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# State Comptroller's Office examines use of public funds to lobby state government

Taxpayer dollars could be saved if government entities were held to greater disclosure requirements and evaluated cost-saving options when hiring outside lobbying firms, according to a study released today by the Office of the State Comptroller (OSC).

The OSC study looked at the use of public funds to lobby state government and found public entities are not held to the same transparency standards as private companies.

"It makes no sense to permit public entities not to disclose information that private companies are required to provide about the hiring of lobbying firms," State Comptroller Matthew Boxer said. "Given that we're talking about a use of taxpayer dollars that some would deem controversial, public entities should in fact be held to a higher standard of transparency than private companies."

Five states - Connecticut, Florida, Texas, Utah and Virginia - have enacted legislation banning certain government entities from retaining lobbyists. The OSC study surveys arguments on both sides of the issue.

"Whether New Jersey should follow the lead of other states that have adopted a partial or complete ban on public entities hiring lobbyists is a policy decision to be made by elected officials," Boxer said. "But the public is certainly entitled to information from government entities hiring lobbying firms as to why such expenditures are necessary, whether steps have been taken to reduce costs and, in the end, what public benefits were derived."

The report contains a series of recommendations related to promoting transparency and limiting costs. For example, it recommends state officials require public entities to disclose their justification for retaining a lobbying firm and detail what was accomplished as a result of the lobbying efforts. It also recommends public entities evaluate whether costs can be saved by using other available resources or by limiting contracts with lobbying firms to a specific task rather than committing public dollars to ongoing general lobbying services.

In documents provided to the OSC, public entities reported a variety of approaches in compensating the lobbying firms they retained. The vast majority paid lobbyists equal, pre-set amounts each month regardless of the extent of the services rendered. Others paid hourly rates or a one-time lump sum fee.

One municipality provided compensation to the principal of a lobbying firm by paying the individual as a salaried municipal employee. The OSC referred this information to the Department of the Treasury, Division of Pensions and Benefits, which later issued an administrative decision determining that the lobbyist's arrangement with the city was actually that of an independent consultant, not an employee. As a result, the Division discontinued the individual's participation in the state pension system, subject to his right to appeal the decision.

Documents provided to the OSC by public entities showed that some government units engaged firms to lobby on a specific issue, while others gave the lobbying firm a broad mandate to represent the entity on all government relations matters.

"Before government entities take the step of committing public dollars to outside lobbyists, officials should evaluate whether there are more cost-effective ways to achieve the same goals," Boxer said. "Such an evaluation becomes even more critical in cases where government entities hire lobbying firms for broad or general purposes."

Information filed by lobbying firms with the New Jersey Election Law Enforcement Commission showed the majority of lobbying efforts conducted on behalf of government entities related to pending legislation. One firm reported, for example, that it lobbied on a school district's behalf regarding a host of bills that included the designation of "School Bus Driver Appreciation Day," increased fines for violating the Open Public Meetings Act and the establishment of a task force on gasoline, diesel fuel and heating reserves.

Public entities paid at least $3.87 million in total to outside lobbying firms to lobby state government during the last legislative session (2006-2007). Nearly half of that money - $1.8 million - was spent by public authorities and commissions. Those figures may not reflect the totality of public lobbying expenses. The dollar amounts come from the 74 public entities identified in client lists filed by lobbying firms with ELEC. It is possible that some lobbying firms concluded on the basis of a 2006 ELEC Advisory Opinion that they were permitted to omit mention of their government clients.

The OSC report lists the seven government entities that reported spending more than $100,000 on lobbying firms during the time period under review. Three of the public entities in the top four hired multiple firms.

"One of the potential issues with public entities spending significant money on lobbying firms is that other government officials may feel compelled to do the same to achieve an equal playing field in the competition for state dollars," Boxer said. "You can end up with a financial escalation that, ultimately, is a race to the bottom for taxpayers."