

Calendar No. 616

116TH CONGRESS }
2d Session }

SENATE

{ REPORT
116-313 }

STOP WASTEFUL SPENDING BY THE
GOVERNMENT ACT

R E P O R T

OF THE

COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

TO ACCOMPANY

S. 2722

TO PROHIBIT AGENCIES FROM USING FEDERAL FUNDS FOR PUB-
LICITY OR PROPAGANDA PURPOSES, AND FOR OTHER PURPOSES



DECEMBER 14, 2020.—Ordered to be printed

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Mr. JOHNSON, from the Committee on Homeland Security and Governmental Affairs, submitted the following

R E P O R T

[To accompany S. 2722]

[Including cost estimate of the Congressional Budget Office]

The Committee on Homeland Security and Governmental Affairs, to which was referred the bill (S. 2722) to prohibit agencies from using Federal funds for publicity or propaganda purposes, and for other purposes, having considered the same, reports favorably thereon with an amendment (in the nature of a substitute) and recommends that the bill, as amended, do pass.

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I. PURPOSE AND SUMMARY

The purpose of S. 2722, the Stop Wasteful Advertising by the Government Act (or the SWAG Act), is to prohibit agencies from using Federal funds for creating mascots or distributing tchotchkes commonly referred to as “swag.” Exceptions from these prohibitions include challenge coins, military medals, mascots specifically mentioned in legislation (such as Smokey the Bear) or used by the military (such as Chesty Puller, the U.S. Marine Corps bulldog), swag used for recruiting job hires, and items distributed for the 2020 Census.

II. BACKGROUND AND THE NEED FOR LEGISLATION

The Federal Government spends over \$1.4 billion annually on public relations campaigns and advertising.¹ Investigations have revealed instances in which federal agencies spent amounts of these funds on frivolous promotional items, including \$605,000 on coloring books,² \$60,000 on key chains³, \$33,000 on snuggies (blankets with sleeves),⁴ \$17,000 on koozies⁵ and \$16,000 on fidget spinners.⁶ In Fiscal Year 2018 and 2019, federal agencies spent approximately \$250,000 on custom suits for mascots. Such spending is of indeterminate effectiveness at best and possibly represents a fruitless expenditure of taxpayer funds.⁷

Federal agencies also spent money on conducting questionable advertising campaigns. For example, the State Department spent \$630,000 on two advertising campaigns in order to increase the number of “fans” of certain department-run Facebook pages targeting foreign audiences.⁸ As a result, the State Department Facebook pages in question rose from around 100,000 fans to more than 2 million for each page.⁹ While this is a positive increase, there is little data on how effective this form of advertising is, and many within the Department criticized the move as “buying fans” and touting metrics that do not indicate any greater involvement or investment in the mission of the State Department.¹⁰

Additionally, there is limited transparency surrounding this type of spending. There is no central reporting mechanism by which congressional appropriators, inspectors general, and the public, can easily determine what is being spent on advertising and public relations including returns on investment and benefits to the taxpayer. Requiring agencies to disclose non-prohibited advertising spending could increase government transparency and oversight.

The SWAG act addresses these concerns by prohibiting agencies and other government entities from spending federal funds to acquire or distribute “swag,” or products distributed at no cost, if the products do not support the agency’s mission and do not have a positive return in achieving agency or program goals. The bill also requires each agency, as part of its annual budget justification, to report on its public relations and advertising spending for the preceding fiscal year, which may include an estimate of the return on investment for the agency.

¹ Total Cost tabulated by adding the annual advertising expenditure as reported by GAO and the salaries of Federal workers in public relations jobs as reported by GAO. See U.S. Gov’t Accountability Off., GAO-16-877R, Reported Data on Related Federal Activities (2016).

² See generally, USA Spending, <http://www.usaspending.gov> (last visited Mar. 25, 2020).

³ *Id.*

⁴ Arlington Virginia Dept. of Community Planning, Housing, & Development, Planning Division, Census Staff Report (2010), https://projects.arlingtonva.us/wp-content/uploads/sites/31/2017/04/Census-Staff-Report_2010.pdf.

⁵ See generally USA Spending, https://www.usaspending.gov/#keyword_search/koozie (last visited Mar. 25, 2020).

⁶ See generally, USA Spending, <https://www.usaspending.gov/#/award/37848623> (last visited Mar. 25, 2020), and USA Spending, <https://www.usaspending.gov/#/award/65454710> (last visited Mar. 25, 2020).

⁷ Staff Report of U.S. Sen. Joni Ernst, 116th Cong., ‘Boo!’ To the Cost of the Capitol’s Costumes, https://www.ernst.senate.gov/public/_cache/files/6cadf7c5-14d2-40e7-9f19-bdd9d077735e/5247EE3E066F4059C595CFA3E55DD71D.2019-10-29-october-squeal-mascot-list.pdf (last visited on March 25th, 2020).

⁸ U.S. Dept. of State, Off. of Inspector General, ISP-I-13-28, Inspection of the Bureau of International Information Programs (2013).

⁹ *Id.*

¹⁰ *Id.*

III. LEGISLATIVE HISTORY

Senator Joni Ernst introduced the Stop Wasteful Advertising by the Government Act on October 29, 2019, with Senators Rand Paul, Steve Daines, and Rick Scott. The bill was referred to the Senate Committee on Homeland Security and Governmental Affairs. The Committee considered S. 2722 at a business meeting on March 11, 2020.

At the business meeting, Senator Johnson offered an amendment that took agency input into account, clarified spending prohibitions and exempted forms of spending, and made minor definitional clarifications and changes. The amendment also tasks the Office of Management and Budget (OMB) with issuing regulations on implementation of the bill within 180 days of its enactment. The amendment was adopted *en bloc* by voice vote with Senators Johnson, Portman, Lankford, Romney, Scott, Enzi, Hawley, Peters, Carper, Hassan, Harris, Sinema, and Rosen present.

S. 2722, as amended, was approved *en bloc* by voice vote with Senators Johnson, Portman, Lankford, Romney, Scott, Enzi, Hawley, Peters, Carper, Hassan, Harris, Sinema, and Rosen present.

IV. SECTION-BY-SECTION ANALYSIS OF THE BILL, AS REPORTED

Section 1. Short title

This section establishes the short title of the bill as the “Stop Wasteful Advertising by the Government Act of 2020” or the “SWAG Act.”

Section 2. Definitions

This section defines the terms “advertising,” “agency,” “mascot,” “public relations,” “return on investment,” and “swag.” Also defined are certain exemptions such as military medals and challenge coins.

Section 3. Prohibitions; public relations and advertising spending

This section prohibits an agency or other federal entity from using federal funds to purchase or otherwise acquire or distribute swag, or manufacture and use a mascot. This section also mandates that each agency shall submit to Congress a report on its spending on public relations and advertising spending as part of its annual budget justification. Additionally, this section lays out a series of exceptions to the prohibition, which include spending that supports the mission or objectives of the agency while generating a positive return on investment, supports recruitment for the armed forces or federal government, or supports conducting the census. Lastly, this section gives OMB 180 days from enactment to issue regulations to carry out the Act.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to the requirements of paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee has considered the regulatory impact of this bill and determined that the bill will have no regulatory impact within the meaning of the rules. The Committee agrees with the Congressional Budget Office’s statement that the bill contains no intergovernmental or private-sector

mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

VI. CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, December 8, 2020.

Hon. RON JOHNSON,
Chairman, Committee on Homeland Security and Governmental Affairs, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2722, the SWAG Act.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sofia Guo.

Sincerely,

PHILLIP L. SWAGEL,
Director.

Enclosure.

S. 2722, SWAG Act			
As ordered reported by the Senate Committee on Homeland Security and Governmental Affairs on March 11, 2020			
By Fiscal Year, Millions of Dollars	2021	2021-2025	2021-2030
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	*	not estimated
Statutory pay-as-you-go procedures apply?	Yes	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2031?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between -\$500,000 and \$500,000.			

S. 2722 would prohibit federal agencies from using federal funds to purchase, acquire or distribute swag, which the bill defines as tangible products or merchandise distributed at no cost with the sole purpose of advertising or promoting an agency, organization, or program. The bill would allow certain exceptions, including items that generate a positive return on investment to agencies or that are used for recruitment, and mascots related to the Armed Forces. Under S. 2722, each agency would be required to report on its spending for public relations and advertising for the previous fiscal year, and the Office of Management and Budget would be required to issue implementing regulations.

CBO estimates that implementing the bill would have an insignificant net effect on spending subject to appropriation. Based on the cost of similar administrative activities, CBO expects that the new administrative and reporting requirements would cost less

than \$500,000. Because of the exceptions in the bill, CBO expects that any reduction in spending on swag and mascots would not be significant.

Enacting S. 2722 could affect direct spending by some agencies that are allowed to use fees, receipts from the sale of goods, and other collections to cover operating costs. CBO estimates that any net changes in direct spending by those agencies would be negligible because most of them can adjust amounts collected to reflect changes in operating costs.

The CBO staff contact for this estimate is Sofia Guo. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

VII. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

Because this legislation would not repeal or amend any provision of current law, it would not make changes in existing law within the meaning of clauses (a) and (b) of paragraph 12 of rule XXVI of the Standing Rules of the Senate.