Senate Banking, Housing and Urban Affairs Committee. Both committees have conducted a series of hearings regarding the business activities of Freddie Mac, especially since Freddie Mac recently has been drawn into controversy due to financial scandals. More than half (24) of the fundraising events organized by Delk have featured as a special guest U.S. Rep. Michael Oxley (R-Ohio), chair of the House Financial Services Committee, and 19 of these events were held explicitly for the benefit of congressional members with oversight responsibility over Freddie Mac.

“The close fundraising relationship between Freddie Mac lobbyist Delk, Epiphany Productions and the congressional oversight committee is a serious source of concern,” said Craig Holman, legislative representative for Public Citizen’s Congress Watch. “Freddie Mac’s lobbyist is out there hosting lavish fundraisers for the same members of Congress who are now deciding the company’s future. This is treading near a quid pro quo.”

Whatever legislative favors may have been sought, Public Citizen’s analysis strongly suggests that federal campaign finance laws may have been broken in the process. Delk may have exceeded his individual and aggregate contribution limits in unreported in-kind contributions. The discounted value Delk reported for each fundraiser usually ran between \$500 and \$750 per event. With the help of his wife, Mandy, who paid \$6,600 of the fundraising dinner bills, Mitch Delk was able to keep his reported aggregate contributions of \$20,100 to federal candidates and committees in 2002 just under the aggregate annual limit of \$25,000. But had Delk reported the true cost of the dinners, which may have been at least twice as much as he claimed, Delk is likely to have exceeded both the individual (\$1,000) and aggregate (\$25,000) limits.

Epiphany Productions, working with Delk, appears to have been providing services free of charge for many of these fundraisers with its own corporate money. It is clearly illegal for a corporation to pay campaign expenses or make an in-kind campaign contribution to a federal candidate. At least 19 of the fundraising events organized by Epiphany were never paid for by the recipient campaign committees, FEC records show; most of the other payments received by Epiphany came after news broke about the fundraising. One news story even quotes campaign officials as saying that they had never received a bill for the fundraising services from Epiphany.

“Epiphany Productions appears to have engaged in a systematic effort to foot the fundraising bill for candidates. If so, that’s a clear violation of law,” said Frank Clemente, director of Public Citizen’s Congress Watch. “The big question is: Was someone reimbursing Epiphany on the sly? The FEC needs to get to the bottom of this.”

The full complaint is posted on Public Citizen’s Web site at:  
<http://www.publiccitizen.org/congress/campaign/index.cfm>.

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Public Citizen is a national, nonprofit consumer advocacy organization based in Washington, D.C. For more information, please visit [www.citizen.org](http://www.citizen.org).

**Attachment D**

January 28, 2004

The Honorable Joel Hefley, Chair  
The Honorable Alan Mollohan, Ranking Minority Member  
Committee on Standards of Official Conduct  
HT-2, The Capitol  
U.S. House of Representatives  
Washington, D.C. 20515  
FAX: 202-225-7392

**Re: Possible Violations of Code of Official Conduct  
and 18 U.S.C. 207(e)(1)(A)  
U.S. Representative W.J. "Billy" Tauzin (R-La.)**

Dear Chairman Hefley and Ranking Minority Member Mollohan:

We are writing to inform you of possible violations by Rep. W.J. "Billy" Tauzin (R-La.) of the House Code of Official Conduct, Rule 43, clause 3, regarding negotiations for future employment, as well as 18 U.S.C. 207(e)(1)(A), regarding lobbying activities by a Member of Congress.

It is distressing that immediately on the heels of congressional approval of the omnibus Medicare prescription drug bill, a second public official – this time Rep. Tauzin, chair of the House Energy and Commerce Committee – is negotiating private employment with business interests actively engaged in lobbying for the legislation. The first public official to do so was Thomas Scully, former Administrator of the Centers for Medicare and Medicaid Services, the subject of a separate ethics complaint filed by Public Citizen.

Apparently, the Medicare prescription drug bill was not only a windfall for the pharmaceutical industry, but also for several of the public officials who negotiated the final legislation.

As soon as Rep. Tauzin began drafting a Medicare prescription drug bill in 2001 with Rep. Bill Thomas (R-Calif.), the pharmaceutical industry bumped up its campaign contributions to the chairman. Approximately 6 percent (\$119,750) of Rep. Tauzin's campaign contributions came from the pharmaceutical industry in 2001-2002 when he was running for re-election, and 11.5 percent (\$55,500) in 2003-2004 when he started talking about retiring from Congress.

More significantly, Rep. Tauzin played a central role in negotiating the Medicare prescription drug legislation, which was finally approved by Congress on November 25, 2003. The Pharmaceutical Research and Manufacturers of America (PhRMA), the pharmaceutical industry's premier lobbying association, made the prescription drug bill its top legislative priority. Massive campaign contributions, lobbying expenditures, advertising and public relations efforts were spearheaded by PhRMA to shape the prescription drug bill in ways the industry likes and to stave off measures it doesn't. Rep. Tauzin worked closely with PhRMA, the White House, and Republican leaders of Congress to craft the final legislation.

During that period of intense lobbying activity by PhRMA, Rep. Tauzin was considering retiring from Congress and moving into private employment.<sup>1</sup>

PhRMA has now offered Rep. Tauzin a contract deal rumored to be worth \$2.5 million to become president of the lobbying association, which is likely the largest compensation package for anyone at a trade association. Such a lucrative contract offer from a lobbying firm with a vested interest in the outcome of the Medicare legislation, made public less than two months after its legislative victory, raises serious questions about whether Rep. Tauzin's official actions were tainted by self-interest.

To clear concerns that a violation of House conflict of interest rules occurred, Public Citizen requests that the Committee on Standards of Official Conduct investigate whether Rep. Tauzin formally or informally opened negotiations for employment with PhRMA while participating in the formulation of the Medicare prescription drug legislation.

We can think of no comparable example in recent times where a leading member of Congress left office to head such a powerful trade association. Therefore, Public Citizen also requests that, should Rep. Tauzin accept the job offer at PhRMA, the Committee on Standards of Official Conduct review and enforce its rules against a former Member of Congress acting as chief lobbyist on legislative matters of prior concern. Known as the "revolving door policy," 18 U.S.C. 207(e)(1)(A) prohibits Rep. Tauzin from directly lobbying Congress within one year of leaving office. Rep. Tauzin may claim to satisfy the revolving door policy while heading PhRMA by letting others do his lobbying for him. But as president of PhRMA, any message conveyed by PhRMA's lobbyists to Congress on pending legislation would inevitably be perceived as communications from Tauzin himself.

Governmental ethics has taken a beating over the last couple years with the reckless, if not willful, disregard of conflict of interests by lobbyists, business executives and appointed and elected public officials. The rules of ethics that govern current and former members of Congress are notoriously lax. If public confidence is ever to be regained, Congress must start taking ethics seriously. Public Citizen asks that the Committee on Standards of Official Conduct revise these rules before Congress is tainted with yet another possible violation of ethical behavior.

Sincerely,

Joan Claybrook  
President,  
Public Citizen

Frank Clemente  
Director,  
Congress Watch

Craig Holman  
Legislative Representative,  
Congress Watch

<sup>1</sup> See, for example, Bruce Alpert, "Tauzin Says He's Not Leaving Congress; Rumors Say He Is Favorite to Lead Hollywood Lobby," *Times Picayune*, September 29, 2003.

**Attachment E**

For Immediate Release:  
Jan. 23, 2006

Contact: Frank Clemente (202) 441-9818  
Angela Bradbery (202) 588-7741

**Lobbyists Provide Millions in Free Travel for Members of Congress*****Public Citizen Report Shows How Lobbyists Use Non-Profits to Exploit Loopholes in Congressional Ethics Rules to Take Lawmakers on Lavish Trips***

WASHINGTON, D.C. – A group of Washington lobbyists led by Richard Kessler under the umbrella of the Ripon Educational Fund and the Ripon Society has spent millions of dollars taking lawmakers to European capitals and U.S. resorts, thereby skirting congressional ethics rules that forbid registered lobbyists from paying for congressional travel, a Public Citizen investigation reveals.

Kessler, head of Kessler Business Services, has kept a lower profile than many better-known Washington lobbyists, such as admitted felon Jack Abramoff. Few have questioned the more than \$1 million in free travel that lawmakers have reported receiving from groups and companies Kessler appears to control or influence. All told, Kessler-influenced groups and companies are responsible for providing 6 percent of the \$17.6 million lawmakers have reported receiving in free travel from private companies and organizations from 2000 to mid-2005, Public Citizen estimates.

By funneling travel money through the Ripon Educational Fund and the Ripon Society, his parent company, Century Business Services, and his lobbying clients, Kessler has apparently made it possible for lawmakers to accept free trips to European capitals and U.S. resorts without violating ethics rules. It is legal for lawmakers to take trips paid for by private companies and organizations.

“Kessler’s apparent use of non-profits and corporate clients to get around the ban on lobbyists paying for lawmakers travel is outrageous,” said Joan Claybrook, president of Public Citizen. “Such lavish travel gives lobbyists an inside track with lawmakers, at a minimum, and could even be interpreted as building the groundwork for legislative favors.”

“This travel charade needs to come to an end,” said Frank Clemente, director of Public Citizen’s Congress Watch division. “The only sure way to do that is for Congress to completely ban privately paid travel.”

The report, *Richard Kessler and the Ripon Groups: How Lobbyists Give Lawmakers Free Trips Despite the Ban on Lobbyist-Funded Travel*, is available at <http://www.citizen.org/>. Major findings include:

- **Free Travel:** Members of Congress have reported receiving \$742,000 in free trips for lawmakers from 2000 to mid-2005 from two non-profits that appear to be controlled by Kessler, the Ripon Educational Fund and the Ripon Society. Lawmakers also reported

taking \$273,000 in free travel from 11 of Kessler's clients, and Kessler's parent company paid \$36,000 to take five lawmakers to Scotland in 2003.

- **Leading lawmakers have taken Ripon's luxury trips:** Rep. John Boehner (R-Ohio), who is seeking to be the next House Majority Leader, took two trips costing a total of at least \$13,920; Rep. Deborah Pryce (R-Ohio), Republican Conference Chairwoman, took one trip costing \$9,050; Rep. Bob Ney (R-Ohio), who has temporarily stepped down as chairman of the House Administration Committee, took one trip costing \$5,400; Rep. Michael G. Oxley (R-Ohio), chairman of the House Financial Services Committee, took five trips costing a total of \$51,629; and Rep. Bill Thomas (R-Calif.), chairman of the House Ways and Means Committee, took two trips costing a total of \$24,519.
- **The Ripon Educational Fund:** Founded by Kessler in the early 1980s, the fund takes lawmakers to European capitals purportedly to discuss policy with their foreign counterparts. However, 10 of the 12 members of the board in 2003 and 2004 were lobbyists, and lobbyists outnumbered lawmakers five-to-one on at least one of the fund's trips. While lawmakers reported receiving almost \$700,000 in free trips from the fund between 2000 and mid-2005, the Ripon Fund's actual costs were much higher. It spent at least \$4.6 million taking members of Congress and lobbyists on lavish trips.
- **The Ripon Society:** Kessler is president of the Ripon Society, which claims to be a moderate Republican think tank, but at least two of the associations that belong to the group say their motivation for joining is to gain access to lawmakers. All seven of its 2004 board members were lobbyists. Nine lawmakers reported receiving \$32,000 in free travel in January 2005 from the group to attend a Florida conference that the society claimed to be a forum for policy discussions, but its executive director later bragged that it produced "enthraling" interactions between its lobbyist members and its lawmaker guests.
- **Lobbyist-Dominated Boards:** Of the 19 board members who guided the two Ripon groups in 2003 and 2004, 17 were lobbyists. At least 10 of the board members lobby for major Kessler clients, such as the Altria Group Inc., Amgen Inc., the Grocery Manufacturers of America and Pfizer Inc.
- **Profitable Relationships:** Kessler has profited handsomely from his relationships with the Ripon groups' board members. The companies Kessler has lobbied for paid him at least \$3.3 million for lobbying services between 1998 and 2004.
- **Client-Paid Travel:** Lawmakers have reported receiving 96 free trips valued at more than \$273,000 from 2000 to mid-2005 from 11 of Kessler's lobbying clients. For instance, Burlington Northern Santa Fe Corp. has given lawmakers nearly \$63,000 in free travel from 2000 to mid-2005 and has paid Kessler nearly \$1.2 million for lobbying services from 1998 to 2004. Baxter Healthcare, which has paid Kessler \$310,000 to represent it from 1998 to 2004, paid \$3,000 to fly Rep. Dave Camp (R-Mich.) and his family to Chicago in August 2004.

- **Campaign Contributions:** The 41 lawmakers who have attended the Ripon groups' trips have also benefited from the generosity of the groups' board members and the companies for which they lobby. The 19 board members have contributed at least \$236,000 to the Ripon travelers' political campaigns and political action committees PACs from 1997 to mid-2005. Eleven corporate PACs controlled by the board members' employers have contributed more than \$2 million to the 41 lawmakers during the same period.

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Public Citizen is a national, non-profit consumer advocacy organization based in Washington, D.C.

For more information, please visit [www.citizen.org](http://www.citizen.org).

