

ANNUAL REPORT 2011



Founded in 1995, Taxpayers for Common Sense is a 501(c)(3) non-partisan budget watchdog dedicated to cutting wasteful spending and subsidies in order to achieve a responsible and efficient government that operates within its means.

Now More Than Ever

The country is at a teachable moment, and a critical moment. At no time in recent political memory have all things budget—from the debt ceiling, to the Super Committee, to taxes—so dominated conversations in the halls of Congress.

In the wake of the 2011 debate about raising the debt ceiling, Congress tasked a small group of lawmakers with finding \$1.2 trillion in deficit reduction over the next 10 years. While pundits debated whether the number was too small or too large, and the so-called Super Committee dithered over ways to find those savings, we rolled up our sleeves and got to work. Our report, “Super Cuts for the Super Committee” identified, program by program, more than \$1.5 trillion in savings. While some disputed whether a tax credit could ever be considered wasteful

spending, we opted for action and fought to ensure the demise of the duplicative and expensive Volumetric Excise Ethanol Tax Credit. We won, reducing the deficit by more than \$6 billion a year.

For Taxpayers for Common Sense (TCS), the budget is always the conversation. We do the unglamorous, granular work of looking behind the smoke and mirrors and the bill titles to see what lawmakers are proposing to do with taxpayer dollars. We look at the numbers, figure out what is being paid for (and what isn't), and call it like it is.

The focus on the budget creates a buzz, but on its own, buzz doesn't mean the country is making progress toward solving our nation's fiscal problems. To do that, we must arm ourselves with facts. We must continue to comb through reports and bills to keep the public informed, build pressure to reduce waste—from corporate welfare to outdated programs—and ensure federal spending is based on our needs and priorities rather than political power.

The fiscal challenges our nation faces are not simple, but they are solvable. Taxpayers need a voice to rise above partisanship and parochial pandering. It's time for all of us to make government work. Join us.

Ryan Alexander, President



ON THE NATIONAL STAGE
TCS' President Ryan Alexander speaks at a Capitol Hill briefing with Sen. Jon Tester (D-MT) and Sen. David Vitter (R-LA).

“Taxpayers for Common Sense is government's tough-love friend. By demanding **TRANSPARENCY, ACCOUNTABILITY AND EFFICIENCY**, it defends and elevates the critical role of government.”

—MIKE PRATT, President,
The Scherman Foundation, Inc.

“For years TCS has provided **NONPARTISAN RECOMMENDATIONS** on how to make federal spending more rational and federal programs more effective. If more people had heeded more of their advice over the years we wouldn't be in the fix we are in today.”

—Senate Committee on
the Budget staffer

“Taxpayers for Common Sense works on **REAL SOLUTIONS** instead of perpetuating partisanship, and Carnegie Corporation is proud to support them.”

—GERALDINE P. MANNION, Director,
U.S. Democracy and Special Opportunities Fund,
Carnegie Corporation of New York

“When PolitiFact reporters and editors need an **INDEPENDENT AND AUTHORITATIVE** source on Congress and the federal budget, we call Taxpayers for Common Sense.”

—BILL ADAIR, Editor, PolitiFact

WHAT WE DO

We Help the Public Get Involved

Through our investigations, website, and outreach, Taxpayers for Common Sense (TCS) tells the public about government waste and provides opportunities for people to make their voices heard in Washington. Our commentary and rapid-response alerts provide easy-to-understand analyses of the budget process and opportunities to affect it.

Our *Weekly Wastebasket* email informs nearly 10,000 subscribers across the country about timely issues every week.



60% of visitors to www.taxpayer.net were new in 2011



378% INCREASE in Facebook followers in 2011



246% INCREASE in Twitter followers in 2011

We Sound the Alarm in the Media

TCS is a sought-after source for insightful, hard-hitting analysis on the federal budget and spending on television, radio, and opinion-leader blogs across the country. TCS appears regularly in all leading national newspapers and the Washington political press.

COVERAGE IN 2011

(X=number of citations)



In 2011 TCS appeared in thousands of local outlets across the country, including 90% of the top 100 most-read dailies the last two years. From the *Honolulu Star-Advertiser* to the *Des Moines Register*, the *Dallas Morning News* to the *Detroit Free Press*, the *Orlando Sentinel* to the *San Jose Mercury News*, journalists use TCS experts, research, and investigations to tell the whole story.

We Work with Congress and the Administration

TCS works with decision-makers across the political spectrum. Members of Congress cite TCS during floor debates, TCS testifies every year before Congressional committees, and TCS responds to lawmakers' requests for guidance and comments.

In 2011, we testified six times in front of five Congressional committees, submitted formal comments on pending administration policies, and met with staff across the government—from the Army Corps of Engineers to the Department of the Interior to the White House. TCS was cited in government releases 39 times last year.

Our *Mr. Smith Goes to Washington* Award honors lawmakers who have made a difference for taxpayers across America, and the *Golden Fleece Award* embodies outrage and humor as it puts a spotlight on projects that waste taxpayer money.



C-SPAN



TCS President Ryan Alexander awards Sen. Claire McCaskill (D-MO) and Rep. Jeff Flake (R-AZ) the *Mr. Smith Goes to Washington Award* at the TCS 15th Anniversary Event.

HIGHLIGHTS



BUDGET OVERSIGHT

Showing Solutions to the Super Committee

In 2011, a twelve member “Super Committee”—officially the Joint Select Committee on Deficit Reduction—was named by Congress when they couldn’t come to a conclusion about how to raise the debt ceiling. The Committee was charged with articulating a plan to reduce the ten-year deficit by at least \$1.2 trillion in order to raise the ceiling and make sure the nation didn’t default; any shortfall of that plan would be

made up with automatic cuts that would fall heavily on discretionary spending—including defense—in the next budget. Taxpayers for Common Sense (TCS) leapt into action and produced a comprehensive plan for \$1.5 trillion in deficit reducers—“Super Cuts for the Super Committee”—and pointed out the need for a balanced attack, that tax spending must be on the table, defense spending is not sacrosanct, and no one should get a special deal.

TCS tracked the activities of the Committee in rolling updates on our website, met with nearly all of the Committee members’ offices, worked with partners to conduct events or advertising in many of the members’ districts, and presented our plans in formal briefings including one broadcast on C-Span. Committee staffers even

called us in to discuss our recommendations one-on-one. Our regular issues of the TCS *Weekly Wastebasket* kept our subscribers up-to-date about what the Committee meant to the overall budget process. TCS was a go-to source for media on the impact that Super Committee negotiations could have on a variety of our target issues, including quotes in more than 50 newsclips on the Committee in less than three months.

The whole episode illustrates the value TCS has as a nonpartisan, credible source on the overall budget process, and our real value as a multi-issue watchdog reporting on the process of government.

THE TENNESSEAN

“We need the supercommittee to rise above the very bitter partisan bickering that we saw in the debt-ceiling debate and make some real changes.”

—RYAN ALEXANDER,
President of TCS, 8/28/2011



ENERGY

Ethanol Subsidy Sunk

As the ball fell New Year’s Eve 2011, TCS toasted the end of billions of dollars in tax credits for the very profitable companies that blend ethanol—alcohol fuel from corn—into gasoline. Thanks to TCS’ years of effort behind the scenes and in the press, this money will not be going to Big Oil like Shell and BP anymore.

Costing the American taxpayer \$6 billion in just 2011, the Volumetric Ethanol Excise Tax Credit (VEETC) let blenders—most often large, profitable oil companies—take a tax write off for every gallon of ethanol blended. TCS maintained the drumbeat of the fiscal nonsense of this subsidy, brought non-traditional allies to the debate, and

worked behind the scenes with Members of Congress.

Subsidies to mature, profitable corporate interests—particularly those that also externalize their costs onto taxpayers in the form of environmental cleanups, public health costs, or pressure on infrastructure—have long been a target of TCS. Through communications tools like the 2011 “Green Scissors” report produced with the environmental group Friends of the Earth, consumer group Public Citizen, and the free market think tank Heartland Institute, TCS brings together “strange bedfellow” coalitions to highlight federal spending that just doesn’t make sense.

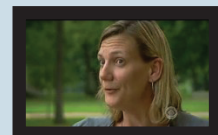
ON THE NATIONAL STAGE

In 2011, TCS appeared on ABC, AP, CBS, CNBC, CNN, Fox, Fox Business, NBC, NPR, and PBS.

On CNN alone, TCS staff was interviewed 8 times and was mentioned in 28 stories on CNN and CNN.com.



CNN



CBS



AP

HIGHLIGHTS



TRANSPORTATION

Stopping False Starts in Transportation Spending

Lawmakers love their road projects. But they, along with the President, don't seem to want to pay for them. Built on the "user pays" principle, federal highway construction is funded by a 18.4 cents per gallon gas tax. Because of more efficient cars, people driving less, and inflation-reduced buying power, that tax isn't generating as much revenue for the Highway Trust Fund as lawmakers want to spend. So the Senate wants to tap ten years of closed tax loopholes to help pay for two years of highway spending, the House wants to siphon off royalties from offshore oil drilling, and the President wants to use

the money we knew we weren't going to spend on the Afghanistan and Iraq wars as a smoke and mirrors offset.

TCS has been firm that transportation spending, like everything else, should live within its means. In 2011 we brought together groups from the right and left to produce a series of reports describing common sense solutions for better transportation funding. We successfully stopped fiscally irresponsible renewals of the transportation program, forcing Congress into temporary extensions. And we will keep up this fight in 2012 so we don't continue down the road of spending profligacy.

THE CHRISTIAN SCIENCE MONITOR

"We shouldn't be tapping undedicated sources of revenue and dedicating them to more infrastructure. We need to make sure we're spending our transportation dollars more wisely before we spend more dollars."

—STEVE ELLIS,
Vice President of TCS, 11/4/2011



CNN



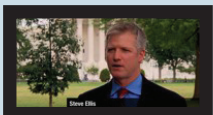
FOX BUSINESS



CNBC



TH



CNN

NATIONAL SECURITY



Alternate Engine for the Joint Strike Fighter Fought Off

The Defense Department long maintained that they were happy with the current engine for the new Joint Strike Fighter and didn't need Congress to waste hundreds of millions a year designing an alternate any more. In 2011, the Department issued a stop-work order on the Joint Strike Fighter alternate engine program, calling it a "waste of taxpayer money," despite the attempts of members of Congress to maintain it—particularly those in whose districts the engine would be built.

TCS worked hard to educate the public about the wastefulness of the program, working with allied advocates across the political spectrum. Our efforts earned us a place on *The Hill's* list of the "Top Ten Lobbying Victories of 2011" (12/14/11).

Budget experts across the aisle agree that we cannot curtail runaway spend-

ing without looking at the Defense Department, which accounts for the biggest part of the discretionary budget. Since its founding, TCS has called for greater transparency, accountability, and prioritization in national security spending. We have long said that the nation can make sensible tradeoffs in our defense budget that will keep our citizens and economy safe.

The Boston Globe

"It's kind of ridiculous that there is such an intense battle being waged over something that the Department of Defense says it doesn't want."

—LAURA PETERSON,
Senior Policy Analyst at TCS,
5/27/2011

HIGHLIGHTS



ENERGY

\$36 Billion Taxpayer-Backed Loan Guarantees Stopped

In his fiscal year 2012 budget proposal, the President asked for an increase in federal energy loan guarantees, specifically for nuclear reactors. As a longtime opponent of the entire financially-risky program, TCS riled up friends on the Hill and the media to stop the budget boost dead in its tracks.

The Department of Energy loan guarantee program carries extremely high taxpayer risk, potentially jeopardizing billions of taxpayer dollars if energy project loans default. Passed as part of the Energy Policy Act of 2005, this program has over \$34 billion in authority available for nuclear, renewable, energy efficiency, and coal projects. That figure, however, does not take into account the massive potential liability if those loans default—like the failed Solyndra solar company that defaulted, leaving taxpayers with a half billion dollar tab. The loan guarantee program is fiscally reckless, poorly managed, prone to serious failure, and is gambling with taxpayer dollars. It is also, despite being sold as a support for renewables and “green” technology, structured and implemented foremost as a subsidy for nuclear power generators.

The New York Times

“No more political muscle trumping project merit. This should usher in a new era for accountability and oversight on federal spending, not just in earmarked accounts, but budget-wide.”

—RYAN ALEXANDER,
President of TCS, 2/1/2011



BUDGET OVERSIGHT

Earmarks-Be-Gone!

“Earmarks have been banished from Congress thanks in no small part to [Taxpayers for Common Sense],” declared *The Hill* newspaper (10/12/11).

Both houses kicked off the 112th Congress with an earmark moratorium, agreeing to a two-year ban on the practice. TCS had long-targeted earmarks, which are inserted into the budget to dedicate funding to parochial projects favored by powerful lawmakers without open debate or a prioritization system. For seven years, TCS had combed through spending bills and created extensive earmark databases to shine light on the process, sharing them with the public in a searchable format online.

Earmarks serve as a petri dish for corruption and pay-to-play politics. During analysis of the 2005 transportation bill, TCS identified, named, and publicized the \$231 million earmark for the wasteful Gravina Island Bridge Project in Alaska. By the time we were done it was known as the “Bridge to Nowhere,” and the public opposition we generated ensured its demise. TCS’ systematic investigation into earmarks and campaign contributions connecting the PMA Group lobbying firm, its

clients and the members of the House Defense Appropriations subcommittee eventually led to an FBI investigation of the Chairman of the Subcommittee that shuttered the lobby shop; its head Paul Magliocchetti pled guilty in 2010 to violation of campaign finance laws.

For at least the next year, the formalized process of special interest giveaways that enabled political muscle to trump project merit has been stopped. As Congress tries to find their way in a world without earmarks, TCS is proposing solutions, meeting with policymakers, and speaking out in the press to make sure we keep moving toward a transparent, more fair way of allocating federal resources.

GREAT FALLS
TRIBUNE

“Wasteful spending comes in many different forms.... All areas of government waste must be addressed to tackle our nation’s deficit.”

—AUTUMN HANNA,
Senior Program Director at TCS,
11/10/2011

In 2011, TCS was featured as a source for independent fact-checking media like Politifact and FactCheck.org more than 30 times.

Tampa Bay Times

PolitiFact.com

FACTCHECK.ORG
ANNENBERG POLITICAL FACT CHECKER

Taxpayers for Common Sense

is grateful to the hundreds
of individual donors and
charitable foundations who
supported our work in 2011.

Thank you!

HOW TO GIVE

Taxpayers for Common Sense (TCS) is supported by contributions from hundreds of generous individuals and private foundations. We do not solicit or accept corporate contributions or government grants (we do accept small amounts from employer matching funds of individuals' gifts). We do not accept funding from those with a financial stake in the results of our work.

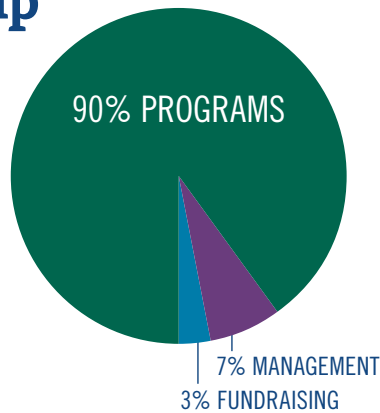
TCS accepts **ONLINE** contributions at www.taxpayer.net/donate. Contributions may also be **MAILED** to: Taxpayers for Common Sense, 651 Pennsylvania Ave SE, Washington, DC 20003.

For information about making an **ELECTRONIC FUNDS TRANSFER**, a gift of **STOCK**, or to arrange a **PLANNED GIFT**, please contact us at (202) 546-8500, ext. 128.

Contributions to TCS are tax deductible to the extent allowed by law! Please contact your tax advisor for more details.

We Run a Tight Ship

TCS takes financial responsibility seriously. According to an independent financial audit in 2011, TCS spent 90% of its budget on program expenses. TCS was awarded an exceptional "4-Star" rating from charity evaluator Charity Navigator for sound fiscal management and commitment to accountability and transparency. (Please contact us for a copy of our 2011 financial statement.)



From an independently audited financial statement for 2010.

WHAT MAKES SENSE

- ★ *If it doesn't work, don't fund it; if we don't need it, don't buy it.*
- ★ *Cut unnecessary subsidies and corporate welfare.*
- ★ *Avoid unnecessary long-term liability for the taxpayer.*
- ★ *Expose and stop corruption.*
- ★ *Ensure fair market value for taxpayer assets.*

Staff

Ryan Alexander, *President*
Jennifer Cox, *Director of Development*
Steve Ellis, *Vice President*
Autumn Hanna, *Senior Program Director*
Oshoveli Munashimue, *Development Associate*
Sheila Karpf, *Policy Analyst*
Laura Peterson, *Senior Policy Analyst*
Joshua Sewell, *Senior Policy Analyst*
Michael Surrusco, *Senior Investigator*
Justin Theal, *Research Associate*
Erich Zimmermann, *Senior Policy Analyst*
Kris Brown, *Fellow*
Matt Faherty, *Fellow*

Board of Directors

Organizations shown for identification purposes only.

DANIELLE BRIAN *Executive Director, Project on Government Oversight (POGO)*
COURTNEY CUFF *Executive Director, Western Conservation Foundation*
MARION EDEY *Founder, League of Conservation Voters; Member, Threshold Foundation*
JAY MCALLISTER, **TREASURER**
MARK SMITH, **CHAIR** *Executive Director, Blue Star Families*
NOELEEN TILLMAN *Managing Director, External Affairs, Blue Star Families*

With Sadness... TCS mourns the loss of one of our founding board members, Rob Stuart, 49, who died suddenly on October 26, 2011. Rob was literally present at the creation of TCS and played a critical role in helping us grow from an idea into the organization we are today. A board member for the organization's 16-year history, Rob was more than just a leader; he was a friend and colleague, and his sense of humor and wry observations are sorely missed.



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