At the beginning of his second term in 2005, President George W. Bush launched the most ambitious domestic initiative of his presidency and perhaps the most sweeping piece of social policy legislation in 70 years: the reform of the financially strapped Social Security program through a system of private retirement accounts.

This reform would allow workers to divert a portion of their Social Security taxes to private accounts that invest in mutual funds and other securities. The returns on these investments would yield far more money to individuals over a period of several years than the modest income promised by the government-managed system.

President Bush vigorously stumped the nation to sell his much-needed reform initiative, premised on allowing workers to set aside 4 percent of the 12.4 percent Social Security payroll tax for private accounts. In a series of speeches and town halls meetings, he emphasized the impending financial crisis that would hit the program in the not-so-distant future.

AARP Leads Campaign Against Private Retirement Accounts

Early on, the Bush proposal met fierce resistance from an unusually united Democratic Party and a well-financed network of special interest groups. Labor unions, for instance, organized disruptive protests at town hall meetings of Republican congressmen. The unions also successfully pressured some financial services firms into withdrawing from a pro-reform coalition.

By far, the group that did the most to defeat the President’s Social Security

AARP chief executive Bill Novelli denounces private accounts. He insisted that Social Security would be financially solvent for “decades to come.”
reform plan was AARP. AARP (formerly known as the American Association of Retired Persons) is the nation’s largest and most powerful organization ostensibly lobbying for the interests of the elderly. With a claimed membership base of 35 million and revenue of $878 million in 2004, AARP certainly had the most resources of any interest group, conservative or liberal, that was involved in the 2005 Social Security debate. Its membership base is ten times that of the National Rifle Association and its $800 million budget is five times that of the U.S. Chamber of Commerce. Only the U.S. Roman Catholic Church has more members than AARP.

Starting in January 2005, AARP sent mass mailings to its members, spent $5 million on full-page advertisements in 50 major newspapers, and another $5 million on print advertising to foment opposition to the Bush reform plan.

AARP charged that diverting payroll taxes to private accounts would bankrupt the system and lead to massive new federal debt. In an April 21 letter to the Washington Times, AARP policy director John Rother claimed that private accounts would “put benefits at risk, incur trillions of dollars in new debt and make the solvency problem worse.” AARP even dismissed the need for sweeping changes in Social Security despite the fact that many experts and most Americans believe it is headed for bankruptcy. According to AARP chief executive Bill Novelli, “While it needs changes, Social Security continues to be sound for decades to come.” The group also asserts that investing retirement savings in the stock market is a dangerous gamble that would expose retirees to unacceptable risks. This argument is particularly hypocritical since AARP offers its members the opportunity to buy 38 mutual funds through its corporate partner Scudder Investments. AARP earned $62 million from investment income in 2004.

Making use of its full-time staff of 1,800 and more than 300,000 volunteers organized into a network of 2,700 local chapters, AARP activists held hundreds of forums and attended dozens of congressional town hall meetings to counter the White House campaign. In addition to mailings, AARP targeted seniors through its official publications, AARP the Magazine and the AARP Bulletin. Delivered to 22 million households, they are the nation’s largest circulation publications. In addition, AARP boasts that it has taught 1.5 million members how to be activists who can be mobilized into action in every congressional district with periodic “alerts.” By April 1, just three months after it started its lobbying campaign, AARP said that 535 members of Congress received more than 460,000 phone calls complaining about the private account plan.

AARP won the battle. Due largely to its multi-million-dollar effort as well as considerable legislative lobbying, AARP succeeded in undermining support for private accounts in just a few months. Even President Bush’s highly-publicized “60-cities-in-60 days” speaking tour in the spring to reassure an increasingly skeptical public could not counter the AARP-led scare attack. By the beginning of summer, six months after the White House launched the bold reform initiative with such fanfare, the political and media consensus was that private accounts were going nowhere in Congress.

The defeat of private accounts is perhaps the most dramatic example of AARP’s commitment to liberal activism. But it is hardly the first time. AARP opposed tax cuts in both the Reagan and Bush administrations. In 1991, it worked to defeat the nomination of Clarence Thomas to the U.S. Supreme Court. In 1995, AARP helped the Clinton Administration defeat Congress’ attempt to pass a balanced budget amendment, and a proposal to control soaring Medicare costs. The importance of AARP as a strong advocate of the liberal agenda for expanded government has probably intensified in light of the weakened AFL-CIO, which has split into two rival labor federations.

AARP Gets Millions in Funding from Federal Grants

AARP stirs considerable anger among conservatives for its aggressive advocacy of liberal causes. Of course, as a private nonprofit organization it has the right to take any stand it chooses on a public policy issue. No one disputes its First Amendment rights. However, the fact that AARP pursues its political agenda using federal dollars especially angers taxpayers, and not just those who have problems with its politics. The AARP 2004 annual report, which has the most recently available information, showed that of the $878 million in revenue AARP received that year $83 million came from the federal government through a variety of grants. Thus, when AARP spent at least $10 million torpedoing Social Security reform in 2005, more than 10 percent of its $800 million budget came from the U.S. taxpayer.

This funding level appears to have been quite consistent over the last several years. In 1995, AARP was getting $86 million in federal funding. Charlie Jarvis, Chairman and CEO of USA Next, estimates that since 1989, “AARP appears to have taken over a billion dollars in taxpayer money in the form of federal grants.” It is simply unacceptable that the federal government is subsidizing a political advocacy organization that annually generates nearly $900 million in revenue, much of it through royalties from corporations, and has total assets of $1.6 billion. Dale Van Atta, a journalist who has investigated AARP’s dubious claims to nonprofit status, says AARP is “really a Fortune 500 company that sidelines as a lobbying organization for the Washington staff.” Indeed, AARP is a most profitable nonprofit. On more than one occasion in its 47-year history, AARP has been the subject of financial scandal for misus-
ing its nonprofit status to make money. AARP officials admit that AARP is not a typical charitable organization and, due to its size, must be run in part like a business. According to former AARP executive director Horace Deets, “Given our size, you cannot run this like a bake sale after Church on Sunday.” The problem though is that if AARP operates like a business, why isn’t it taxed like one? In the 1980s, the Internal Revenue Service demanded hundreds of millions of dollars in back taxes from AARP. After nearly a decade of wrangling, the organization finally paid $135 million. Van Atta says AARP sources admitted that this was less than a fourth of what the IRS claimed AARP actually owed.

The source of AARP’s considerable wealth is the dozens of products and services the organization sells to its members. AARP teams up with insurance companies, health care providers, financial services firms, credit card companies, rental car agencies, cruise ship lines, amusement parks, home improvement and security systems firms, cell phone providers, Internet service companies, and outlet stores to offer its members discounts. AARP hawks the products to its members and collects “royalties” from its corporate partners. In his 1998 book Trust Betrayed: Inside the AARP, Van Atta estimates that the average member was spending $150 on AARP products each year. That number is almost certainly higher today. AARP generated 40 percent or $350 million of its revenue from “royalties and Service Provider Relationship Management Fees.” In addition, AARP made $93 million from publications advertising and $62 million from investment income. AARP raises only one-quarter, $224 million, from membership dues.

In the 1990s, AARP could still claim that its largest source of income was membership dues, which typically are $12.50 annually per member. However, that is clearly not the case today. And there is every indication that AARP will become increasingly reliant on non-membership income. For one thing, AARP’s membership level has stagnated — and probably declined — over the last several years. AARP claims it has 35 million members but the real number is closer to 22 million because AARP gives free membership to spouses of dues-paying members. AARP also employs other questionable gimmicks to inflate its membership numbers. Van Atta says that in 1995, the board was so alarmed by its falling membership rate that it “secretly altered its books to give themselves an overnight boost of more than two million members — without receiving a single new membership application.” In reality, AARP probably lost at least 700,000 members between 1993 and 1996.

Given its problems in recruiting new members, AARP will no doubt redouble its efforts to generate revenue from its business operations — further undermining its claim to be a member-driven nonprofit association. And AARP will likely seek to bolster its revenue from federal grants.

The American people would be justly outraged if tens of millions of government dollars went to ExxonMobil or General Motors to fund activities they were capable of financing. The American people should be just as outraged that a powerful interest group that takes advantage of its nonprofit status to avoid paying taxes gets over $80 million per year to pursue a controversial political agenda that it could easily fund from its own extensive resources. As Thomas Jefferson said, “To compel a man to furnish funds for the propagation of ideas he disbelieves and abhors is sinful and tyrannical.”

Five Federal Departments Fund AARP

The $83 million that AARP received from the federal government in 2004
funded a range of activities including job training for low-income senior citizens, assistance in helping seniors file their taxes, programs to prevent Medicare fraud and abuse, legal aid, housing assistance, and telemarketing fraud prevention. Some of these programs certainly may be worthwhile goals for nonprofit organizations dedicated to helping the elderly. However, an organization as affluent as AARP does not need public money to pursue such charitable missions. Another serious problem is that the federal grant program from which AARP draws most of its public money, the Senior Community Service Employment Program, is often wasteful and inefficient. There are many compelling reasons why the program should be abolished.

AARP administers the federal funds through its charitable arm, the AARP Foundation. AARP is a 501(c)4 and, pursuant to the Lobbying Disclosure Act of 1995, is ineligible to receive federal funds. The purpose of this law was to stop the flow of federal money to nonprofit organizations engaged in lobbying. It was a reaction to the frustration many in Congress expressed over the political advocacy of groups like AARP. Recall that AARP played a major role that year in stopping many congressional initiatives such as Medicare reform — while getting $86 million from taxpayers. In response, AARP established the AARP Foundation in 1996. As a 501(c)3 charity that does not engage in lobbying, the foundation is eligible to receive federal grants.

The AARP Foundation is a legally distinct organization that theoretically operates independently of AARP. It has its own board of directors and staff and can engage in fundraising activities to advance its particular public policy agenda. However, the foundation works so closely with AARP that the two entities are barely distinguishable. The AARP Foundation is located in the same building as AARP where its 200 employees work practically side-by-side with the lobbying staff. The foundation’s only purpose is to administer federal grant money. As further evidence of its dependence on AARP, the AARP Foundation’s second largest source of income is AARP.

According to its 2003 IRS Form 990, the AARP Foundation had total revenue of $89.6 million. Federal grants accounted for $68 million. In the year ending December 31, 2004, AARP Foundation reported total income of $138 million, which included $83 million from government grants. AARP contributions accounted for 20 percent or about $28 million that year. Charitable donations accounted for 8 percent or $11 million. Prominent donors include the American Express Foundation, Anheuser-Busch and Time Warner.

By creating the foundation, AARP was able to maintain its longtime relationship with federal grantmakers with a minimum of disruption. Congress may want to consider changing federal law to create a stronger legal firewall between 501(c)3 foundations and 501(c)4 organizations engaged in overt political lobbying. There is a precedent for such legislation. In 1996, Congress enacted reforms to stop the federally-funded Legal Services Corporation (LSC) and its network of nonprofit grantees from using tax dollars to file politically-motivated litigation. One of the reforms included a provision mandating a strict physical separation of offices between the LSC grantee and a legally-separate entity funded with non-LSC money. This put an end to legal services activists skirting congressional prohibitions on lobbying by creating theoretically-separate groups that de facto operated as one by sharing offices, staff and funding.

Five cabinet level agencies dispense grants to AARP. The large majority of the

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Source: U.S. Department of Labor
money comes from one Department of Labor grant. For the year ending December 31, 2003 when AARP received $68 million in federal funding, the Labor Department gave AARP $63.3 million for its Senior Community Service Employment Program (SCSEP), a job training program for low-income senior citizens. The second largest federal grantmaker is the Department of the Treasury or, more specifically, the IRS. That year, the IRS gave AARP $3.4 million as part of the Tax Counseling for the Elderly (TCE) program, which provides volunteers to help seniors complete their federal taxes. The Department of Housing and Urban Development (HUD) gave $626,279 for its Housing Counseling Assistance Program. The Department of Health and Human Services (HHS) gave $444,493 for various special programs, typically legal assistance and Medicare fraud prevention programs. The Department of Justice (DOJ) gave $15,000 for telemarketing fraud and prevention efforts.

The Labor Department’s SCSEP grant for the year beginning in July 2004 and ending in July 2005 was $75 million, which accounts for nearly 90 percent of the $83 million in federal grant money AARP received as of December 31, 2004. The IRS grant for the TCE program usually provides between $3.5 and $4 million per year. The proposed IRS grant for the TCE program in fiscal year 2006 is $4.1 million. In 2004, HHS reported that it provided six grants to AARP totaling $866,025. This includes $175,000 for the West Virginia Senior Medicare Information and Patrol Project and $149,025 for the National Legal Assistance and Elder Rights Project.

These agencies appear to be the consistent sources of federal funding for AARP. It has been getting SCSEP funds since 1969 and TCE grants since 1979. In a March 2001 letter to HHS on federal financial assistance, the AARP Foundation reported that it received money from DOL, the IRS, HHS, HUD and DOJ.

The only significant change in the makeup of its federal grants over the last decade relates to the Environmental Protection Agency (EPA). The EPA’s Senior Environmental Employment Program provides job support to EPA regional offices and laboratories. In 1995, EPA was giving AARP approximately $20 million for this program, a significant percentage of the $86 million in federal money AARP received that year (The SCSEP grant was $49 million.) For reasons that are not clear, AARP stopped getting this EPA grant.

### The Senior Community Service Employment Program

The SCSEP is a federal job training program for individuals age 55 and older. It was established in 1965 under Title V of the Older Americans Act. The program is administered by the Labor Department’s Employment and Training Administration through grants to nonprofit organizations and state-level agencies. In 2005, the SCSEP budget was $440 million, about the same annual budget it has had since at least 2000. Under a longstanding funding formula, 78 percent of SCSEP money is allocated to 13 national nonprofit groups and 22 percent to the states. Thus, the nonprofit groups receive about $342 million. AARP is the second largest recipient with $75 million. The largest recipient is Experience Works (formerly called Green Thumb) with about $86 million. Other prominent grantees include Easter Seals ($16 million) and the National Council on the Aging ($22 million).

These grant recipients place seniors with income that is no more than 100 percent of the poverty line in temporary, part-time, minimum-wage jobs at private nonprofits and public agencies. The SCSEP program pays their salaries. Seniors typically work in schools, hospitals, senior citizens’ centers, and on beautification and conservation projects. The goal is that after a few months of work, the seniors will have acquired the skills and experience to work in similar full-time jobs. AARP says 10,000 people are enrolled in its SCSEP program at any one time. It claims it places more than 50 percent of participants in jobs, exceeding the 20 percent goal set by the Labor Department. Nationally, SCSEP supposedly serves 100,000 people each year.

The objectives of the SCSEP program may be laudable, but there are serious concerns about its effectiveness. The Congressional Budget Office (CBO) has repeatedly recommended that the program could be targeted for elimination.
since the nonprofit organizations, among the best-funded in the nation, are quite capable of bearing the expenses of running senior training programs. In its official Budget Options report to the House and Senate Budget Committees in March 2003, the CBO noted that under current law AARP and other nonprofits must bear only 10 percent of the job training costs. CBO concludes, “Shifting those costs would ensure that only the services that were most highly valued would be provided.” In other words, nonprofits would do a better job with their own money.

Of course, the main objection to AARP getting SCSEP grants is that it does not need money from the federal government to operate a job training program. AARP reported $878 million in revenue in 2004 and spent $800 million. That year, AARP received $75 million for its SCSEP program. There is no logic in giving millions of dollars to a nonprofit like AARP which could easily fund the program from its own resources. In its 2004 annual report, AARP says it generated “an increase in net assets of $76 million (5 percent of total assets) for calendar year 2004.” In addition, AARP “ended the year with $332 million in net assets...of which $92 million was designated by the Board for debt reduction, charitable activity, and future AARP programs.” AARP, which owns an imposing multi-million dollar headquarters building, has assets totaling $1.6 billion. Each year, AARP gets richer. The end result of the SCSEP grant money is to needlessly make the organization even richer.

If AARP is truly committed to its job training program it should bear the cost. Because it would be spending its own money, it would probably do so more efficiently.

The CBO report notes the opinions of critics who “maintain that the SCSEP offers few benefits aside from income support and that the work experience gained by participants would generally be more valuable if it was provided to equally disadvantaged young people.” One wonders just how many useful skills can be learned doing part-time work at libraries, parks, schools, and other public facilities. The problem with SCSEP is that there is no independent method for measuring its effectiveness in placing trainees in worthwhile, long-term jobs. A 2002 article by the Cato Institute noted that SCSEP “grantees measure their own success in meeting program goals. With millions of government grant dollars at stake, recipients have a built-in incentive to issue consistently positive reports.”

The only way to ascertain performance is through the occasional controversy that manages to get press attention. In November 2003, for instance, U.S. Rep. Ginny Brown-Waite (R-FL) formally asked the Labor Department to investigate a rash of complaints by seniors over AARP management of a job training program in Hernando County, Florida. Just after AARP got the contract, seniors began calling the Congressman’s office complaining about its management. AARP administrators were accused of verbally abusing and intimidating seniors, cutting people from the program for needing time off for surgery, and giving little notice to employers and trainees about job assignments. A parks and recreation department director said the AARP director would not allow weekend work at the city golf course because she did not want to be bothered on her days off.

State lawmakers have registered objections about the effectiveness of the SCSEP program. In March 2001, members of a West Virginia Senate subcommittee on work force development expressed considerable displeasure over how $986,000 of SCSEP money was being spent by county aging programs. Senator Lloyd Jackson (D) said that the “real purpose” of SCSEP isn’t to train workers but “to subsidize the agencies that are getting these workers.” An SCSEP director admitted that the goal of the program is to place 20 percent of workers in the agencies that hire them. The 20 percent level is the Labor Department’s standard for job placement. The director also admitted that the placement level was low because “some are not as employable as others.” A participant not employed by one agency is rotated to another. Senator John Unger (D) said the SCSEP program sounded more like welfare than job training. “The purpose of this is getting our seniors into the work force, providing them the training and the skills needed in order to get unsubsidized placements,” said Unger. “It’s not to subsidize them for the rest of their living years.”

In 2000, the Minnesota Department of Economic Security did a study evaluating the state’s 80 job training programs. The SCSEP program managed by the
National Urban League was one of the least effective. The study found that 77 percent of the people who finished the SCSEP program did not move immediately into jobs. Those who did get jobs were the worst paid. SCSEP graduates made just $5.50 per hour compared with state-administered programs that paid anywhere from $10.80 to $20 per hour.

Not surprisingly, state governments and many in Congress believe that the funding formula for the SCSEP program that guarantees 78 percent of grants to nonprofits and 22 percent to state agencies should be changed to give states more control. In 1999 and 2000, Congress debated changes to the SCSEP funding formula as part of the reauthorization of the Older Americans Act. Republicans pressed for the formula to be changed to give 55 percent to the nonprofits and 45 percent to the states. In large part, this was motivated by the desire to break up the automatic dedication of the bulk of the money to AARP and other nonprofit groups like the National Council on Senior Citizens that have a history of aggressive lobbying for liberal causes — and financial wrongdoing. Of course, AARP and the other groups opposed the change, insisting the current system worked just fine. That year, AARP was getting $52 million, the third largest grant recipient. The proposed reduction in funding for nonprofits would have cost it millions.

Democratic congressmen and the Clinton administration strongly opposed the measure. Defenders of the status quo argued the nonprofits outperformed the states. But grant recipients evaluated their own performance and there was no independent review by the Labor Department. However, the General Accounting Office (GAO) reviewed SCSEP — and it supported a revision in funding to give the states more money and AARP less.

In 1999 congressional testimony, GAO official Marnie Shaul said the 78-22 formula and another provision guaranteeing the nonprofits a specific share of SCSEP activity (called “hold harmless”) “result in distributions of funds among and within states that do not match the distribution of the needy population.” Shaul said that these provisions restrict the Labor Department’s “ability to allocate funds among the states in a way that ensures that funds are provided to the states where the most needy elderly reside. A majority of funds are not responsive to population changes.” The proportion of the elderly population in need of assistance fluctuates due to changing demographics and economic performance in virtually every part of the nation. Guaranteeing 78 percent of SCSEP funds to AARP and nonprofits results in a situation in which too much money goes to states that do not need the money and not enough to states that do need it.

Exacerbating the problem is the “hold harmless” provision, an amendment added to the Older Americans Act in 1978. Under this provision, the nonprofits are guaranteed to receive funding “for the same number of positions in each state that they had in 1978.”

GAO concluded, “Because the program continues to operate in the same manner as it has since 1978 and because the states where concentrations of elderly Americans reside have changed over time, there is a mismatch between where the needy elderly live and where the subsidized positions are provided.” Eliminating the “hold harmless” provision and increasing the states’ allocation would help alleviate these inefficiencies.

Despite the GAO’s conclusions, the GOP congressional proposal to increase the state allocation to 45 percent was defeated. President Clinton signed the reauthorization of the Older Americans Act into law without any substantive reforms. This was good for AARP but not good for an effective senior job training program.

The Republican-led Congress attempted a more sweeping reform of SCSEP in 1995, in the heady days following the 1994 elections. Senator Nancy Landon Kassebaum (R-KS), criticizing SCSEP and 150 other job training programs as wasteful and redundant, proposed combining all the federal job training programs into one, and distributing the money as block grants to the states. SCSEP later became part of the Republican overhaul of the welfare system. In a 1996 “Background” article, the Heritage Foundation recommended that the $400 million SCSEP be eliminated because it is one of the top ten federal programs that subsidize politics and lobbying. Other programs on the list included the Legal Services Corporation, AmeriCorps and the National Endowment for the Humanities.

However, SCSEP escaped the budget axe. Senator Barbara Mikulski (D-MD) persuaded the Senate to remove it from the welfare bill – thus saving SCSEP from virtual elimination when the landmark measure became law in 1996.

**Tax Counseling for the Elderly Program**

The Tax Counseling for the Elderly (TCE) program is an IRS program that offers free tax help to individuals age 60 or older. Established in 1978, TCE provides training and technical assistance to volunteers, mostly from nonprofit organizations, who provide counseling and assistance to the elderly in the preparation of their federal income tax returns.

The IRS trains the volunteers primarily by supplying laptop computers loaded with training software. In addition, TCE grants reimburse volunteers for out-of-pocket expenses such as transportation, meals, and other expenses incurred by them in providing tax counseling.

For fiscal year 2006, the proposed TCE budget is $4.1 million. About 90 percent of the funds are allocated to AARP, which operates almost all of the 9,000 TCE sites around the nation. The TCE grants represent the second largest source of federal grant money for AARP.
The AARP Tax-Aide program, which administers the TCE grant, was established in 1968. AARP claims that each year its 32,000 volunteers provide free tax service to 1.9 million people, the nation’s largest free tax preparation service.

The TCE program is a worthy program with good objectives. But again, why does AARP — which has a budget of $800 million — need a $4 million federal grant to run its tax preparation service? AARP started its service prior to getting federal funding. If AARP is really committed to providing free tax assistance to seniors, it should do so with its own money.

Furthermore, questions have been raised whether AARP really is effective as it claims in using TCE money to assist seniors. Michael O’Connor is a self-employed public benefits consultant with 30 years’ experience in legal services and public benefit advocacy programs. An attorney by training, O’Connor was appointed to the IRS Advisory Council in 2000. In 2001, O’Connor prepared a special report called “Tax Preparation Services for Lower-Income Filers: A Glass Half Full, or Half Empty?” In this report, he reviewed the effectiveness of the two formal volunteer programs sponsored by the IRS, TCE and the Volunteer Income Tax Assistance (VITA) program.

O’Connor’s criticism of the VITA program is relevant because it directly addresses AARP’s claims about the number of people its serves. The VITA program asserts that each year its 40,000 volunteers provide assistance to 1.88 million taxpayers. But this is not true. “Unfortunately,” says O’Connor, “the actual service provided by VITA programs, in terms of tax returns completed, is far less than what is indicated by these numbers... There is evidence that much of the ‘assistance’ provided by VITA programs consists of handing over forms rather than preparation of tax returns.”

The IRS Statistics of Income Division tabulates the number of tax returns actually prepared by both VITA and TCE. In the case of VITA, O’Connor found that instead of completing 1.88 million tax returns in 1997, VITA prepared fewer than 500,000 returns And a large percentage, nearly 20 percent, were not even for low income earners.

O’Connor found the same problem with TCE. In 1999, the AARP-run TCE program supposedly provided 32,000 volunteers who assisted 1.6 million taxpayers. “As with VITA,” notes O’Connor, “the actual number of returns tabulated by the IRS Statistics of Income Division was far lower.” That year, AARP-TCE completed only 493,000 tax returns, of which fewer than 60,000 were Earned Income Tax Credit (EITC) filers. The EITC program serves low-income taxpayers.

In a second study on tax programs that O’Connor prepared in 2003 for the Annie E. Casey Foundation, O’Connor concluded that in the 2003 filing season, the AARP-TCE program prepared just 750,000 returns, less than half the 1.9 million persons the AARP Tax-Aide program claims it “assists” every year.

Not only is AARP getting federal money to run a tax service it is quite capable of subsidizing, it is not even doing so with particular effectiveness. AARP should be cut from the TCE program.

### Conclusion

For many years, congressional reformers and research foundations have been working to stop the flow of billions of dollars in federal money to private organizations engaged in political advocacy. There have been some notable successes such as the 1995 Lobbying Disclosure Act which prohibits 501(c)4 organizations that engage in legislative lobbying from getting federal money. However, the results are still mixed given the ability of AARP and other groups to simply establish 501(c)3 foundations to administer the grants.

AARP receives more than $80 million in federal funding each year. Cumulatively, it probably received more than $1 billion over the last 16 years. It is grossly unfair to force taxpayers to subsidize a nonprofit group that routinely generates nearly $900 million annually. And it is outrageous that taxpayers are being used to advance its liberal agenda to expand government and thwart Social Security reform. Ending federal subsidies to AARP would put an end to the unjust practice of publicly funding a highly partisan and controversial interest group.

John Carlisle is the Director of Policy at the National Legal and Policy Center, a nonprofit organization dedicated to promoting ethics in public life.