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A Government Reform Project Study

## CONGRESSIONAL HEARINGS AND THE CULTURE OF SPENDING

**O**ver half the witnesses testifying before committees of the U.S. Senate and House of Representatives during the budget-slashing 104th Congress were funded directly by the federal taxpayer. In 1995, 35 percent of witnesses were federal employees; of the remaining “public” witnesses, one of every three was a government grant recipient. Grant recipients testified during the 104th Congress roughly 6,000 times: 3,000 times a year, or an average of a dozen times every working day.

The preponderance of government-funded and government-employed witnesses is one reason that even committed budget-cutters had a difficult time reducing federal spending: They hear mostly one side of the story. Moreover, a review of their testimony reveals that almost none of these witnesses disclosed the amount and source of their government funding, whether grants or contracts. Simple disclosure would be the first step toward a more balanced congressional hearing process. Committee members appear to be unaware of the high percentage of government-subsidized witnesses appearing before them. More important, because it is so rarely recognized, the potentially self-serving nature of grant-recipients’ testimony is almost never addressed.

While it may be important for Congress to listen to federal grant recipients 3,000 times per year, it is at least equally important that Members of Congress—to say nothing of the public—know exactly who is trying to persuade them. Congress should adopt a “Truth in Testimony” rule requiring grant recipients to disclose the amount and source of their grants in written congressional testimony. A Truth in Testimony rule has been introduced in the House by Representative John Doolittle (R-CA) and is being considered for inclusion in the rules change package for the opening of the 105th Congress.

## BACKGROUND: THE CULTURE OF SPENDING

Although the impact of such testimony can be enormous, few have studied the general tenor of testimony to see what impact it might have on the legislative process. In his 1991 book *The Culture of Spending*, economist James L. Payne calculated that approximately 96 percent of witnesses before selected congressional committees testified in support of government programs or spending.<sup>1</sup> Payne concluded that Congressmen find themselves almost cocooned in a pro-spending environment. Every Member of Congress is subject to the influence of pro-spending arguments while attending dozens of hearings each year and listening to calls for federal action that meet with little opposition. Bureaucrats boast about the success of their agencies and ask for more funding to continue their work; interest groups point out how many of their members depend on federal programs. Moreover, such pleas for federal initiatives are often reiterated by lobbyists, grassroots campaigns, or informal contacts.

## AN AVALANCHE OF SELF-SERVING TESTIMONY

The Heritage Foundation conducted a Congress-wide study of the prevalence of testimony by witnesses with a direct financial interest in federal spending. The results indicate undeniably that congressional hearings are dominated by persons who depend on the federal treasury: Well over half of all congressional witnesses rely on the federal government for grants, contracts, or salaries. A review of 3,400 witnesses testifying before the 15 House and Senate committees for which complete 1995 witness lists were available reveals that:

- More than one in five of all witnesses before Congress (22 percent) represents an organization that receives grants directly from the federal government. This amounts to one of every three witnesses who are not federal employees. Examples include representatives of Native American Indian tribes, nonprofit groups like the Urban Institute or the Environmental Defense Fund, and state or local agencies like the Texas Water Commission or the Minnesota Department of Natural Resources. Given the enormous breadth of these federal discretionary grants—over 40,000 groups receive an estimated \$39 billion in grants from dozens of executive branch agencies each year—Members of Congress may not know that witnesses are directly dependent on the very programs they are promoting.
- Federal officials, including employees of federal agencies, Cabinet secretaries, and Members of Congress, constitute 35 percent of the witnesses before congressional committees. Congress has a responsibility to oversee the operations of the executive branch and therefore must hear testimony from relevant officials. Unfortunately, however, officials testifying on behalf of federal programs rarely offer a balanced assessment of their efforts. Prior to the 104th Congress, such oversight hearings, in Payne's

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<sup>1</sup> James L. Payne, *The Culture of Spending* (San Francisco: ICS Press, 1991), p. 13. Payne arrived at this figure by examining a cross-sectional sample of 1,060 witnesses from 14 series of hearings between 1978 to 1987. His study included testimony before the Appropriations committees and subcommittees, a fact that accounts in part for the higher ratio than the one indicated by the results of the current study, which did not include the Appropriations panels.

words, were “almost always cheering sessions for the program involved.”<sup>2</sup> To its credit, the 104th Congress sought to correct this imbalance by inviting witnesses who opposed increased federal spending. Yet such testimony often faced sharp, coordinated opposition from the long-standing network of officials from federal agencies working in tandem with committee members who favored federal programs.

- With respect to the remaining 43 percent of witnesses, their exact financial relationship to the federal government is uncertain. Some are federal contractors, while many represent trade associations, businesses, or interest groups with significant economic interests in the outcome of pending congressional legislation. Others may not receive any federal funding. Even among this 43 percent, however, at least half testified in favor of more government spending or increased government power.

## A QUESTION OF BALANCE

Witnesses favoring more expensive government outnumbered their opponents by a ratio of 4:1. This high percentage of government-dependent witnesses was recorded during the first session of the 104th Congress, a Congress which sought to cut taxes and rein in federal spending. This imbalance represents a pro-spending bias in the congressional hearing system. Congress should begin to address this bias by clarifying which witnesses receive federal funding and then by assembling more balanced panels of witnesses.

Committee hearings can serve to educate the public by allowing a range of views to be presented and questioned. Indeed, congressional hearings often are the focus of national media reports. When these sessions are stacked in favor of continuing or expanding government programs, they give media access and prestige to those who believe that for every problem, there is a federal solution. Further, when the witnesses—and Congress itself—fail to reveal the self-interested nature of a spending advocate’s testimony, they convey a misleading picture to the public.

Consider, for example, the fight over funding for the Corporation for Public Broadcasting. Almost all of the witnesses at a February 29, 1996, House Commerce Committee hearing were financially dependent on federal tax dollars, and each predictably called for greater federal spending for public broadcasting: the presidents of the Corporation for Public Broadcasting and National Public Radio and representatives from the Association of America’s Public Television Stations, the National Federation of Community Broadcasters, the National Asian American Telecommunications Association, and the Children’s Television Service.<sup>3</sup> In 1995, as part of its campaign to preserve federal subsidies, PBS even sent Shari Lewis, puppeteer of *Lamb Chop*, to the National Press Club to protest possible budget cuts.<sup>4</sup>

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2 *Ibid.*, p. 12.

3 *Hearing on H.R. 2979, the “Public Broadcasting Self-Sufficiency Act of 1996,”* Subcommittee on Telecommunications and Finance of the Committee on Commerce, U.S. House of Representatives, 104th Cong., 2nd Sess., February 29, 1996.

4 Nina J. Easton and Judith Michaelson, “PBS: Behind the Sound and Fury,” *Los Angeles Times*, January 31, 1995, p. A1.

Another of many such examples is a hearing on welfare reform held by the House Ways and Means Committee on February 2, 1995.<sup>5</sup> Of the 65 witnesses who testified, 18 were from organizations that received federal grants, including five state and local officials who acknowledged that their agencies depend on federal funds. Apparently, none of the other 13 witnesses—from groups such as the National Council of La Raza, the National Senior Citizens Law Center, the Service Employees International Union, the National Center for Family Literacy, the American Academy of Pediatrics, and Public Voice for Food and Health Policy—thought that it relevant to mention their grants from the Departments of Health and Human Services, Labor, and Education, or the fact that their funding might have been in jeopardy. This scenario is repeated all too often, from Superfund reform to the Corporation for Public Broadcasting, welfare reform, job training programs, and a host of other taxpayer-funded efforts.

## REFORMING THE CULTURE OF SPENDING

When seeking information about government programs or pending legislation, Members of Congress consult a variety of sources, including constituents, staff members, lobbyists, the news media, and the congressional leadership. But committee and subcommittee hearings provide Congressmen of both parties with what may be their clearest and most focused opportunity to gauge an issue by listening to often compelling testimony from private citizens, knowledgeable scholars, and program administrators. Hearings that are properly run can expose wasteful government activities or foster a national consensus on key issues. To fulfill these goals, however, Washington's culture of spending must be transformed. Congress could seek to control spending through small, targeted reforms. Foremost on any list of changes should be changes in the way congressional hearings are conducted to allow committee members to apprehend more readily the motivations of those who lobby in support of federal programs.

The easiest reform to implement, requiring only a change in the House rules, is Truth in Testimony as introduced by Representative Doolittle. Truth in Testimony would require witnesses to disclose in their written statements any federal grants or contracts, including the amounts and sources of taxpayer funding, that they or their organization receive. If a witness declined to provide this information, his testimony would not appear in the official committee transcript. Because Congress does not currently require witnesses to reveal federal funding, most taxpayers (and perhaps many Members of Congress) are unaware that tax dollars subsidize lobbying activities. The legislative process would be significantly more open if the public knew whether a person testifying before Congress had a vested interest in the result.

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5 *Contract With America—Welfare Reform*, Subcommittee on Human Resources of the Committee on Ways and Means, U.S. House of Representatives, 104th Cong., 1st Sess., February 2, 1995.

## CONCLUSION

Despite efforts by the 104th Congress to control spending and reform congressional procedures, this study demonstrates that the committee hearing process is still dominated by organizations and individuals that depend on federal funding, and thus have a direct interest in asking Congress for more money for the programs from which they receive grants. One of every three ostensibly "public" witnesses is a government grant recipient. As part of its oversight duty, Congress needs to hear from federal grantees, but 3,000 times each year may be too often. Congress needs to pay increased attention to the voice of the taxpayer, who often is not given the opportunity to counteract the claims and requests of federally funded groups. The truth in testimony proposal would do a great deal to ensure that hearings serve as an opportunity for Congress to gather objective information and not as a press conference on behalf of executive branch agencies, grant recipients, and professional lobbyists. Such a rule would allow Members of Congress to understand the background of witnesses' testimony. As part of the rules package for the 105th Congress, Congress therefore should adopt a Truth in Testimony rule.

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## APPENDIX

The Heritage Foundation's Government Reform Project examined every hearing held during 1995 by 15 House and Senate committees and their subcommittees, encompassing 3,423 witnesses. Included in the survey were the House Science, Small Business, Banking, Veterans Affairs, Budget, and Transportation and Infrastructure Committees and the Senate Judiciary, Budget, Small Business, Indian Affairs, Energy and Natural Resources, Rules and Administration, Labor and Human Resources, Environment and Public Works, and Banking, Housing and Urban Affairs Committees. These committees were selected because complete witness lists were available via committee publications, committee web sites, and the *Congressional Record*. Because the Appropriations Committees were not included, it is probable that the results of this study slightly understate the actual percentage of witnesses who are depend directly on federal funding. This sample comprises approximately one-fourth of the approximately 13,000 witnesses that appear before Congress in a typical year. Only individuals who physically appeared at the hearing, as opposed to those who merely submitted statements, were included in the totals. Of the 3,423 witnesses catalogued, 1,189 worked for the federal government, 766 represented organizations that received federal grants, and 1,468 were from other organizations. Witnesses were identified as grant recipients by the Federal Assistance Awards Data System (FAADS) database covering the 1994 fiscal year.