

# 2019

ANNUAL REPORT



## Letter from Ryan Alexander

We live in extraordinary political times. The daily headlines can be numbing and the difference—depending on the political perspective of the news source—is dramatic.

But amidst that turmoil, Congress and the federal government continue to take in revenue, spend money, and demonstrate priorities through their actions. For 25 years, Taxpayers for Common Sense has been shining a light on those decisions, even when they don't make it into the headlines.

In the past year, we've focused attention on the taxpayer failures of the Department of the

Interior's oil and gas leasing system; the continued, layered giveaways to agribusiness; and the ever-evolving budget games and gimmicks played by Congress and the administration to mask costs and liabilities. Nerds that we are, we were excited (if disappointed) to be able to talk about the *Antideficiency Act*—a law that stands for the basic idea that no money can be spent by the federal government if it hasn't been specifically appropriated for that purpose.

No matter what the next 25 years hold politically, we know our work at TCS will remain critical. We won't let corruption and waste hide in the shadows.



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## Federal Lands

TCS has always worked to safeguard taxpayer-owned lands and natural resources by ensuring they are managed for their long-term value. This year we are raising awareness of how the system of leasing for oil and gas drilling on federal lands subsidizes industry, resulting in irresponsible development that creates long-term liabilities. We partnered with the *New York Times* on a two-part story looking at the Trump Administration's rush to lease federal lands for drilling as its own watered-down rules have allowed the industry to game the system.

The administration rescinded a strong methane waste rule adopted in 2016 and has largely deferred to the states to monitor and police this problem on federal lands. We are working to document the harms of this change—both in taxpayer dollars lost and methane, among the most harmful green house gases, released into the atmosphere.

In June 2019, the Forest Service initiated a rulemaking to repeal the Roadless Rule of 2001 in the state of Alaska, potentially lifting prohibitions on road construction and timber harvesting on millions of acres on National Forest System lands. We are working to fight this rule, which could set off a domino effect where more states seek an exemption, creating massive new taxpayer subsidies for the timber industry.

## Agriculture

The so-called Farm Bill, which Congress passed in December, had an official price tag of \$867 billion. The actual price will be much higher though because it expands federal subsidies for many lucky businesses, such as absentee farmers and their extended families who may never step foot on a farm.

We are working with policymakers, federal agencies, and the insurance industry to help bring more market-oriented principles to the



**“Taxpayers can’t afford to save farmers from themselves... shouldering the cost for expenses individual businesses can, and often do, shoulder themselves is fiscally irresponsible and economically reckless.”**

—[Josh Sewell](#), *The Hill*, April 11, 2019

federal crop insurance program—a sweet deal that serves as a revenue guarantee for most users, protecting dips in projected revenue rather than actual losses. The program is almost pure subsidy, paying out \$2 for every \$1 it collects in premiums.

The good news is that the Farm Bill created new opportunities for us to help improve the performance of farming conservation programs by encouraging the USDA to make performance data more transparent. Better measuring, managing, and analyzing this data will show how conservation can reduce risks ... and federal crop insurance payments.

## Trade

The Trump Administration has imposed tariffs on a range of foreign goods, and other countries have responded with their own tariffs on U.S. exports. The farming sector has been hard hit, as countries like China slashed imports of soybeans and other commodity crops. To stem the tide of negative publicity from the politically important rural states, the White House spent \$12 billion last year in payouts to the agriculture sector and announced another \$16 billion this year—in addition to disaster aid and heavily subsidized programs like crop insurance.

TCS has been highlighting the hidden economic and fiscal costs of these tariffs and the associated payments to farm businesses. While tariffs cause short-term economic disruptions, these tariff payments meant to lessen the impact of the trade war could further expand the government's already oversized role in domestic agriculture markets long after the trade war is over. History shows that “temporary” programs are notoriously hard to terminate.





## National Security

At the close of 2018, the Pentagon underwent—for the first time ever—an audit of its financial books. No great surprise to TCS and other watchdogs, it failed.

TCS is leading a coalition of groups to bring more accountability to defense spending. We have brought the “off-budget” accounts like the Overseas Contingency Operations Fund (OCO) used by Congress to side-step its own spending caps out of the shadows. For FY2020, President Trump requested \$165 billion for OCO to pad the Pentagon budget with things that were neither overseas nor contingencies. When added to the base budget, the administration’s total request topped \$750 billion.

As always, we dig into the details, which only makes the story worse. Included in the \$750 billion request is a big bump for nuclear weapons. This reflects the administration’s stated desire to modernize all three legs of the nuclear triad—land, sea, and air—at a cost of over \$1 trillion. Beginning production of new nuclear warheads and starting to modernize facilities are the camel’s nose under the tent. Budget history teaches us that once a program is begun, it develops a political constituency of its own and becomes much harder to stop.

## Border

This administration has continued to prioritize construction of a wall along the southern border, despite so much evidence that this is not a wise use of resources. TCS has been setting the record straight about how much this project will cost, how effective (or not) it will be, and the president’s questionable authority to spend money Congress has not approved.

Before, during, and after the government shutdown last year over border spending, we researched and reported on historical spending on border barriers to estimate what it would cost to build the wall the president wants, and—not surprisingly—found the administration’s estimate of \$5 billion absurdly low. We have also helped clarify for policymakers and the media how the president’s emergency declaration—claiming authority to spend tax dollars on the wall Congress has not appropriated—runs afoul of the U.S. Constitution and federal statutes, such as the Antideficiency Act.

## Disaster

One of the few points of agreement in Washington is the need for a federal role in helping communities rebuild after a disaster. But as federal disaster spending has grown over the years, overall disaster policy has not evolved. In fact, poorly targeted relief spending can increase the likelihood of future disasters—and more disaster spending—as a result of increasingly intense storms. Shifting the focus of current disaster spending to avoiding future disasters—not just rebuilding what was there before—will improve its fiscal and environmental outcomes for taxpayers.

One important tool in the disaster toolbox is the National Flood Insurance Program. TCS continues our work bringing more oversight to this program, including making premiums reflect actual risk like private insurance does, and introducing means-testing when determining federal assistance.

**“This latest idea of actually paying for wall construction out of the DoD Appropriations bill has a major stumbling block: the Antideficiency Act... Simply stated, this is the law that says money appropriated by Congress cannot be spent in advance or in excess of a congressional appropriation.”**

—Ryan Alexander, *The Hill*, December 19, 2018

## Looking Ahead

Over the course of our almost 25 years, Taxpayers for Common Sense has brought an end to many programs and policies that are both wasteful and harmful, from the infamous Bridge to Nowhere, to the Volumetric Ethanol Excise Tax Credit, to curtailing purchases of the costly F-22 fighter plane. We have achieved victories for taxpayers under both Republican and Democratic administrations, under divided and single-party government.

For an organization with a small staff, we punch above our weight because of the experience and expertise of our staff. Through political acumen, strict independence, and hardnosed investigations, we have earned a reputation as principled and accurate. TCS staff frequently testify before Congress and have appeared before 15 different Congressional committees as both a Democratic and Republican witness.

No one can predict what lies ahead, particularly not in these politically volatile times. But each year, spending bills are passed—one way or another. Being prepared for the policy debates that accompany appropriations and budget negotiations is critical to advancing policy change every year. That's where we come in, year after year, with your support, continuing to hold the government accountable and demand common sense in how it spends taxpayer dollars.

**“This rush to shovel out the funding, or in this case also to close out the books, gives you an incomplete picture that can lead to waste.”**

—Steve Ellis, *Bloomberg Government*, May 30, 2019

**“The president and the administration can talk about the military doing it all they want, but the truth is there is no money for the wall in the already enacted defense budget so they can't just shift funds to build it.”**

—Steve Ellis, *McClatchy DC*, December 19, 2018



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651 Pennsylvania Ave, SE | Washington, DC 20003 | 202-546-8500

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