

GAO

Report to the Chairman, Subcommittee
on Social Security, Committee on Ways
and Means, House of Representatives

June 1997

SOCIAL SECURITY ADVOCACY

Organizations That Mail Fund-Raising Letters



**Health, Education, and
Human Services Division**

B-276151

June 18, 1997

The Honorable Jim Bunning
Chairman, Subcommittee on Social
Security
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

The Congress and the media have been concerned that some organizations conduct fund-raising efforts that may raise elderly people's fears about Social Security. Some organizations, for example, have sent letters to elderly people stating that the Social Security program has "dire financial troubles" or that its trust funds are being "mishandled" and requesting financial contributions to combat these alleged threats to the program. The media have reported that the letters have aroused elderly people's fears because they distort problems facing Social Security and exaggerate threats to Social Security beneficiaries. The media have criticized some letters for using scare tactics to solicit millions of dollars in donations from the elderly.

Because some organizations mailing these letters are exempt from federal income taxes, some individuals may perceive their activities as being conducted at taxpayer expense. In addition, the general public could view these organizations' tax-exempt status as validation for the worthiness of their fund-raising appeals. This is because an organization's tax-exempt status is based on the Internal Revenue Service's (IRS) recognition of it as a nonprofit organization promoting the general welfare.

Because of your concerns, you asked us to identify organizations that use Social Security issues as part of their mail fund-raising appeals. Specifically, you wanted to know (1) the bases for the groups' tax exemption; (2) the services the groups provide; (3) their sources of income, income subject to taxes, and expenses; (4) their financial relationships with other businesses; and (5) characteristics of their Social Security-related fund-raising letters. As agreed with your office, this report discusses the results of our review of seven organizations that we identified as using Social Security issues in fund-raising letters. The organizations we identified are the

- American Conservative Union,

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- Council for Citizens Against Government Waste,
 - National Committee to Preserve Social Security and Medicare,
 - TREA Senior Citizens League,
 - The Seniors Coalition,
 - 60/Plus Association, and
 - United Seniors Association, Inc. (USA).

Other organizations are also involved in Social Security-related advocacy; however, they do not rely on mail fund-raisers to the public for support. For example, the Council of Better Business Bureaus, Inc., reported one such organization as relying on sales of services and products to members, commercial activities, or government grants to support its advocacy.

To develop our information, we reviewed the Social Security Administration's (SSA) correspondence files to identify organizations that combine Social Security advocacy with fund-raising letters to the public. SSA develops these files by encouraging individuals who question Social Security-related mailings received from businesses to send the agency the organizations' solicitation packages. We also obtained information that the organizations provided either for public record to state regulatory agencies and a consumer interest group or in response to our inquiries. We mailed letters in August 1995 and conducted interviews in November 1996 and March 1997, requesting officials of the organizations to provide information on their organizations' activities and their views on issues addressed in this report. We conducted our review between March 1995 and March 1997 following generally accepted government auditing standards. (See app. I for more details on our objectives, scope, and methodology.) Appendixes II through VIII detail information on each organization, including each's three most recent information returns based on IRS Forms 990 (if available) and an example of one of its Social Security-related fund-raising letters.¹

Results in Brief

The seven organizations we identified that have mailed the public fund-raising letters alleging threats to Social Security programs are nonprofit organizations exempt from paying federal income taxes on income they receive from the public that relates to the public service they provide. The organizations report providing a variety of public services, especially education and advocacy on publicly debated issues. For example, they report educating, lobbying, and testifying as advocates for the public on issues such as (1) the status of Social Security's trust funds,

¹IRS Form 990 is a tax-exempt organization's public annual report on its income and expenses.

tax increases, and earnings limits; (2) health care; (3) Medicare; (4) foreign policy; and (5) the federal budget.

The organizations depend on fund-raising letters to generate most of the income supporting their activities. For tax year 1993, the most recent year for which comparable data exist, the seven organizations received over 90 percent of their income from public contributions. Their annual contributions from the public ranged from about \$352,000 to \$37 million. They reported to the IRS that 61 to 79 percent of their total spending supported public service activities and 14 to 37 percent supported fund-raising.

Each of the organizations uses a contractor to produce and distribute its educational materials and to conduct its fund-raising activities. We were told that hiring professional fund-raising contractors is commonplace in organizations that solicit contributions to support their activities. According to officials involved in regulating tax-exempt organizations that solicit contributions, the organizations are not prohibited from using fund-raising contractors to manage their educational and fund-raising activities. Organization officials acknowledged that their fund-raising letters discuss issues in strong terms but said their letters are intended not to scare but to educate the public and motivate individuals to action on certain issues.

Background

Some organizations advocate for Social Security issues as part of their fund-raising appeals. Included among the activities of such organizations are producing and distributing informational materials to the public and soliciting contributions from supporters. Some of these informational materials have included statements about (1) “thefts” by the federal government from the Social Security trust funds, (2) threats to cost-of-living adjustments for Social Security benefits, and (3) proposed Social Security tax increases. These fund-raising letters have sometimes included surveys and petitions to raise support for these organizations’ positions.

Organizations may be exempt from paying federal income taxes for varying reasons. The Internal Revenue Code has 25 categories of organizations—each with its own rules—that qualify for such exemption.² To qualify, organizations must be nonprofit and organized for one of the purposes specifically mentioned in the Internal Revenue Code.

²They may also be exempt from many state and local taxes.

Bases for Organizations' Tax-Exempt Status

IRS exempted six of the organizations we identified under Internal Revenue Code section 501(c)(4) as social welfare organizations, and it exempted the other as a qualifying veterans' organization under section 501(c)(19).³ Section 501(c)(4) allows IRS to exempt nonprofit groups operated and organized exclusively to promote activities benefiting the common good and general welfare of a broad community of people. Section 501(c)(19) provides an exemption for nonprofit veterans' groups that promote similar activities specific to veterans. Among the seven organizations, three have had their tax exemption less than 6 years, three an average of 13 years, and one about 32 years.

Charitable, religious, educational, and scientific organizations, known collectively as charities, are the best known tax-exempt organizations and are exempt under section 501(c)(3).⁴ The tax provision for social welfare organizations was intended to grant exemptions to organizations that were not purely charitable but that served patriotic or community purposes.

Social welfare organizations differ from charities because contributions to such organizations do not qualify as charitable deductions for federal income tax purposes. IRS requires social welfare organizations to disclose in their fund-raising materials that contributions to them do not qualify as charitable deductions.⁵ In addition, before July 30, 1996, the Internal Revenue Code stipulated nothing about the issue of individuals profiting financially from social welfare organizations' activities. Since that time, the Internal Revenue Code has been amended so that the exemption allowed under section 501(c)(4) does not apply if any of the organization's earnings benefit a private shareholder or individual.⁶

In their application for tax exemption, the six groups receiving tax exemptions under section (501)(c)(4) and the one receiving an exemption under (501)(c)(19) proposed advocating for the public interest by trying to

³Social Security-related fund-raising letters were previously mailed by the TREA Senior Citizens League, part of The Retired Enlisted Association, before the Senior Citizens League received its own 501(c)(4) tax exemption.

⁴An organization may have exemptions from federal income taxes under more than one section of the Internal Revenue Code such as in cases when the organization establishes separate units that also qualify for tax exemptions.

⁵We found the organizations' mailings generally include response devices such as surveys and petitions in which the organizations usually discuss the nondeductibility of contributions to them for federal income tax purposes. Contributions to an organization exempt under section 501(c)(19) of the Internal Revenue Code may qualify as charitable deductions for federal income tax purposes if 90 percent or more of the organization's members are war veterans.

⁶P.L. 104-168.

influence legislation by contacting legislators or the general public. In requesting federal income tax exemption from IRS, the seven organizations essentially described their main purpose as educating the public about relevant issues and increasing its participation in the political arena.

Organizations Emphasize Advocacy Work

All seven organizations said that they rely on fund-raising letters to finance their educational and advocacy work. They had from 80,000 to 6 million senior citizens, retired military personnel, and members of the general public among their members and supporters, we were told.⁷

Officials of the organizations we spoke with said their organizations are issue oriented rather than service oriented. That is, sales of services and merchandise to members constitute a small portion of their income. Officials said they educate and advocate for members and target audiences on a range of issues—including the Social Security program. Issues other than Social Security include foreign policy, welfare reform, Medicare, health care, the consumer price index, and federal spending. In addition to mass mailing fund-raising letters, these organizations send newsletters to members and distribute a variety of free, issue-oriented informational literature to members of the Congress, the media, and interested groups. As examples, the organizations cited publications that rated individual Congress members, another containing questions most asked about Social Security benefits, and one detailing basic information about becoming a senior activist. Radio public service announcements; television programs featuring seniors' issues; a toll-free telephone line for members to obtain information on relevant issues; and ancillary services, such as discounts on prescription drugs, eyeglasses, and travel discounts are offered by a few of these organizations.

The organizations also reported conducting activities to influence legislation such as lobbying and testifying before the Congress. Examples of these activities include (1) sponsoring a conference to discuss and set political agendas for publicly debated issues; (2) lobbying for the repeal of the Social Security tax increase and earnings limit; and (3) testifying on issues such as health care, the federal budget, and telemarketing of seniors. Officials said the organizations often attach surveys and petitions to their fund-raising letters to raise support for certain positions. They reported communicating supporters' responses to surveys and petitions to the Congress or the President and sometimes urging supporters to

⁷Some of the organizations defined members as individuals who made recent contributions and supporters as individuals who answered surveys or signed petitions.

communicate directly with elected officials. Most indicated that they also participate in or conduct town meetings and workshops on issues of interest to their targeted groups. We verified neither each organization's performance of the reported activities nor these activities' frequency.

Income and Expenses

The seven organizations receive their income mainly from public contributions and to a lesser extent from commercial activities. Income they receive from commercial activities is taxed if those activities do not substantially relate to the basis for their tax exemption. For example, income from magazine sales may or may not be taxable depending on the facts and circumstances of each case, which determine whether the activity substantially relates to the organization's tax exemption.

A review of the organizations' annual information returns revealed that all rely on public contributions as their main source of income. The organizations use fund-raising letters to generate contributions. For 1993, the most recent year for which comparable information was available, contributions from the public constituted at least 92 percent of each organization's total income. For the seven organizations, the amounts they received from the public ranged from about \$352,000 to \$37 million. Six of them reported total tax-exempt income from commercial activities—interest on investments, insurance income, sales of mailing lists, advertising revenue, and convention sales—ranging from \$11,000 to \$527,000. Three of the six reported taxable commercial income (not substantially related to their tax-exempt purposes) of \$7,000, \$241,000, and \$2 million, respectively. (See table 1 for amounts reported by each organization.)

Table 1: Organizations That Mail Social Security-Related Fund-Raising Letters to the Public, Tax Year 1993 Financial Profile

Dollars in thousands

	American Conservative Union	Council for Citizens Against Government Waste	National Committee to Preserve Social Security and Medicare	TREA Senior Citizens League	The Seniors Coalition	60/Plus Association^a	USA
Income from							
General public	\$9,395	\$2,926	\$37,443	\$4,161	\$11,114	\$352	\$4,830
Taxable commercial activities	0	0	1,988	7	241	0	0
Tax-exempt commercial activities	89	11	527	333	70	0	285
Total income	\$9,484	\$2,937	\$39,958	\$4,501	\$11,425	\$352	\$5,115
Expenses for							
Public service activities	6,491	2,139	23,600	2,731	7,548	494	2,721
Fund-raising activities	2,239	490	7,467	1,079	1,364	165	2,182
Administrative activities	1,610	252	7,666	262	599	13	966
Total expenses	\$10,340	\$2,881	\$38,733	\$4,072	\$9,511	\$672	\$5,869

^a60/Plus Association reported a \$321,000 deficit.

Source: IRS Form 990, "Return of Organization Exempt From Income Tax."

The seven organizations' total expenses for tax year 1993 ranged from about \$673,000 to about \$39 million. Their reported expenses for public service activities ranged from about 46 to 79 percent of their total expenses. Expenses for fund-raising activities ranged from 14 to 37 percent, and those for administrative activities ranged from 2 to 20 percent of their total expenses. (See apps. II through VIII for a summary of each organization's three most recent information returns.)

The organizations routinely incurred certain expenses to conduct their educational and fund-raising programs, according to a review of the IRS Forms 990. They reported incurring expenses for (1) production and printing of informational materials, (2) postage and shipping to distribute materials to the public, (3) mailing lists and membership development to

gain contributors and supporters, and (4) computer services to support these functions.

Relationships With Other Businesses

All seven organizations use contractors to conduct educational and fund-raising programs. Officials told us in March 1997 that, because these organizations depend heavily on public contributions, using experienced fund-raisers is the most cost-effective way of managing their resources. They said the cost of handling the large but infrequent workload of mailing fund-raising letters in house would be prohibitive. Because professional fund-raising contractors routinely handle large-volume mailings, however, they can readily provide services necessary to market and produce mass mailings at reduced costs. Moreover, these contractors serve as strategic advisors to increase the effectiveness of the organizations' mailings. The contractors may recommend specific mail projects and schedules and sometimes provide services to conduct mail campaigns or obtain the services through other vendors. In the latter situation, when the contractor arranges for other vendors to provide services, their contracts with the nonprofit organizations require the vendors to be paid directly by the nonprofit organizations.

The organizations develop and research the issues for their fund-raising letters, officials told us, and fund-raising contractors do the creative writing (subject to the organizations' approval) and find vendors to produce and mail letters. In addition, the organizations retain approval authority, officials said, over services provided or obtained on their behalf by fund-raising contractors. Using professional fund-raisers to handle this aspect of organization work allows more time for education and advocacy activities, according to officials.

From the records we examined, we could neither determine how much the seven nonprofit organizations paid contractors to conduct their education and fund-raising programs nor how much they paid other vendors chosen by their fund-raising contractors. For six of the organizations, according to our review of IRS Forms 990, about 59 to 92 percent of their spending was for producing materials for mailing, delivering materials, increasing membership, and hiring computer services. These same services were specified in contracts with the six organizations' fund-raising contractors.⁸

⁸USA told us it did not use a fund-raising contractor for tax year 1993 but conducted its fund-raising programs in house. The organization said 1994 was the first year it used a professional fund-raising contractor.

Fund-Raising Letters Make Emotional Appeals for Support

Each of the seven organizations we reviewed conducted mail campaigns that combined education and fund-raising activities. (See apps. II through VIII for examples of letters used in these campaigns.) We found examples of letters describing money in the Social Security trust funds as having been “borrowed” or “looted” by the Congress “to spend on wasteful programs.” Other letters informed individuals that they will not receive the benefits to which they are entitled because the Congress and President “would rather tax Social Security benefits than stop their wasteful spending” or because they are considering “anti-senior proposals” that would reduce the amount of individuals’ Social Security benefits.

Members of the public wrote to SSA expressing concern about receiving such Social Security-related fund-raising letters. SSA responded by informing them that they do not have to contribute to the organizations to continue receiving Social Security benefits and expressed concern that the mailings undermine the public’s confidence in Social Security. In publications that SSA provides the public, the agency has cautioned about organizations that solicit contributions to “save” Social Security from serious financial trouble or to support the organizations’ efforts to combat alleged “mishandling” of the trust funds. One SSA publication reported that some letters deliberately mislead individuals into thinking they must respond with a donation or risk losing their Social Security benefits.

Officials of the organizations do not believe their Social Security-related fund-raising letters scare the public, they told us, but that the type of issues their letters raise is the source of the public’s concern. Their letters educate the public about issues, such as the funding of Social Security benefits and the government’s use of Social Security money, they said, which are not fully understood by the public. It is more harmful to members of the public to be uninformed and not act to influence legislation affecting them, according to these officials.

Comments and Our Evaluation

The Commissioner of SSA and each of the seven organizations responded to our request for comments on a draft of this report, and they took no exception to its contents. One of the organizations offered technical comments, which we incorporated in the report. Appendix IX includes letters from SSA and the six organizations that provided such letters, commenting on our draft report.

We are sending copies of this report to the Commissioner of SSA, the seven organizations we reviewed, and other interested parties. Copies will also be made available to others upon request.

If you or your staff have any questions about this report, please call me on (202) 512-7215. Appendix X lists major contributors to this report.

Sincerely yours,

A handwritten signature in black ink that reads "Jane L. Ross". The signature is written in a cursive style with a large, stylized "J" and "R".

Jane Ross
Director, Income Security Issues

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Abbreviations

ACU	American Conservative Union
CCAGW	Council for Citizens Against Government Waste
IRS	Internal Revenue Service
SSA	Social Security Administration
TREA	The Retired Enlisted Association
USA	United Seniors Association, Inc.

Objectives, Scope, and Methodology

Although we identified other organizations known for their Social Security advocacy, we focused on tax-exempt organizations combining fund-raising with Social Security advocacy in letters to the general public for our review. To do this, we initially reviewed files of SSA's Office of Public Affairs to identify organizations that had sent Social Security-related fund-raising letters to the public. Next, we determined whether these organizations recently filed annual information returns (IRS Forms 990) as required by IRS for currently operating organizations. Through this process, we identified 10 organizations, only 7 of which were currently operating and had fund-raising letters in SSA's files.

The organizations we identified are the (1) American Conservative Union, (2) Council for Citizens Against Government Waste, (3) National Committee to Preserve Social Security and Medicare, (4) TREA Senior Citizens League, (5) The Seniors Coalition, (6) 60/Plus Association, and (7) United Seniors Association. Our objectives were to provide information about each organization on (1) the basis for its tax exemption; (2) the services it provides the public; (3) its income, income subject to taxes, and expenses; (4) its financial relationships with other businesses; and (5) characteristics of its Social Security-related fund-raising letters. In literature provided to the public, SSA encourages individuals who question Social Security-related mailings received from businesses to mail SSA the entire solicitation package along with their written inquiry. For example, members of the public have written to SSA asking whether they must send money to certain organizations to protect their Social Security benefits and have enclosed the solicitation packages that prompted them to contact SSA.

Appendixes II through VIII include examples of Social Security-related fund-raising letters we found for each organization. These letters do not constitute the organizations' complete solicitation packages and may not fully represent all the mailings they have sent to the public.

In addition, we conducted literature searches and interviewed cognizant officials to discuss their knowledge of organizations that send Social Security-related mailings. We interviewed officials from SSA's Office of Public Affairs and Office of Inspector General; IRS; the Council of Better Business Bureaus, Inc.; selected state regulatory agencies; and consumer interest groups. We also discussed ethical business practices with the National Charities Information Bureau and Direct Marketing Association.

We determined the bases for the organizations' tax-exempt status by reviewing their application for tax exemption (IRS Form 1024, "Application for Recognition of Exemption"), IRS determination letters, the Internal Revenue Code, and IRS reporting instructions.

In a certified letter to each of the seven organizations sent in August 1995, we asked them to provide information about their operations and services they provide the public. All organizations except 60/Plus Association responded to our letter. In November 1996 and March 1997, we interviewed officials from each organization to obtain their views on issues addressed in our report and on their Social Security-related fund-raising activities.

We profiled the organizations' income and expenses by reviewing IRS reporting instructions and analyzing the organizations' three most recent information returns, which they provided or which were on file with the states where we conducted our field work.⁹ Generally, IRS requires tax-exempt organizations to file an IRS Form 990, "Return of Organization Exempt From Income Tax," for public inspection.¹⁰ IRS Form 990 shows expenses incurred by tax-exempt organizations for various types of services. It also shows organizations' allocation of expenses for services on the basis of the function the services support. The functions include the (1) public service activities for which the organization was created and received its tax exemption, (2) fund-raising activities to solicit and handle contributions received from the public, and (3) centralized administrative activities (that is, board meetings and general legal services) not directly related to either of the other two functions.

We could not determine the possible financial relationships among the seven organizations, their fund-raising contractors, and other businesses. We reviewed copies of the organizations' contracts with their fund-raising contractors on file with state regulatory agencies. We also reviewed information that the National Committee to Preserve Social Security and Medicare, TREA Senior Citizens League, The Seniors Coalition, and United Seniors Association provided in response to an inquiry by the Pennsylvania State Attorney's Office. The Pennsylvania State Attorney's Office had requested organizations actively soliciting in the state to provide it with information on the type of businesses with which the organizations had contracts and an itemization of organizations' payments

⁹IRS requires tax-exempt organizations to file a Form 990 within 5 months and 15 days of the close of their fiscal year. Some states accept a copy of IRS Form 990 to satisfy state reporting requirements.

¹⁰Generally, annual reports are required for tax-exempt organizations with gross incomes over \$25,000.

to vendors. Upon reviewing the above information, we determined that we needed certain internal records of the organizations to determine the amounts they had paid to fund-raising contractors and the amounts paid to other vendors for services arranged by fund-raising contractors.

We developed information on the organizations' relationships with other businesses by reviewing their contracts with fund-raising contractors corresponding to the periods covered by the organizations' information returns. We identified the services that fund-raising contractors managed or provided for the organizations. We reviewed the organizations' information returns to determine the amounts they reported spending for services mentioned in contracts with their fund-raising contractors.

Information in this report was provided by these organizations for public record to state regulatory agencies, to consumer interest groups, or in response to our inquiries. We did not verify the accuracy of the information provided. We performed our work at SSA headquarters in Baltimore, Maryland; the IRS Southeast Key District Office, Exempt Organization Branch; state offices in Maryland, Pennsylvania, and Virginia; and offices of the seven organizations located in Washington, D.C., and Virginia. We chose the state regulatory agencies because of their proximity to our work location. We conducted our review between March 1995 and March 1997 following generally accepted government auditing standards.

American Conservative Union

The American Conservative Union (ACU), founded in December 1964, received an exemption from federal income taxes as a social welfare organization under section 501(c)(4) from IRS on April 1, 1977. In 1995, ACU reported its membership to be about 800,000 members and supporters. ACU advances the principles of American conservatism, using public education and direct political action, according to an ACU official. The organization uses mailings to correspond with members and prospective members. The mailings do not specifically target seniors but people of all ages, said an official.

ACU is a multi-issue organization, said this official, and Social Security issues have not been its major focus. Some of the issues ACU has addressed in its mailings include the Social Security trust funds, health care reform, Medicare, Social Security tax increases, defense and foreign policy, and federal spending. In one of its Social Security-related mailings, ACU asked individuals to help it get the “Congress’ greedy hands out of the Social Security Trust Funds.” ACU’s letter alleged that the Congress borrowed money from the Social Security trust funds and spent it on wasteful programs. The letter requested financial contributions to support ACU’s efforts to prevent future borrowing from the Social Security trust funds. It also asked for signatures for a petition to support legislation to restrict the Congress’ use of the Social Security trust funds. (See fig. II.1 at the end of this app. for a copy of the letter.)

Advocacy Activities

ACU does not provide members services in the customary sense but advocates for members through its educational and direct lobbying activities, according to the official. ACU provides members its newsletter, Battleline, which covers ACU’s activities and developments in the Congress. ACU distributes a variety of free literature at events such as conferences. The organization provided us a copy of ACU’s publication rating individual members of the Congress on the basis of the members’ votes on a range of issues. ACU said it provides these ratings to news media, advocacy groups, and the public.

ACU uses direct mail “to inform, educate, and alert the public” about particular issues, the ACU official said, and the mailings usually request financial support and include petitions or surveys. Some of the mailings do not seek financial help, however, but instead request individuals to take certain actions such as writing or calling members of the Congress. ACU compiles survey responses received from individuals and reports the results in its newsletter, in subsequent mailings to the public, and in press

releases, the official said. ACU usually presents the petitions to the Congress.

ACU provides a variety of political advocacy services. For example, ACU has testified before the Congress and also encourages its members to make their views known to the Congress. ACU annually sponsors the Conservative Political Action Conference, during which conservative activists and leaders discuss current issues and set future political agendas.

Income and Expenses

For tax years 1991 through 1993, ACU received from \$822,000 to \$9.4 million annually (over 95 percent of its income) from the public. (See table II.1 for ACU's financial profile based on IRS Form 990.) ACU reported receiving income ranging from \$11,000 to \$89,000 from use of its mailing list. It reported that all of this commercial income supported tax-exempt activities and thus, under IRS rules, was not subject to federal income taxes.

**Appendix II
American Conservative Union**

Table II.1: ACU's Financial Profile

Dollars in thousands

	1993		1992		1991	
	Amount	Percent	Amount	Percent	Amount	Percent
Income from						
General public	\$9,395	99.1	\$948	95.5	\$822	98.7
Taxable commercial activities	0	0.0	0	0.0	0	0.0
Tax-exempt commercial activities	89	0.9	45	4.5	11	1.3
Total income	\$9,484	100.0	\$993	100.0	\$833	100.0
Expenses by function						
Public service activities	6,491	62.8	473	49.0	81	8.9
Fund-raising activities	2,239	21.7	303	31.4	764	83.5
Administrative activities	1,610	15.6	190	19.7	70	7.7
Total expenses	\$10,340	100.0	\$966	100.0	\$915	100.0
Expenses by services						
Postage/shipping	5,343	51.7	342	35.4	309	33.8
Printing/publication	1,579	15.3	130	13.5	199	21.7
Mail list related	1,729	16.7	100	10.4	172	18.8
Computer	381	3.7				
Subtotal	\$9,032	87.4	\$572	59.2	\$680	74.3
Other services	1,308	12.6	394	40.8	235	25.7
Total expenses	\$10,340	100.0	\$966	100.0	\$915	100.0

Note: Percents may not add to 100 due to rounding.

Source: GAO summary of reporting on IRS Form 990.

An ACU official attributed the increase in ACU's contributions from the public between tax years 1991 to 1993 to the start-up of health care reform initiatives by President Clinton. At the start of health care reform, ACU substantially increased mailings to gain members and solicit contributions, said the official. He believed the increase in contributions from the public reflected a growing support for conservative groups such as ACU.

ACU's expenses for tax years 1991 through 1993 ranged from about \$915,000 to \$10 million. During this period, its expenses for public service activities increased from 8.9 percent of its total expenses to 62.8 percent. In the years following health care reform, the official said, ACU directed more of its spending to public service activities and less toward

fund-raising. ACU reported that its spending for fund-raising activities decreased from 83.5 to 21.7 percent of its total expenses during this period.

Relationships With Other Businesses

Registration documents revealed that ACU had hired two fund-raising contractors. An ACU official confirmed that the organization had contracts with both of the fund-raising contractors during the period covered by ACU's 1991 through 1993 information returns. One contractor provided strategic planning and scheduling for ACU's fund-raising program. It oversaw all aspects of ACU's fund-raising program, including writing copy, selecting mailing lists and vendors for cashier services, and determining the quantity of mailings. The contract authorized the contractor to accept bids from other business on behalf of ACU for services to conduct fund-raising. ACU paid vendors for the services its contractor obtained on its behalf. The other contractor conducted an education as well as a fund-raising program for ACU. The latter contractor either performed services or subcontracted with other businesses on ACU's behalf to obtain services to conduct these programs. The latter contractor secured computer services; procured mailing lists; and printed, produced, and mailed literature. A review of ACU's information returns for tax years 1991 through 1993 shows that 59.2 to 87.4 percent of ACU's total expenses were for services also specified in contracts with its contractors.

Figure II.1: ACU Fund-Raising Letter

David Keene

CHAIRMAN
AMERICAN CONSERVATIVE UNION

Dear Fellow American,

I urge you to sign the enclosed Social Security Petition and rush it back to me today.

Your Petition demands passage of H.R. 491 -- **THE SOCIAL SECURITY TRUST FUND INTEGRITY ACT.**

And with your help today, we have a once-in-a-lifetime opportunity to finally get Congress's greedy hands out of the Social Security Trust Fund.

Please, let me explain. This is an historic campaign.

For years, the politicians in Washington have been claiming that Social Security is the cause for America's serious budget deficits.

But this is simply not true.

Social Security operates year after year at a surplus. In fact, this year's surplus alone is roughly \$60 billion.

But instead of investing this money for the benefit of those who have been paying in for years...

... Congress has been "borrowing" this surplus to offset the cost of hundreds of failed welfare state programs and wasteful special interest, pork barrel boondoggles.

That's right! While blaming you and others for the growing federal debt...

... Congress has taken \$380 billion from the Social Security Trust Fund over the years and replaced these dollars with meaningless government IOUs!

My friend, America's national debt now stands at approximately \$3 trillion. That means that 10% of this debt is owed to the Social Security Trust Fund -- and ultimately -- you.

But don't hold your breath about seeing this money any time soon. Instead, Congress continues to outrageously blame Social Security recipients for its years of fiscal folly.

Well, finally, someone as had the courage to stand up and expose this charade for the scam it is. More importantly, someone has had the courage to actually do something about it.

His name is Republican Congressman Gerald Solomon of New York.

And if his bill, H.R. 491 -- **THE SOCIAL SECURITY TRUST FUND**

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American Conservative Union

becomes the law of the land....

... Congress will be forever forbidden from raiding the Social Security Trust Fund to finance the deficit or some wasteful special interest or welfare state program.

But I won't kid you -- this battle will not be easy.

Even in this "new" Congress, real change does not come easy. Especially when that change involves cutting off a piggy bank for big government boondoggles and handouts.

And believe me, there is no bigger piggy bank than the Social Security Trust Fund.

That's why the big government politicians -- from the White House on down -- are fighting tooth-and-nail to bury H.R. 491.

You see, if **THE SOCIAL SECURITY TRUST FUND** becomes law, the big spenders in Congress will never again be able to...

... blame Social Security for the deficit;

... "borrow" -- I call it stealing -- from Social Security to finance the deficit or some welfare state boondoggle;

... attack America's senior citizens -- or "greedy geezers" as they cynically call seniors -- for our national debt or the deficit.

But again, it is for precisely these reasons that the liberals are working overtime to defeat H.R. 491.

Which is why I have rushed you this urgent appeal.

And why I urge you to sign and return your Social Security Petition to me today -- without any further delay.

Our goal is to flood Congress in a sea of Petitions that neither they nor the media can ignore. In addition, we hope to plan a massive media campaign that will expose the on-going theft of the Social Security Trust Fund...

... and build massive support for Congressman Solomon's H.R. 491 -- **THE SOCIAL SECURITY TRUST FUND INTEGRITY ACT**.

But again, I urge you to act today because the task ahead cannot be taken lightly. You see, after years of propaganda from the big government liberals in Congress and their allies in the media...

... most Americans actually believe that Social Security is the blame for the budget deficit.

Never mind that Social Security operates at a surplus. Never

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American Conservative Union

mind that the government already owes the Trust Fund nearly \$400 billion. And finally, never mind that the money in the Trust Fund is supposedly dedicated to Social Security recipients.

The fact of the matter is, thanks to years of misinformation, most Americans believe that Social Security is the problem.

Worse for seniors, as a result of the liberal media's relentless propaganda campaign... millions of Americans believe that the only way to balance the budget is to cut Social Security benefits and/or raise the Social Security tax.

Well, this is total nonsense!

And with your help, we will prove it. More importantly, with your help and support, we will pass H.R. 491 and ensure that Congress can never again "borrow" from the Social Security Trust Fund.

But we need to act now and we need to act aggressively.

Which is why I hope you'll sign your Social Security Petition...

... and rush it back to me today along with a special gift of \$15, \$20, \$25, \$50, \$100 or more to the American Conservative Union (ACU).

My name is David A. Keene. I am Chairman of the ACU, America's oldest and most respected grassroots conservative organization.

The ACU was established in 1964, in part, to preserve the individual liberties guaranteed by our Constitution -- and to fight government interference in our lives whenever and wherever it occurs.

And in all honesty, the deceptive use of the Social Security Trust Fund to finance welfare state spending and mask the true size of the deficit is an issue that demands action by the ACU.

You see, the ACU exists, in part, to ensure that the government serves all Americans -- rather than rule over them.

The ACU also exists to ensure that the federal government cannot and does not deceive you and me and our fellow taxpayers.

And since the day we first opened for business more than 30 years ago, we have been doing just that -- most recently during last year's battle over the Clinton health care fiasco.

The biased media, the Clintons, and their big government allies both in and out of Congress painted the Clinton bill as "guaranteed health care for all."

What they didn't tell you was that the Clinton health care bill was really a hidden plan to impose government run and rationed health care on you, me and each and every man, woman and child in America.

No more choice. Lower quality. Long waits for service. These

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American Conservative Union

were just part of the facts the media and the liberals would not tell you about the reckless Clinton health care plan.

But fortunately, the ACU did. And as a result, we helped defeat the Clinton plan and build momentum for the political earthquake that swept America in November of 1994.

Well, with your help, the ACU hopes to expose another big government, big media lie...

... the myth that you and the Social Security Trust Fund are to blame for the nation's dangerous federal debt.

More importantly, we hope to build overwhelming support for Representative Gerald Solomon's H.R. 491 -- THE SOCIAL SECURITY TRUST FUND INTEGRITY ACT....

... a bill that will forbid Congress from ever raiding the Social Security Trust Fund again.

But again, we face a steep uphill fight. So please, without any further delay...

- 1) sign the enclosed Social Security Petition;
- 2) and rush it back to me today along with a special gift of \$15, \$25, \$50, \$100 or more to the ACU.

Believe me, your investment in the ACU will pay real dividends.

In 1994, we won the health care debate because we had two powerful weapons on our side -- the truth and the American people.

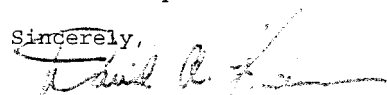
And with the help of concerned Americans like you, we brought the truth to the American people through the use of "town meetings," and rallies -- as well as newspaper, radio and TV ads.

We plan to use similar tactics to pass H.R. 491.

But we cannot do so without your immediate support. So please, again, do not delay your response.

I will be anxiously waiting to hear back from you.

Sincerely,


David A. Keene, Chairman

P.S. The Social Security Trust Fund is healthy today. But how long can it last on government IOUs? With your help, we can stop these annual Congressional raids. But both time and money are short. So please, sign your Social Security Petition. And then rush it back to me today along with your most generous and urgently needed donation of \$15, \$25, \$50, \$75, \$100 or more to the ACU.

Council for Citizens Against Government Waste

The Council for Citizens Against Government Waste (CCAGW), founded in September 1984,¹¹ received exemption as a social welfare organization from federal income taxes under section 501(c)(4) from IRS on December 21, 1984. CCAGW describes itself as providing its members and the general public with educational materials about what it perceives as government waste. In 1995, CCAGW had about 600,000 members, according to an official.

Of its 16 mailings in 1993 and 1994, a CCAGW official said, only two discussed Social Security issues. One advocated eight specific governmentwide spending cuts instead of higher Social Security taxes, and the other suggested that individuals inform their representatives if they opposed recent tax increases on Social Security benefits.

CCAGW's mailing about the Social Security tax increase asked current Social Security beneficiaries whether they were "mad as hell that [their] Social Security benefits [they] paid for during [their] working career are now being taxed away." It asked workers "if the new taxes made [them] doubt that [they'll] ever see a penny of the Social Security benefits [they] are now paying for." The letter said that the Congress and President should stop taxing Social Security benefits and instead be forced to cut wasteful spending. It urged individuals to support CCAGW's efforts to protect current and future Social Security benefits by contributing to CCAGW and supporting its petition to repeal the 1993 Social Security tax increase. (See fig. III.1 at the end of this app. for a copy of the letter.)

Advocacy Activities

CCAGW mails members a wide variety of literature about government waste, including a quarterly newsletter. CCAGW has not surveyed its members about Social Security-related issues, according to the official.

CCAGW lobbies the Congress on its members' behalf. On occasion, the official said, CCAGW asks members to send letters to their congressional representatives to oppose specific congressional actions. In 1995, CCAGW joined the Coalition for America's Future, which lobbied for the repeal of the 1993 Social Security tax increase and an increase in the earnings limit for Social Security beneficiaries, among other activities.

Income and Expenses

From tax years 1992 through 1994, CCAGW received from \$2.3 million to \$2.9 million a year (over 99 percent of its income) from the public. (See

¹¹Before Sept. 1985, CCAGW was called Council for Citizens Against Waste.

**Appendix III
Council for Citizens Against Government
Waste**

table III.1 for CCAGW's financial profile based on IRS Form 990.) During this period, CCAGW received from \$4,000 to \$11,000 a year in income from interest, royalties, and sales of items at conferences. CCAGW reported all of the income from these activities as mission related and therefore exempt from federal income taxes.

Table III.1: CCAGW's Financial Profile

Dollars in thousands

	1994		1993		1992	
	Amount	Percent	Amount	Percent	Amount	Percent
Income from						
General public	\$2,305	99.6	\$2,926	99.6	\$2,613	99.8
Taxable commercial activities	0	0.0	0	0.0	0	0.0
Tax-exempt commercial activities	9	0.4	11	0.4	4	0.2
Total income	\$2,314	100.0	\$2,937	100.0	\$2,617	100.0
Expenses by function						
Public service activities	1,770	76.6	2,139	74.2	1,985	76.0
Fund-raising activities	396	17.1	490	17.0	446	17.1
Administrative activities	144	6.2	252	8.7	182	7.0
Total expenses	\$2,310	100.0	\$2,881	100.0	\$2,613	100.0
Expenses by services						
Postage/shipping	12	0.5	17	0.6	16	0.6
Printing/publication	178	7.7	282	9.8	221	8.5
Membership related	1,474	63.8	1,836	63.7	1,599	61.2
Subtotal	\$1,664	72.0	\$2,135	74.1	\$1,836	70.3
Other services	646	28.0	746	25.9	777	29.7
Total expenses	\$2,310	100.0	\$2,881	100.0	\$2,613	100.0

Note: Percents may not add to 100 due to rounding.

Source: GAO summary of reporting on IRS Form 990.

CCAGW's expenses for the 3 years have been between \$2.3 million and \$2.9 million. Its expenses for public service activities have generally been around 75 percent of its total spending, with fund-raising expenses accounting for less than 9 percent of its total spending.

Relationships With Other Businesses

CCAGW used a contractor to conduct its fund-raising program. CCAGW's contract with the fund-raising contractor that we reviewed covered from April 1, 1994, through March 31, 1997. The contract required the fund-raising contractor to recommend specific mail projects and schedules. In addition, the contract stated that the fund-raising contractor would procure mailing list(s) of prospective donors from other businesses and could also contract with other vendors for services such as creating, producing, and mailing materials. The contract stated that CCAGW would pay vendors for services the contractor arranged on its behalf. CCAGW used the same contractor during the years covered by its 1992 through 1994 financial reports, according to an official. The fund-raising contractor essentially performed the same services during the earlier period. For tax years 1992 through 1994, CCAGW's expenses for services mentioned in the contract with its fund-raising contractor accounted for 70 to 74 percent of CCAGW's total spending.

Figure III.1: CCAGW Fund-Raising Letter

0305853

J. PETER GRACE - COUNCIL FOR CITIZENS AGAINST GOVERNMENT WASTE

**Repeal the New Social Security Tax
National Campaign**

Hartfield VA 23071

Dear _____

Now that you're paying your taxes, if you're "mad as hell" that the Social Security benefits you paid for during your working career are now being taxed away...

..or if you're still working and the new taxes make you doubt that you'll ever see a penny of the Social Security benefits you are now paying for...

...then I urge you to send the enclosed postcard calling for the repeal of the 1993 increased taxes on Social Security benefits to your Congressman.

In a moment, I am going to tell you how in a choice between cutting off Social Security benefits to drug addicts who refuse to seek counseling and taking away your benefits, Congress and President Clinton chose to tax away your Social Security benefits.

But first, I want to stress the importance of mailing your "Repeal the Social Security Tax" postcard right away.

The simple idea behind this postcard is that sometimes the best defense is a strong offense.

If you want to stop Congress and President Clinton from taxing away more of the Social Security benefits you paid for and force them instead to make significant cuts in government waste, sign and mail this postcard right away.

And don't think for a minute that the Social Security benefits you lost are helping to reduce the deficit. The deficit is still close to \$200 billion per year and on its current path will increase dramatically in coming years.

The temporary dip in the deficit is principally due to unusually low interest rates and the fact that the S&L Bailout is costing less than expected. The benefits Congress and President Clinton are taking away from you have gone to support \$342 billion in new spending over the next 6 years.

That's right, under the same budget which is taking away your Social Security, spending is increasing by \$342 billion. If you want to protect what's left of the Social Security benefits you paid for and instead force more cuts in government waste, I urge you to sign your postcard and send a special \$15 or \$20 contribution right away.

1301 CONNECTICUT AVENUE, N.W., SUITE 400 - WASHINGTON, D.C. 20036

**Appendix III
Council for Citizens Against Government
Waste**

Your postcard and your contribution are the best ways we can break Congress and the President of the idea that every time they want to spend more, they can attack the programs like Social Security which law-abiding Americans paid into and expect to help them during their retirement.

Instead of more tax increases, we must force more cuts in the well-documented and easily eliminated government waste.

Your postcard and contribution supporting this campaign to repeal the new taxes on Social Security and replace them with new cuts in government waste are the most powerful way you can protect your retirement dollars from further attacks by Congress or this President.

Making them repeal their wrongful tax on Social Security and replacing it with cuts in waste will not only throw a huge barrier in the way of other schemes to attack Social Security, it will force important cuts in government waste.

I urge you to send your postcard and your contribution right away.

If you're wondering why your contribution to support this campaign to replace the new Social Security taxes with more cuts in wasteful spending is absolutely necessary right now, let me give you one good example of what we are up against.

Recently, CCAGW President Thomas Schatz delivered some of the most amazing testimony ever presented to a committee of Congress.

Tom testified on the gross mismanagement of the special Social Security program which is giving disability payments to drug addicts and alcoholics -- the vast majority of whom are not meeting the requirements of treatment.

As stunningly stupid as it may sound, Congress is right now giving an estimated \$1.4 billion per year to drug addicts and alcoholics, many of whom are using these Social Security dollars to buy drugs and alcohol to feed their addictions!

That's so important, let me repeat it. At the same time Congress is taking away the Social Security benefits of Americans who paid for them, it is taking \$1.4 billion each year in Social Security funds and giving it to active drug addicts and alcoholics of all ages.

To make matters worse, the way the program is structured at the moment, the addicts have an incentive to stay addicted -- namely, Congress cuts off their disability benefits if they get better.

It is crazy, plain and simple. You would think that Congress would repeal such a program as fast as they could. But Congress has still been slow to act after Tom Schatz's testimony and after the NBC news show "Dateline" aired the story of CCAGW finding drug addicts getting billions from Social Security. To save this \$1.4 billion and other examples of such waste, it will take an enormous effort by Tom Schatz and the entire CCAGW lobbying team.

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Council for Citizens Against Government
Waste**

0305853

Your \$15 or \$20 contribution to this campaign to repeal the Social Security tax and fight for cuts instead will support waste-fighting campaigns like this one and many others.

We need your contribution to not only document the waste and mount our lobbying campaigns, but also to counter those who would rather continue raising taxes instead of cutting obvious government waste.

Think of it another way.

President Clinton and Congress' recent tax increase on Social Security is expected to generate a total of \$29 billion. If they had just stopped the payments to support the addictions of drug addicts and alcoholics, they could have reduced the tax by \$1.4 billion or 5%.

We need to stop further tax increases and force more commonsense cuts in wasteful spending.

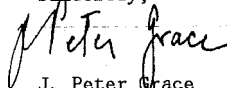
Your postcard makes it clear that you're both mad about having your Social Security benefits taxed away and your contribution will enable us to demand more aggressive cuts in government waste.

I urge you to please sign and send your postcard today. For your convenience, I have listed on your reply form the name of your Congressman.

Be sure to sign your postcard after you address and stamp it. And I am counting on you to send a special contribution to support this campaign to force more cuts in the senseless government waste and work for the repeal of Congress' new tax on Social Security.

Think of it, 5% of the Social Security benefits you lost are going to drug addicts and alcoholics. The single best way you can protect your Social Security in the future and stop senseless waste such as the Social Security payments to drug addicts is by sending your contribution today. Please let me hear from you today.

Sincerely,



J. Peter Grace
Chairman, CCAGW

JPG/jmg

P.S. If you agree that the best defense is often a strong offense, then I want to encourage you as strongly as possible to send the enclosed postcard to your Congressman. This is the best way you can protect the Social Security benefits you paid for and instead force further cuts in wasteful spending. And when you send your postcard I urge you to make a special contribution to stop the \$1.4 billion of Social Security funds which are diverted to drug addicts and alcoholics. With your \$15 or \$20 contribution right now, CCAGW will wage this battle, but I need to hear from you immediately.

National Committee to Preserve Social Security and Medicare

The National Committee to Preserve Social Security and Medicare, incorporated on November 18, 1982, received exemption as a social welfare organization from federal income taxes under section 501(c)(4) from IRS on February 22, 1983. As part of its mission, the Committee has stated that it will support the continuation of the Social Security and Medicare programs and work to maintain the integrity of the Social Security trust funds for all Americans.

The Committee uses mailings to conduct its education and advocacy activities. In 1995, the organization had about six million members and supporters. About once a month, according to an official, the organization sends members and prospective members a mailing that discusses an issue before the Congress that affects Social Security or Medicare. The mailing usually requests contributions and includes a survey or petition.

In one of its mailings to the public, the Committee informed individuals that the Congress was supporting a proposal that threatened future Social Security benefits. The Committee's letter told individuals that the Congress' "anti-senior proposals would reduce the amount of [their] annual Social Security Cost-of-Living-Adjustment." The Committee reminded people of its success in opposing other cuts in Social Security benefits and asked for their support once again. The letter requested support for an enclosed petition and a financial contribution to the organization. (See fig. IV.1 at the end of this app. for a copy of the letter.)

Advocacy Activities

The Committee reports using a variety of means to communicate issues concerning senior citizens to its members, the public, and those in the field of aging; some of these means involve no fund-raising. As examples, an official cited the Committee's bimonthly magazine, Secure Retirement, its responses to the public's written and telephone inquiries, legislative alerts on pending issues, opinion editorials published in newspapers nationwide, and radio public service announcements. The Committee reports maintaining a toll-free information hot line to keep members abreast of congressional developments and providing members discounts for services such as medical prescriptions, eyeglasses, and hearing aids.

Among its advocacy activities, the Committee lobbies and testifies before the Congress, surveys the public to formulate legislative positions, and encourages members to communicate views to the Congress. The organization reported in 1994 that it testified 10 times on a variety of issues, including health care reform, Medicare reform, and the federal

**Appendix IV
National Committee to Preserve Social
Security and Medicare**

budget. The Committee said it also holds town hall-style meetings with seniors about issues of interest to them and conducts outreach and information sharing on entitlement programs such as the Supplemental Security Income program.

Income and Expenses

For tax years 1992 through 1994, the Committee received \$34.2 million to \$37.4 million annually (around 93 percent of its income) from the public. (See table IV.1 for the Committee's financial profile based on IRS Form 990.) It received income of \$2.3 million to \$2.6 million from interest and magazine sales. It reported that all of its income from magazine sales, ranging from \$1.5 million to \$2.2 million, was unrelated to its tax-exempt mission and therefore subject to federal income taxes.

Table IV.1: National Committee to Preserve Social Security and Medicare's Financial Profile

Dollars in thousands

	1994		1993		1992	
	Amount	Percent	Amount	Percent	Amount	Percent
Income from						
General public	\$36,293	93.4	\$37,443	93.7	\$34,159	93.7
Taxable commercial activities	2,241	5.8	1,988	5.0	1,549	4.2
Tax-exempt commercial activities	322	0.8	527	1.3	766	2.1
Total income	\$38,856	100.0	\$39,958	100.0	\$36,474	100.0
Expenses by function						
Public service activities	24,225	59.3	23,600	60.9	18,053	53.1
Fund-raising activities	7,849	19.2	7,467	19.3	9,246	27.2
Administrative activities	8,808	21.5	7,666	19.8	6,722	19.8
Total expenses	\$40,882	100.0	\$38,733	100.0	\$34,021	100.0
Expenses by services						
Postage/shipping	6,908	16.9	6,284	16.2	4,968	14.6
Printing/publication	17,583	43.0	17,622	45.5	14,692	43.2
Mail list related	1,021	2.5	954	2.5	1,082	3.2
Computer	2,407	5.9	1,193	3.1	1,131	3.3
Subtotal	\$27,919	68.3	\$26,053	67.3	\$21,873	64.3
Other services	12,963	31.7	12,680	32.7	12,148	35.7
Total expenses	\$40,882	100.0	\$38,733	100.0	\$34,021	100.0

Note: Percents may not add to 100 due to rounding.

Source: GAO summary of reporting on IRS Form 990.

The Committee's expenses for the 3 years have ranged from \$34.0 million to \$40.9 million. During this period, it reported that from 53 to 61 percent of its total expenses were for public service activities. The organization reported that fund-raising expenses accounted for 27 percent of its total spending for the first year and 19 percent for the last 2 years covered by its 1992 through 1994 information returns.

Relationships With Other Businesses

The Committee used a fund-raising contractor to conduct its direct mail educational and fund-raising programs. A Committee official confirmed that the organization had a contract with the fund-raising contractor in effect during the tax years covered by its 1992 through 1994 information returns. A review of the contract revealed that the fund-raising contractor oversaw such functions as printing and producing materials; mail list-related services; and computer, mailing, and postage services. The contractor either provided the services or arranged for the Committee to receive the services from other vendors. The Committee retained control over all its fund-raising activities, including timing, frequency, nature, and content of mailings, according to an official. It also had contracts with other vendors, we found, for cashier operations, data processing, publication of its magazine, investment management, list management and brokerage, prescription drug services, office supplies, artwork, and various consulting services. Expenses for the services mentioned in the Committee's contract with the contractor that conducted its educational and fund-raising programs accounted for about two-thirds of the Committee's total spending during the 3-year period.

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National Committee to Preserve Social
Security and Medicare**

Figure IV.1: National Committee to Preserve Social Security and Medicare Fund-Raising Letter



National Committee to
Preserve Social Security
and Medicare
2000 K Street, N.W., Suite 800
Washington, D.C. 20006

**POWERFUL U.S. SENATORS
HAVE LAUNCHED ANOTHER ATTACK ON
YOUR SOCIAL SECURITY BENEFITS —
I NEED YOUR HELP TO STOP THEM ...**

HARDIN, MT 59034-1317

DEAR _____

This Urgent Bulletin is a call to action for every American who cares about Social Security and fair play.

Right now powerful leaders of the U.S. Senate are pushing a proposal which could cost you thousands of dollars in Social Security benefits over five years and beyond.

This anti-senior proposal would reduce the amount of your annual Social Security Cost-of-Living Adjustment — or your “COLA,” as it is commonly called.

We must educate seniors and members of Congress and act forcefully now before this proposal gains momentum and your COLA ends up getting cut. But before I tell you what I need you to do, let me explain to you what is at stake ...

... the Social Security COLA increases your annual benefits so that they keep pace with inflation and the increased cost-of-living.

You may or may not know it, but every year the COLA increases your benefits by the same amount as the Consumer Price Index (CPI).

The annual CPI is used to measure increases in the cost-of-living. The CPI is based on the cost of a so-called “market basket” of goods and services that the average citizen purchases — food, clothing, housing, health care, etc.

Last year the CPI increased by 2.8% and therefore your benefits were increased by 2.8%. The average retired worker received \$19 a month in additional benefits as a result.

According to federal labor statistics, the cost-of-living as measured by the

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Security and Medicare**

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CPI went up an average of 3.5% a year during the past ten years ... and the average senior retiring in 1983 has received \$11,856 in additional benefits as a result.

This increase in benefits may not seem like a lot to most Americans, but I can tell you it means a lot to most of our Members.

In fact, seniors may already be getting short-changed because when the CPI is figured the "real" cost-of-living for seniors is not taken into account. And we have the proof ...

When your chief lobbyist, Max Richtman, was the staff director of the Senate Special Committee on Aging, in 1987, the Senate Committee requested that the Bureau of Labor Statistics create an experimental "Elderly CPI." It measured the same goods and services that were in the standard "market basket" for all age groups, but re-weighted them to more accurately reflect what seniors spend for such things as doctors, hospital bills, prescription medicines, and public transportation - all of which they use in greater percentages than younger Americans.

What the experiment proved was that a senior's CPI is higher than the CPI for non-seniors.

The truth is that the COLA-cutting proposal currently being circulated would actually reduce the Social Security cost-of-living adjustment even farther below the amount seniors really need to keep pace with their increasing cost-of-living.

Sadly, millions of seniors who depend upon Social Security are just scraping by. For many, their annual cost-of-living adjustment - or COLA - makes the difference between a secure retirement and, in some cases, a bleak, impoverished existence.

Your National Committee has had to fight many proposals to cut, freeze or eliminate the Social Security COLA. We do it because these benefits are so very important to our Members.

This current proposal to change the way the CPI is measured sets a dangerous precedent.

It does not come right out and say, "Let's cut Social Security benefits".

Instead, it says, "Let's 'adjust' the CPI" - which could, in turn, mean automatic reductions in the amount of your Social Security COLA.

And the proposal is dangerous because it would reduce your Social Security COLA every year from now on.

And this would cut Social Security benefits for the average senior by as much as \$1,200 in just the first five years.

Remember the Entitlement Commission last year? Its leaders attempted to

(next page please)

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Security and Medicare**

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push through recommendations to cut Social Security benefits and raise Medicare premiums.

Robert Ball, a former Commissioner of Social Security, said that the Commission's plan would "absolutely devastate Social Security. The Social Security cuts in the long run amount to 50 percent of the benefits."

Your National Committee led the fight against their proposals and, with your generous support, we collected hundreds of thousands of petitions and letters protesting their plan and delivered them to the Commission.

And we won! The Commission was unable to muster a majority to report its recommendations.

But now powerful members of the U.S. Senate are continuing to push parts of the Entitlement Commission agenda.

Once again we must rally America's seniors against this scheme to cut your COLA.

And, once again, we must rely upon you to succeed.

So, please do two things right now!

1. Sign and return to me today, the two Urgent Message Grams I have enclosed. They will help us send the strongest possible message of protest to both your U.S. Senators:

U. S. SR. SENATOR FULLNAME
U. S. JR. SENATOR FULLNAME

We must tell them how many National Committee Members and Supporters oppose this attempt to cut your COLA!

2. SEND A CONTRIBUTION OF \$10 OR \$15 TO YOUR NATIONAL COMMITTEE TO PRESERVE SOCIAL SECURITY AND MEDICARE TODAY SO WE CAN MEET THIS ATTACK ON YOUR SOCIAL SECURITY COLA HEAD-ON!

And I cannot over-emphasize how extremely important it is that you take the time to respond to this Urgent Bulletin today.

We were somewhat surprised by this current attack on Social Security, and a massive grass-roots response is urgently needed to cut this proposal off before it gets too far.

You see, for months now, the leadership of Congress has promised to keep their hands off Social Security. Nearly every politician in Washington has assured us that Social Security is "off the table" when it comes to making budget cuts.

We were cautiously accepting their assurances and did not think we would be

(continue on ...)

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Security and Medicare**

(4)

faced with such a direct threat to your COLA - at least not so soon!

And this attack on Social Security could not have come at a worse time.

We applaud the House of Representatives for passing legislation that would increase the Social Security earnings test and roll back the onerous tax on Social Security benefits. Yet, we are still in the middle of a major battle to save Medicare and ...

... as I've written to you recently and I'm sure you've been following in the news, the new leadership of Congress is discussing hundreds of billions of dollars of cuts in the growth of Medicare spending over the next five to seven years to reduce the deficit.

Unless these efforts are stopped, seniors could pay thousands of dollars in additional Medicare premiums and out-of-pocket health care costs.

Protecting Medicare has been our top priority this year. We have been investing heavily to organize seniors in opposition to Medicare reductions.

Now we must deal with this threat to the fairness of the Social Security COLA. And so, I must ask you for your immediate help once again.

YOUR CONTRIBUTION OF \$10 WILL HELP US CONTINUE THE FIGHT TO PROTECT MEDICARE AND DEAL WITH THIS ALARMING DEVELOPMENT. EVEN A CONTRIBUTION OF \$15 WOULD BE A REASONABLE INVESTMENT WHEN YOU CONSIDER EVERYTHING THAT IS AT STAKE.

Unless these efforts to reduce the size of the COLA are side-tracked, some seniors could lose as much as \$1,200 in Social Security benefits in just the first five years. You also have thousands of dollars at stake in our continuing battle against cutbacks in Medicare spending.

YOUR IMMEDIATE ACTION IS REQUESTED. PLEASE SEND YOUR MESSAGE GRAMS AND YOUR CONTRIBUTION OF \$10 OR \$15 TODAY. WITH GREATEST URGENCY ...

Sincerely,



Martha A. McSteen
President

P.S. ATTENTION:

Your immediate action is needed to stop a new kind of attack on Social Security - one which could cost some seniors \$1,200 in COLA payments in just five years. Please sign and return your Urgent Message Grams today together with your most generous contribution to support the National Committee's ongoing efforts to protect your benefits.

TREA Senior Citizens League

TREA Senior Citizens League was established in 1993 as a special project of The Retired Enlisted Association (TREA). TREA, founded in 1963, received its current exemption from federal income taxes as a qualifying veterans' organization under section 501(c)(19) from IRS on June 29, 1984. TREA is a federally chartered veterans' organization that provides services to retired military personnel. TREA considers its target audience to be military personnel retired either due to a medical disability or to longevity of service.

According to a League official, the League became an independent affiliate of TREA in January 1995 and received an exemption from federal income taxes under section 501(c)(4) from IRS on June 28, 1995. The League has stated that its mission includes protecting and defending benefits—Social Security, Medicare, and veterans' or military benefits—earned and paid for by seniors. In 1997, the League had over 750,000 members and supporters, according to a League official.

TREA created the League to address seniors' issues beyond those concerning TREA's existing membership of retired military personnel, according to the official. TREA's Social Security-related mailings are conducted by the League, this official said. A consumer group reported that the League has been involved in the Social Security "notch" issue since 1993.¹² Other issues the League has addressed include cost-of-living adjustments, Medicare, health care, and health maintenance organizations.

One of the League's Social Security-related mailings has concerned the notch issue. The letter informed individuals that "many Notch Victims receive Social Security checks of \$100, \$500, and even \$1,000 a year LESS than they would if Congress passes Notch reform." The letter asked individuals who are notch victims for permission to include their names in the League's petition for notch reform that it would present to the President and the Congress. It also asked people to financially support the League's effort to collect two million signatures for its petitions. (See fig. V.1 at the end of this app. for a copy of the letter.)

Advocacy Activities

The League reports using its educational materials to increase public awareness. The organization distributes its newsletter, The Social Security

¹²Social Security retirees born in 1917 and beyond generally receive lower benefits than those born earlier—a disparity commonly referred to as the "notch." In 1972, the Congress adjusted the Social Security formula, causing individuals born between 1910 and 1916 to receive higher benefit amounts than intended. In 1977, the Congress corrected the formula and in effect reduced benefits to intended levels for retirees born in 1917 and beyond.

& Medicare Advisor, 10 times a year to its most active supporters. It also distributes a variety of literature on issues of interest to seniors such as The Notch Victim's Handbook and The Senior Activist's Survival Manual. The League reports conducting polls and gathering research information, which it provides to lawmakers, its members, and the general public.

The League's lobbying activities have included providing the results of its surveys and petitions, sometimes included with its mailings, to the Congress as well as providing elected officials information on seniors' issues upon request.

Income and Expenses

For tax years 1993 through 1995, TREA and the League received over 92 percent of their income from the public. Their combined revenues were \$4.5 million and \$6.8 million for 1993 and 1994, respectively. In 1995, the League reported revenues of \$1.9 million. (See table V.1 for TREA's and the League's financial profile based on IRS Form 990.) For the first 2 years, their combined report showed income from activities such as insurance sales, interest on savings, magazine advertising, and conventions. TREA reported that less than 1 percent of its total income was unrelated to its tax-exempt purpose and thus subject to federal income taxes. For tax year 1995, the League reported receiving commercial income of \$76,000 from interest on savings and its mailing list. It reported all of this income as mission-related and therefore exempt from federal income taxes.

Appendix V
TREA Senior Citizens League

Table V.1: TREA’s and TREA Senior Citizens League’s Financial Profile

Dollars in thousands

	1995 League ^a		1994 TREA		1993 TREA	
	Amount	Percent	Amount	Percent	Amount	Percent
Income from						
General public	\$1,872	96.1	\$6,403	94.6	\$4,161	92.4
Taxable commercial activities	0	0.0	5	0.1	7	0.2
Tax-exempt commercial activities	76	3.9	360	5.3	333	7.4
Total income	\$1,948	100.0	\$6,768	100.0	\$4,501	100.0
Expenses by function						
Public service activities	1,267	63.8	4,453	72.3	2,731	67.1
Fund-raising activities	456	23.0	1,432	23.3	1,079	26.5
Administrative activities	263	13.2	272	4.4	262	6.4
Total expenses	\$1,986	100.0	\$6,157	100.0	\$4,072	100.0
Expenses by services						
Postage/shipping	970	48.8	1,760	28.6	730	17.9
Printing/publication			1,511	24.5	1,117	27.4
Mail list related	212	10.7	652	10.6	309	7.6
Membership related			590	9.6	542	13.3
Subtotal	\$1,182	59.5	\$4,513	73.3	\$2,698	66.3
Other services	804	40.5	1,644	26.7	1,374	33.7
Total expenses	\$1,986	100.0	\$6,157	100.0	\$4,072	100.0

Note: Percents may not add to 100 due to rounding.

^a1995 was the first year the League reported as an independent organization.

Source: GAO summary of reporting on IRS Form 990.

Over the 3 years, expenses for both organizations have ranged from about \$2.0 million to \$6.2 million. For these years, TREA and the League reported that over 60 percent of their expenses were for public service activities and about 25 percent were for fund-raising activities.

Relationships With Other Businesses

TREA and the League used a contractor to conduct their fund-raising and education programs. The contractor created and produced mail solicitation packages and provided, or obtained under contract with others, services for mail list brokerage, computer services, production,

printing, and mailings. A TREA official confirmed that the contracts were in effect during the period covered by its 1993 and 1994 information returns, and, since January 1995, the League has been assigned the terms and conditions of TREA's contract, according to a League official. A review of TREA's and the League's 1993 through 1995 information returns shows that expenses for services mentioned in the contract accounted for from 59 to 73 percent of their total expenses.

Appendix V
TREA Senior Citizens League

Figure V.1: TREA Fund-Raising Letter



Two Million Seniors for Notch Reform

*Through the Citizens Auxiliary
special project of The Retired
Enlisted Association*

The Retired Enlisted Association • Serving Retirees since 1963 • Chartered by Act of Congress, 1992
P.O. Box 98052 • Washington, D.C. 20090-8052

Dear Notch Victim,

Please sign the enclosed form authorizing me to place your name on the National NOTCH REFORM Petition.

I hope to collect two million signatures, place them on a Master Petition, and present it to President Clinton and key Congressional leaders.

If eligible, will you also verify your name as correct for inclusion on our National Notch Victim Register?

Our goal is for the Register to include the name of every living "Notch Baby" who is owed money by the Government. On completion we will present copies to key members of Congress to underscore the enormity of the Notch problem.

The ONLY qualification for inclusion is that you be a U.S. Citizen born between midnight, January 1st, 1917 and midnight December 31st, 1926.

Remember, many Notch Victims receive Social Security checks of \$100, \$500, and even \$1,000 a year LESS than they would if Congress passes Notch reform.

The Retired Enlisted Association (TREA) and our Citizen's Auxiliary is one of America's oldest, most respected and most effective retiree advocacy groups. We urge you to help our national Notch Reform campaign today.

Will you authorize me to include your name on the Notch Reform Petition? And may I count on your financial help for this campaign? Your contribution of \$10, \$5, \$15 or any amount will help me meet my goal of collecting Two Million signatures on this petition... and completing the Notch Register.

A handwritten signature in cursive script, appearing to read "John M. Adams".

John M. Adams
Executive Director for Government Affairs
Washington, D.C.

P.S. Our goal is to quickly collect Two Million signatures on the master copy of our petition and present it to President Clinton and key Congressional leaders. May I urge you to return the enclosed form **WITHIN 5 DAYS?**

The Seniors Coalition

The Seniors Coalition, incorporated on September 17, 1990, received exemption as a social welfare organization from federal income taxes under section 501(c)(4) from IRS on July 15, 1991. The Seniors Coalition has stated its mission as public education and lobbying on behalf of seniors nationwide. The organization had one million members and another one million supporters in 1995, according to a Coalition official.

The Seniors Coalition conducts prospective membership mailings on an ongoing basis. Once a month, according to an official, The Seniors Coalition sends mailings to alert members to publicly debated issues, solicit contributions, and request membership renewals. Some of the Social Security issues the organization has addressed have included opposing Social Security tax increases, protecting Social Security, and eliminating work penalties.

In one of these mailings, The Seniors Coalition accused the Congress of “looting of the [Social Security] trust funds.” The Congress “stole the money . . . and spent it on wasteful pork barrel spending projects . . .”, and the letter warned individuals that the Social Security program “will be in grave financial jeopardy in the future.” The letter asked individuals to financially support The Seniors Coalition’s efforts to stop the Congress’ raid on the trust funds, restore money owed the trust funds, and insulate the trusts funds from future congressional actions. The letter also asked individuals to complete a survey and support its petition on the issue. (See fig. VI.1 at the end of this app. for a copy of the letter.)

Advocacy Activities

The Seniors Coalition conducts a wide range of activities to educate members and represent seniors’ interests. In addition to monthly issue alerts, the organization sends members its bimonthly newsletter, the Senior Class, which features information of interest to older Americans. In the past year, The Seniors Coalition said it has published over a dozen papers and books on issues of concern to seniors and distributed them to the media, the Congress, and the public. As examples, it cited articles titled “Medicare: Elderly Lifeline Under Attack” and “100 Most Asked Questions About Your Social Security Benefits.” The organization offers members discounts on prescription drugs and also provides them a toll-free number to inquire about specific issues, ask questions about member services, or request publications.

The Seniors Coalition reports that its lobbying efforts have included testifying before the Congress many times and encouraging individuals to

send letters and other communications to legislators. Some of the issues the organization has testified on include the Social Security earnings limit and long-term care. During the past year, the organization has involved the public in dozens of town hall meetings and rallies nationwide, according to an official.

Income and Expenses

For tax years 1992 through 1994, The Seniors Coalition received from \$8.8 million to \$11.1 million (over 94 percent of its revenues) from the public. (See table VI.1 for The Seniors Coalition's financial profile based on IRS Form 990.) During this period, its income from commercial activities ranged from about \$43,000 to \$556,000. The organization reported that about \$43,000, \$241,000, and \$561,000 of income from advertising and renting its mailing list in 1992, 1993, and 1994, respectively, did not substantially support its tax exemption and was therefore subject to federal income taxes.¹³ During this period, The Seniors Coalition reported that over 70 percent of its total spending supported public service activities and from 14 to 23 percent supported its fund-raising activities.

¹³Difference in income amounts of \$556,000 and \$561,000 is due to a \$5,000 loss that The Seniors Coalition reported in tax-exempt commercial activities.

**Appendix VI
The Seniors Coalition**

Table VI.1: The Seniors Coalition's Financial Profile

Dollars in thousands

	1994		1993		1992	
	Amount	Percent	Amount	Percent	Amount	Percent
Income from						
General public	\$9,961	94.7	\$11,114	97.3	\$8,815	99.5
Taxable commercial activities	561	5.3	241	2.1	43	0.5
Tax-exempt commercial activities	-5 ^a	-0.0	70	0.6	0	0.0
Total income	\$10,517	100.0	\$11,425	100.0	\$8,858	100.0
Expenses by function						
Public service activities	7,899	71.8	7,548	79.4	6,290	72.1
Fund-raising activities	2,121	19.3	1,364	14.3	2,024	23.2
Administrative activities	977	8.9	599	6.3	409	4.7
Total expenses	\$10,997	100.0	\$9,511	100.0	\$8,723	100.0
Expenses by services						
Postage/shipping	3,183	28.9	3,059	32.2	2,437	27.9
Printing/publication	3,900	35.5	3,473	36.5	3,166	36.3
Mail list related	1,303	11.8	1,153	12.1	1,254	14.4
Computer	28	0.3	0	0.0	0	0.0
Subtotal	\$8,414	76.5	\$7,685	80.8	\$6,857	78.6
Other services	2,583	23.5	1,826	19.2	1,866	21.4
Total expenses	\$10,997	100.0	\$9,511	100.0	\$8,723	100.0

Note: Percents may not add to 100 due to rounding.

^aThe Seniors Coalition reported a net loss in tax-exempt commercial activities.

Source: GAO summary of reporting on IRS Form 990.

Relationships With Other Businesses

The Seniors Coalition used a contractor to provide membership acquisition and creative and production services for its educational and fund-raising programs. Among the services the fund-raising contractor provided were copy writing, acquiring mailing lists, printing, and mailing of literature. The fund-raising contractor was authorized to contract with other vendors on the Coalition's behalf, although the Coalition remained liable for actual payments to vendors. The contractor provided services for most of the period covered by the three returns we reviewed, according to

a Coalition official.¹⁴ The Seniors Coalition also had contracts with three other businesses to receive cashier, list marketing, and data processing services. The contracts with two of the vendors required them to recognize the fund-raising contractor as The Seniors Coalition's agent for contract administration, and the third vendor was affiliated with the fund-raising contractor. A review of The Seniors Coalition's tax years 1992 through 1994 information returns shows that expenses for services mentioned in the contract accounted for about 77 to 81 percent of the organization's total expenses.

¹⁴The official said that The Seniors Coalition was reorganized in Nov. 1992 and no longer had records relevant to the organization before it was reorganized.

Appendix VI
The Seniors Coalition

Figure VI.1: The Seniors Coalition Fund-Raising Letter



The SENIORS COALITION

Protecting the Future You Have Earned

Jake Hansen
Director, Government Affairs

SAVE THE SOCIAL SECURITY TRUST FUNDS!

Dear Mr. Yeager,

I'd like you to authorize me to include your name on a Petition along with thousands of Senior Citizens who are standing up to the U.S. Congress and telling them:

**"KEEP YOUR HANDS OFF THE
SOCIAL SECURITY TRUST FUNDS"!**

The Seniors Coalition, one of America's largest and most active Seniors organizations, is waging a 1994 Petition Drive as part of our National Campaign to Stop Congressional "Looting" of the Trust Funds.

Why? Because over the past 10 years, Congress has "stolen" \$350 Billion Dollars from the Social Security Trust Funds, and spent it on wasteful pork barrel spending projects, their own fat \$133,644 salaries and who knows what else!

Congress' irresponsible actions, which helped produce the biggest federal deficits in history, now threaten the long-term financial integrity of the entire Social Security system.

You may be surprised I'm using strong language like "looting" and "theft." But that's what is said on the floor of the U.S. Senate by the few Senators who have denounced this scandalous practice.

And as ABC News Reporter John Stossel said on the network show 20/20, "There is no money in the Trust Funds. Just IOUs . . . that's a startling statement. But it's true!"

(over please)

Washington D.C. Metro Office: 11166 Main Street, Suite 302 • Fairfax, Virginia 22030 • Phone (703) 591-0663
Not Affiliated With Any Government Agency

Appendix VI
The Seniors Coalition

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Now is the time for you and every Senior Citizen in America to demand a halt to the Congressional raid on the Trust Funds -- before the Social Security system is in serious financial trouble.

If you will join today with your fellow Senior Citizens, The Seniors Coalition will develop and promote a comprehensive "SOCIAL SECURITY PROTECTION PACKAGE" that will:

1. Call an immediate halt to the raid on the Trust Funds by returning to pay-as-you-go financing.
2. Make it possible to pay back the money owed to the Trust Funds in a responsible manner by enacting a Balanced Budget Amendment.
3. Create an independent Social Security agency to help insulate the Trust Funds from political pressure and Congressional interference.

Your Senators and Congressman need to know how you feel about these issues. Frankly, I think many of them are out of touch with the fact that for the vast majority of older Americans, Social Security isn't a luxury -- it's an absolute necessity. And it will be that way in the future.

So I hope you will complete and return the enclosed **1994 Social Security Survey**. Surveys like this show Congress that Senior Citizens understand this complex issue and want action now.

With your permission, I'll also deliver the attached "Official Petition to President Clinton" on behalf of the Senior Citizens of America demanding an end to the raid on the Trust Fund.

But before you complete your Survey and sign your Authorization Form, let me give you the whole story:

Three years ago, The Seniors Coalition was one of the first national Seniors organizations in America to expose what many call the Congressional "theft" of the Social Security Trust Fund.

We found out that Congress had been emptying the Trust Fund and using the money to run the government, which, as you know, is operating at a huge deficit.

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Appendix VI
The Seniors Coalition

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This means your retirement money is being spent on pork barrel giveaways, fat Congressional pensions, government make-work projects and more. If we don't stop them, by the year 2020 Congress will have taken more than \$5 TRILLION DOLLARS out of the Trust Funds, according to an official federal government report!

When I meet with Senators and Congressmen on Capitol Hill, I often ask them how they plan to pay the Trust Funds back.

Do they plan to raise taxes? Increase the national debt? Or cut benefits?

Most times they can't give me an answer because they've given little or no thought to the future.

So when Social Security benefit payments have to be made in years to come, there may be no money in the Trust Fund to cut the checks! This situation is a potential catastrophe for virtually every American who expects to receive Social Security one day.

I want to stress that your Social Security checks are not in jeopardy right now. But the fact is, unless you and I stop Congress from raiding the Trust Fund immediately, the entire Social Security system will be in grave financial jeopardy in the future.

When The Seniors Coalition, along with others including Senator Daniel P. Moynihan, first tried to blow the whistle on this outrageous scandal, few people believed us.

They said they couldn't believe the U.S. Congress would do something so irresponsible.

But then a funny thing happened: Senior Citizens like you wrote your Congressman. Many called in to talk shows. Others sent letters to the editors of their local newspapers.

And word began to spread. Slowly at first, then like wildfire.

Today, Senior Citizens, prominent Americans and yes, even Members of Congress, are stepping forward to call for an end to the abuses to the Social Security Trust Funds.

(over please)

Appendix VI
The Seniors Coalition

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So The Seniors Coalition is taking a leadership role in developing and fighting for a SOCIAL SECURITY PROTECTION PACKAGE that will stop the Trust Fund "theft" once and for all.

Our Protection Package will also make sure that when the Trust Funds are paid back, they'll be less susceptible to the political whims of Congress.

We're also calling for the passage of Senator Moynihan's new bill, S.1560, to make the Social Security Administration a separate, independent agency, and return the system to the same tried-and-true formula that kept Social Security working for decades -- a true pay-as-you-go system.

And finally, we're calling for a Balanced Budget Amendment to the Constitution.

Believe me, this step is absolutely crucial to the future financial integrity of Social Security. Because if Congress is prevented by law from spending more money than they take in, they can't be tempted to spend the Trust Funds on anything else.

So despite what you may have heard, a Balanced Budget Amendment is good for Seniors and good for America!

But the politicians who want to keep spending Trust Fund money -- even though it doesn't belong to them -- will gear up for a major battle to stop us. So we have to launch our campaign right now.

That's why I urge you to sign your Authorization Form and complete your **1994 Social Security Survey** today. These are the first critical steps in our comprehensive battle plan to save the Trust Fund.

- ** We'll distribute Survey results to every Senator and Congressman, and to President Clinton. No longer will politicians be able to say they're "unaware" how Seniors feel about this issue.
- ** Plus, with your permission, I'll physically deliver your Petition to the White House demanding an end to the raid on the Trust Fund.

Together, your Survey and Petition will serve

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The Seniors Coalition

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notice to Washington that the Senior Citizens of America want Congress to end the Trust Fund "theft" and put that money back where it belongs.

I know from personal experience on Capitol Hill that your voice will be heard and will have an enormous impact in Congressional offices. Almost every time I meet with a Senator or Congressman, they say they're well aware of all the efforts The Seniors Coalition and our Members are making.

Finally, I hope you'll also send **\$10, \$15, \$20, \$50 or \$100** to help pay for our campaign to pass the "SOCIAL SECURITY PROTECTION PACKAGE."

This campaign is an enormous undertaking on the part of The Seniors Coalition, and we can't succeed without your help in financing our effort.

With your contribution of **\$10, \$15, \$20 or more** -- and the help of other Senior Citizens like you -- we can win this fight to protect Social Security.

We've proven time and again how effective our campaigns can be in winning the tough battles on behalf of Seniors Citizens. For example:

- * In 1989 we helped defeat the Catastrophic Tax: The Seniors Coalition led the fight back in 1989 as one of the most effective organizations fighting to repeal the "Catastrophic Tax."
- * In 1990 we helped save your COLA: Congressman Dan Rostenkowski tried to cancel your Social Security Cost of Living Adjustment. But over 500,000 petitions, phone calls, letters, postcards and mailgrams helped stop the COLA cut.
- * In 1991 we helped protect your Medicare benefits: In 1991 Congress was talking about a \$60 BILLION Medicare cut. Over 4,000,000 seniors across the country forced Congress to back off.
- * In 1993 we fought against increasing the 50% tax on Social Security to 85%, and helped raise the income threshold at which these taxes apply. Thanks to our efforts, millions of Seniors were spared a tax increase on their benefits.

(over please)

**Appendix VI
The Seniors Coalition**

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TODAY, ONE OF OUR TOP PRIORITIES IS STOPPING CONGRESSIONAL "THEFT" OF THE TRUST FUND. But we're only as strong as the Members who support us. We cannot do anything without you.

That's why I hope you will make every effort to contribute **\$10, \$15, \$20, \$50 or \$100** today.

If you're not able to help with a gift right now, I understand, but I hope you'll complete your Survey and sign the Authorization Form. Any amount you send will be greatly appreciated and wisely used.

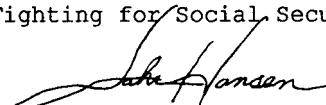
If for any reason you're not satisfied with The Seniors Coalition, your contribution will be refunded with no questions asked.

But I'm sure you'll want to join with us today to help us win the most important Social Security battle we've ever fought.

It's time for every Senior Citizen in America to stand up to Congress and tell them **"KEEP YOUR HANDS OFF THE SOCIAL SECURITY TRUST FUND"**!

Please let me hear from you within the next 10 days. And thank you so much for your support!

Fighting for Social Security,



Jake Hansen
Director, Government Affairs

P.S. Your name on our **Petition** and your **1994 Social Security Survey** can make the difference in saving the Social Security Trust Fund. Please send your contribution of **\$10, \$15, \$20, \$50 or \$100** to help us protect the future of Social Security.

For a contribution of \$20 or more, we'll send you a free copy of our 128-page book "What Everyone Should Know About Social Security." It's useful, informative and our way of saying "Thanks"!

60/Plus Association

60/Plus Association incorporated on October 2, 1990, and received its exemption from federal income taxes as a social welfare organization under section 501(c)(4) from IRS on March 28, 1991. In its annual information returns, 60/Plus stated its purpose as protecting seniors' rights. In applying for an exemption from federal income taxes, the organization said it would mainly educate the general public about seniors' concerns, including, but not limited to, the Social Security and Medicare programs. In its application to IRS for tax exemption, 60/Plus said that it planned to conduct educational activities that would include distributing newsletters, journals, alerts, and letters and convening conferences. Its advocacy activities would include encouraging seniors to express their views on various issues to the Congress, it said. The organization had about one-half million members in 1997, according to an official.

In one of its mailings, 60/Plus alleged that "President Clinton has requested a 70% Social Security tax increase for about 10 million seniors" and that the President "wants to increase many other taxes that affect seniors." The letter informed individuals that the President will certainly get his way unless they are willing to protest the tax increases. 60/Plus's letter asked individuals to support its protest letter to the President and members of the Congress and to complete its Social Security survey. The letter also requested individuals to financially contribute to support 60/Plus's efforts to deliver more letters, send more surveys, and contact more voters. (See fig. VII.1 at the end of this app. for a copy of the letter.)

Advocacy Activities

60/Plus did not respond to our certified letter requesting information about the services the organization provides. In a 1997 meeting, a 60/Plus official told us that the organization's fund-raising letters are its primary way of communicating with and educating members. Its members also receive its newsletter, Senior Voice, three to four times a year. Some of the organization's other educational activities include participating in radio and television interviews and issuing press statements about seniors' issues, according to this official. 60/Plus sends general literature on the organization to members of the public who inquire about it. The organization does not offer any ancillary services such as insurance.

Income and Expenses

In its tax years 1993 and 1994 information returns, 60/Plus reported income of \$352,000 and \$1.4 million, respectively. It listed contributions from the public as its exclusive source of income. (See table VII.1 for 60/Plus's financial profile based on IRS Form 990.) 60/Plus's expenses for

the 2 years were \$672,000 and \$1.9 million, respectively. For each of the 2 years, 60/Plus reported that a little over 70 percent of its total expenses were for public service activities and a little over 20 percent for fund-raising activities.

Table VII.1: 60/Plus Association's Financial Profile

Dollars in thousands				
	1994 ^a		1993 ^b	
	Amount	Percent	Amount	Percent
Income from				
General public	\$1,367	100.0	\$352	100.0
Taxable commercial activities	0	0.0	0	0.0
Tax-exempt commercial activities	0	0.0	0	0.0
Total income	\$1,367	100.0	\$352	100.0
Expenses by function				
Public service activities	1,368	72.6	494	73.5
Fund-raising activities	398	21.1	165	24.6
Administrative activities	119	6.3	13	1.9
Total expenses	\$1,885	100.0	\$672	100.0
Expenses by services				
Postage/shipping	586	31.1	20	3.0
Printing/publication	338	17.9	72	10.7
Mail list related	669	35.5	501	74.6
Computer	42	2.2	29	4.3
Subtotal	\$1,635	86.7	\$622	92.6
Other services	250	13.3	50	7.4
Total expenses	\$1,885	100.0	\$672	100.0

Note: Percents may not add to 100 due to rounding.

^a60/Plus reported a \$518,000 deficit.

^b60/Plus reported a \$321,000 deficit; 1993 was the first year 60/Plus filed a Form 990 with the states.

Source: GAO summary of reporting on IRS Form 990.

Relationships With Other Businesses

60/Plus contracted with a business to conduct its educational and fund-raising programs. The contract allowed the fund-raising contractor to either perform or hire other vendors to perform services such as designing programs; writing copy; obtaining mailing lists; printing, producing, and

mailing letters; and providing computer services. 60/Plus's contract with its fund-raising contractor covered the 1993 through 1994 information returns we reviewed. Our review of the two information returns revealed that 60/Plus reported that from 86 to 92 percent of its total expenses were for services also mentioned in the contract with its fund-raising contractor.

Figure VII.1: 60/Plus Association Fund-Raising Letter

STOP UNFAIR TAXATION ON SENIORS

A Project of 60/Plus Association • P.O. Box 10844 • Chantilly, Virginia 22021

Dear Senior Taxpayer,

President Clinton has requested a 70% Social Security tax increase for about 10 million seniors.

He also wants to increase many other taxes that affect seniors. And it's widely reported that the President will propose massive reductions in Medicare.

And he will certainly get his wish with a Democratic Congress unless millions of people like you and I stand up to protest.

Please sign and return to me today the enclosed protest letter to President Clinton and Members of Congress.

In the next few weeks we must flood all 535 members of Congress with millions of letters, petitions, postcards and mailgrams.

We need to have the White House switchboard receive so many phone calls every hour of the day that they will have to bring in more switchboards, more phones and more phone operators. The White House number is (202) 456-1414.

And, I want the phones in the Congressional offices to receive so many calls that congressmen won't have time to figure out how to give our money away to the thousands of left-wing groups that they gave our money to last year. The Capitol phone number is (202) 224-3121.

I want the President and the Congress to receive so many letters and phone calls that it almost feels like every senior in America is writing and calling them every week.

It's time that our Washington public servants know that the people who put them in office and pay their salary are watching their every move.

This President has shown that if he gets enough pressure, he will act. He withdrew his nomination of Zoe Baird to be Attorney General because of a massive outpouring of public pressure from the public when they learned she had not paid Social Security taxes on 2 illegal alien employees.

And, Mr. Clinton was apparently about to nominate a second person to be Attorney General when he learned that she also had hired an illegal alien. Even though it was not illegal to do so at the time, and she had paid her Social Security taxes, the President was afraid of the public outcry that might come if he nominated her.

Remember back in 1989 when millions of senior citizens flooded the White House

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and Congress with millions of phone calls and letters and cards demanding that the "senior citizen only" tax to pay for the Catastrophic Health Act be revoked?

Well, within months of when the senior citizens' uprising began, the Congress and the President, against their wishes, decided to abolish the tax.

This is probably the first time ever that a socialist - Great Society major liberal welfare law was repealed.

Last year the politicians saw that 19% of the voters rejected both the Democratic and Republican party Presidential Candidates and voted for an independent.

They can see that the voters are restless and many are angry at the way Washington regularly raises taxes, wastes our money, burdens individuals and businesses with thousands of outrageous rules and laws.

And by the way Congress has exempted themselves from having to obey many of these important laws like sexual harassment statutes; The Ethics in Government Act; The Social Security Act; The Age Discrimination Act; and the Civil Rights Act of 1964.

Congress says that if you don't obey their laws you'll have to pay a fine and maybe go to jail.

But not Members of Congress. They've said they don't have to obey some laws.

Now here's what we're faced with.

If seniors are quiet for the next couple of months, they will receive a very large tax bill by early summer.

Beside Social Security taxes for millions of seniors going up by 70%, gasoline and heating oil taxes will go up and business corporation taxes are going to go up which means the price we pay for many things will also go up.

But none of this has to happen.

Whether your taxes go up hundreds or thousands of dollars in the next few months will depend on what seniors like you do in the next few days.

We must all do our part. We must all do what we can. Some of us can sign a letter or a petition. Others can make a phone call to The White House and our Congressman.

Some have friends and relatives that will be glad to send letters and make phone calls.

Some will be able to attend a meeting that their Congressman or Senator holds in their area.

We plan to organize a very large, national, grass roots lobbying campaign to

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educate and help activate tens of millions of Americans.

This is a battle that all Americans should be involved in - not just seniors.

We have a much better chance of winning the fight to protect our senior benefits and rights if we can get the support of most Americans who are not seniors.

The young and middle-aged need to know that if the government won't keep its word to 45,000,000 seniors, that same powerful government cannot be trusted to keep its promises to younger citizens either.

So our plan is to conduct a very large, national education, action and grass roots lobbying campaign.

When I say our plan, I'm speaking of 60/Plus, a brand new non-partisan organization dedicated to the protection of the rights of Senior Citizens through educating and informing them on consumer affairs, legislative issues, and events which affect their personal and financial welfare.

60/Plus strives to uphold fair and equal treatment of Senior Citizens who represent a growing percentage of this country's population, consumers and producers of wealth. 60/Plus will monitor and report on consumer and legislative issues through regularly scheduled publications, letters, news conferences, meetings and other media.

Above all, 60/Plus recognizes the sacrifices and contributions which senior citizens have made to the safety, prosperity and security of our nation.

60/Plus is run by professionals in the struggle for ideals that you and I share. I've known the Chairman, Jim Martin, for more than 20 years. While I was a Member of Congress from Indiana, Jim was Administrative Assistant to Representative Ed Gurney, later Senator Ed Gurney, of Florida in 1960's.

And now that I'm a Senior Citizen myself, I want to do my part.

I'm confident once people learn the truth about the waste, fraud and abuse in our Federal Government and we give them the information on how to take action - that they will do so.

We need to have millions of people sign letters to the President and the Congress demanding - where are the big reductions in government spending you promised?

Government is too big - it regulates too much - it taxes too much, it spends too much, it governs too much.

We want less government (not more government) that politicians have been telling us lately they want to give us.

Eastern Europe and much of the rest of the world has been moving away from socialism because it leads to poverty, shortage, high prices and high unemployment but the President wants to push America into a full blown socialist state.

Our 4 Trillion Dollar federal debt is caused by one thing and one thing only

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- Washington politicians wasting our hard earned money.

The government increased spending 30% the last 4 years and 107% in the last 10 years.

Too many politicians in Washington have been using our tax money to gain favor with thousands of left wing special interest groups that help them get re-elected.

During the Presidential election it became clear to me that Washington politicians want to make a major assault on seniors money.

Just like the bank robber who said he robbed banks because that's where the money is - politicians seem to have focused on seniors as the one group in America that has the most money.

And if there's one thing a politician can smell - it's money.

Perhaps more than anything else they do as legislators they like taking money from people. The reason they like taking money from people is because money is power. And if you have money, you have power.

So the more money they take from you the more power they have and the less power you have.

Today government takes about 40% of the average person's income in taxes. How much is enough, Mr. President?

When will politicians be satisfied - do they want us to send 50% or 60% or 70% of our money to them?

I'm sorry, Mr. President. I do not believe you and the Congress when you say you will use the new tax money to reduce the deficit.

For every \$1.00 that the people have given the government in new taxes since 1982, they've increased spending \$1.59.

This is an outrage. The politicians have lied to us.

The Congress has raised social security taxes ten times in the last 10 years. They tell the people that the money is to be used to pay Social Security Benefits. But the truth is that Washington has taken 100% of the 331 Billion dollars in the Social Security Trust Fund and spent it on things like their recent 39% pay raise, foreign aid, subsidies to thousands of left wing special interest groups.

The Democratic leaders in Congress have pledged to move quickly to pass the President's tax increases.

We need to get a simple message to Congress and the new President quickly before they start voting.

And our message to Congress is: "Do not increase social security taxes.

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Seniors are overtaxed. And stop wasting my tax dollars!"

You might think that the politicians would not dare touch Social Security, but if they move quickly when the next election is a long way off, they may feel they can get away with it.

Once Congress reduces social security benefits for some, the dam will be broken. All seniors (except the poor) can expect to have their benefits reduced and their taxes increased.

The government since 1935 has had a solemn pact with its citizens...

Pay part of your paycheck into a social security trust fund (your employer also contributes an equal sum) and when you reach a certain age we'll send you a check monthly as long as you live.

Now there's a growing movement to change the agreement the government made with seniors.

There are 110 new members of Congress and a new President. They are looking for ways to reduce the deficit but they are also aware that they have to face the voters next year.

And that's why it's important that seniors join together in an organized effort to send a strong and quick signal to Congress and The White House to KEEP THEIR HANDS OFF SOCIAL SECURITY.

Our plan is to quickly launch a national advertising campaign to flood the offices, including the mailrooms and phones, of The White House and Congress.

I've enclosed a letter that we will send to President Clinton shortly after we hear from you.

Please take a moment to sign the enclosed letter to President Clinton opposing any new taxes on Social Security benefits or reduction in benefits. We will then advise him you've signed this letter along with thousands of other concerned senior citizens.

When you sign your letter, please also make sure to complete and return the "1993 Seniors' Social Security Survey". When we receive your completed survey along with your signed letter, we will tally the results and release them to the media, the Congress, and The White House.

As you can imagine, a grass roots campaign like this one is expensive. The costs of printing, postage, and mailing this letter to millions of seniors can only be done with the help of the seniors we are writing to.

And unlike the government or special interest groups, we operate on a shoestring budget. The only money we receive is from our supporters . . . generous and concerned Americans like you.

Will you make a contribution of \$10, \$15, \$25, \$50, or even more to help our

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national campaign?

Any amount you can send will help us deliver MORE letters, send MORE surveys, and contact MORE voters. The more you can help, the more people we can reach - and the greater effect we can have in Washington, lobbying on your behalf.

When you send in your contribution, you'll become a supporter of 60/Plus. We'll keep you informed about current laws being made in Washington that affect seniors.

Every signature, every completed survey, and every contribution will help us make a difference. So before you put this letter down, please remember to:

- 1) Sign the enclosed letter to President Clinton and Members of Congress to put them "on notice" that Seniors are opposed to over-taxing and over-spending politicians "balancing the budget" and "cutting the deficit" on the backs of America's Senior Citizens. Return it to us so we can advise the new administration and Congress that you oppose the proposed 70% Social Security tax increase, and as well as all taxes, and any reductions of Medicare or any other reduction of seniors' benefits.
- 2) Complete the enclosed "1993 Seniors' Social Security Survey" and return it to us for tabulation and releasing to the media. (Your individual response will be kept confidential).
- 3) Complete the Confirmation Form on the reverse side of the survey and please enclose a contribution of \$10, \$15, \$25, \$50 or more, payable to STOP, if you possibly can to help us cover the costs of our nationwide, grass roots campaign to oppose efforts to reduce Social Security payments.

As more seniors join with us, the better chance we will have to make a real difference in Washington. So please don't delay. I'll look forward to your reply in the next few days.

Fighting to Protect Seniors Benefits,



Roger H. Zion (R-Ind)
Member of Congress (1966-74)
Honorary Chairman, 60/Plus

P.S. Once again, please be sure to sign the enclosed letter to President Clinton opposing his Social Security tax increase and gasoline and energy tax increases. And please don't forget to complete and return your "1993 Social Security Survey". We'll advise the administration you've signed the letter and release the results of the survey to the White House, the media, and Congress.

Please be sure to enclose a contribution of \$10, \$15, \$25, or more if you can, to help us carry out our national fight to protect our Social Security benefits from being reduced by wild spend and tax Washington politicians.

United Seniors Association

United Seniors Association (USA), incorporated on May 17, 1991, received exemption from federal income taxes as a social welfare organization under section 501(c)(4) from IRS on July 25, 1991. The organization had 400,000 members and 500,000 supporters in 1995, according to a USA official. USA has stated that its purpose is to educate and inform seniors and retirees about matters of interest to older Americans, including the Social Security and Medicare programs.

An official said the organization communicates with members on a variety of issues, mainly through mailings. Mailings have covered issues such as Social Security, Medicare, and health care reform.

The letter accompanying one of USA's Social Security-related mailings informed individuals that "the tax increases on Social Security benefits proposed [by the President] can be stopped." The letter alleged that politicians stole their money and "want to tax more of their benefits and then turn around and cut Social Security benefits" instead of cutting their "special interest spending," which was the real cause of the federal deficit. USA's letter asked individuals to sign its protest letter relating to these issues and to financially contribute to help USA alert other seniors about the attacks on Social Security. (See fig. VIII.1 at the end of this app. for a copy of the letter.)

Advocacy Activities

USA members receive USA's newsletter, The Senior American, about seven times a year, according to an official. The organization also publishes a variety of other informative literature, which it distributes to senior Americans and lawmakers. Since June 1995, USA has hosted a weekly cable television program designed for seniors, according to the official. Among the services the organization provides its members are discounts on prescription drugs, eyewear, hotel accommodations, and rental cars.

The organization uses mailings to alert members and prospective members to events of interest to them and to solicit their opinions on issues. USA's mailings often include response devices such as petitions, surveys, or mailgrams. USA compiles responses to surveys, petitions, and mailgrams and provides the information to the Congress, according to the official.

USA reports that it regularly lobbies the Congress on behalf of its members and has testified before that body on a variety of issues, including repealing the Social Security tax, Medicare reform, and pension

protection. The organization reports regularly hosting or participating in town hall meetings and other forums on elderly issues nationwide.

Income and Expenses

For tax years 1991 through 1993, income ranged from about \$2.1 million to \$5.1 million, with the public's portion ranging from about 88 to 94 percent of USA's revenues. (See table VIII.1 for USA's financial profile based on IRS Form 990.) USA reported mail list rental and deferred income as the sources of its other income. The organization reported that all of its other income was related to its mission and therefore exempted from federal income taxes.

Table VIII.1: USA's Financial Profile

Dollars in thousands

	1993		1992		1991	
	Amount	Percent	Amount	Percent	Amount	Percent
Income from						
General public	\$4,830	94.4	\$5,295	92.0	\$1,807	88.1
Taxable commercial activities	0	0.0	0	0.0	10	0.5
Tax-exempt commercial activities	285	5.6	463	8.0	234	11.4
Total income	\$5,115	100.0	\$5,758	100.0	\$2,051	100.0
Expenses for						
Public service activities	2,721	46.4	2,998	48.8	937	49.2
Fund-raising activities	2,182	37.2	970	15.8	379	19.9
Administrative activities	966	16.5	2,178	35.4	590	31.0
Total expenses	\$5,869	100.0	\$6,146	100.0	\$1,906	100.0
Expenses by services						
Postage/shipping	1,337	22.8	1,433	23.3	603	31.6
Printing/publication	1,720	29.3	1,993	32.4	597	31.3
Mail list related	434	7.4	560	9.1	228	12.0
Subtotal	\$3,491	59.5	\$3,986	64.9	\$1,428	74.9
Other services	2,378	40.5	2,160	35.1	478	25.1
Total expenses	\$5,869	100.0	\$6,146	100.0	\$1,906	100.0

Note: Percents may not add to 100 due to rounding.

Source: GAO summary of reporting on IRS Form 990.

For the 3 years, USA reported that from \$937,000 to \$3 million (around 48 percent) of its total spending supported public service activities. During this period, USA's spending for fund-raising ranged from about 20 to about 37 percent of its total spending.

Relationships With Other Businesses

In 1994 state registration documents, USA stated having used three contractors to conduct its educational and fund-raising programs. Services received from one fund-raising contractor included consulting services for (1) creating, designing, developing, and producing fund-raising solicitation materials; (2) increasing membership; and (3) arranging for production/mail shop services for newsletters. A second fund-raising contractor advised USA on creating and producing mailing lists and mail packages. The third contractor advised USA on its direct mail program and created and produced packages for mailing. An official said the organization received the services of the three contractors after the period covered by its 1991 through 1993 information returns. USA did not use a fund-raising contractor before 1994 but instead conducted its fund-raising activities in house. USA also reported having contracts with three lobbyists, a media relations business, a financial management services, and a consultant to produce direct mail packages. From 1991 through 1993, USA reported that expenses for services specified in these contracts accounted for about 75 percent of its total expenses.

Figure VIII.1: USA Fund-Raising Letter



Headquarters Office Address: 12500 Fair Lakes Circle • Fairfax, Virginia 22033
Member Services Center: Post Office Box 10843 • Chantilly, Virginia 22021

*"Guarding the rights and values of senior citizens".
"Keeping America strong, prosperous, and free."*

Dear Senior American,

The tax increases on Social Security benefits proposed by Bill Clinton can be stopped. They must be stopped!

Please sign the enclosed LETTER OF PROTEST to President Clinton and return it to me today. I will rush a copy to the White House -- and your 3 Members of Congress.

President Clinton has made it clear that he wants senior citizens to give the federal government more money.

But, during the Presidential election campaign, candidate Clinton promised over and over that he would not touch Social Security. And he promised that he would not raise taxes on the average person -- in fact, he even promised a tax cut for the middle class.

Now that the new President has broken his promises on taxes and Social Security, the only thing standing between a massive tax hike for seniors (and everyone else) is the United States Congress.

Unfortunately, many Members of Congress believe in higher taxes and more spending -- like Clinton has proposed.

But the Congress also fears the people. All 435 members of the House and 35 Members of the Senate have to go before the voters to run for re-election next year.

Senior citizens got the attention of President Bush and the Congress a few years ago and forced Congress to repeal the seniors only tax bill called the Catastrophic Health Act.

And just recently, the people forced President Clinton to withdraw the nomination of Zoe Baird for Attorney General because she had not paid Social Security taxes for the two illegal aliens she hired to care for her child.

The people have shown that they can pressure Washington to do things the politicians really don't want to do.

But it will take millions of people like you signing Letters of Protest like this and making phone calls to Washington to keep Clinton and Congress from raising Social Security taxes.

You see, most of Mr. Clinton's economic advisors and some in

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United Seniors Association

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LET48

Congress support the ridiculous idea that Washington can't make significant cuts in the deficit without making senior citizens pay more taxes and cutting your Social Security and Medicare benefits.

But your signed LETTER OF PROTEST will help us send a strong, clear message to Washington. You and I will tell them:

>> SOCIAL SECURITY DOES NOT CONTRIBUTE TO THE DEFICIT!
>> DO NOT TRY TO BALANCE THE BUDGET ON THE BACKS OF SENIORS!
>> IT'S GROSSLY UNFAIR TO RAISE OUR TAXES OR CUT OUR BENEFITS
BECAUSE CONGRESS CAN'T STOP WASTING OUR MONEY!

If we band together and speak with ONE united voice, I know Washington will have to listen. That's why I know our campaign to stop such proposals can work ... because seniors have stopped the politicians like this before.

And I think you and I have a good chance to stop this thing dead in its tracks.

Even though many Congressional leaders have voiced their support for higher taxes and Social Security and Medicare cuts, there are some very influential Senators -- like Daniel Moynihan of New York and Don Riegle of Michigan (both of them powerful committee Chairmen) -- who oppose such plans.

BUT MAKE NO MISTAKE: THE PRESSURE TO MAKE DEEP CUTS IN SOCIAL SECURITY AND MEDICARE IS GROWING IN THE CORRIDORS OF POWER HERE IN WASHINGTON!

The national debt is over \$4 TRILLION! And every year, the professional politicians and bureaucrats in Washington add another \$300+ BILLION to that debt.

>> They've already "stolen" or "borrowed" every penny (about \$331 BILLION) from our Social Security Trust Fund.

>> They've already cut Medicare by \$23 BILLION and are talking about cutting more and raising premiums.

>> Now they want to tax more of our Social Security benefits.

Congress runs up their \$300+ BILLION deficits on things like:

-- \$1,800,000 for the National Pork Research Facility,
-- \$100,000,000 to store Helium nobody needs or wants,
-- \$1,400,000 for "potato" research,
-- \$275,000,000 for honey, wool, and mohair subsidies,

The list of these ridiculous spending subsidies goes on for pages and pages and adds up to HUNDREDS OF BILLIONS of dollars.

And when you add...

...the \$2.7 BILLION that Congress spends on itself (including their outrageous and undeserved pay raises),

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United Seniors Association

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LET4K

...\$300 BILLION for the Savings & Loan Bailout,

...and over \$19 BILLION that is thrown away on foreign aid...

...it's pretty easy to see how cuts in Social Security and Medicare could happen before we know it.

Washington wants you to make sacrifices, but not themselves!

The politicians are desperate not to cut the special interest spending that helps get them re-elected -- in fact, many want to increase that kind of spending and call it "investing".

And that's the real problem here.

When Washington starts talking about hiking your taxes or canceling your benefits, that is NOT a "fair share" of the burden for seniors!

YOU AND I ARE GOING TO HAVE TO REMIND THE POLITICIANS
THAT SOCIAL SECURITY DOESN'T CONTRIBUTE TO THE DEFICIT!

In fact, Social Security has been running a SURPLUS -- \$50 to \$75 BILLION each year. And that surplus has been "raided" from the Trust Fund and used to hide the true size of the deficit!

Yet the hypocritical politicians refuse to cut the "special interest spending" that's the real cause of the budget deficit. Instead, they want to impose higher taxes on your benefits and then turn around and cut Social Security benefits.

You and I have got to make these politicians understand several important facts:

- 1) Social Security is NOT a welfare program -- something you get for nothing. It's paid for with our taxes.
- 2) Seniors' benefits do not help create the deficit and they should not be cut to make it look like Washington is now serious about reducing the deficit.
- 3) Higher taxes -- no matter who pays them -- will not help reduce the deficit! Since 1947 our Congress has SPENT \$1.59 for every \$1.00 in taxes raised. The only way to really cut the deficit is to make drastic cuts in the BILLIONS of dollars Washington wastes.

What's more, we must remind President Clinton that he will be breaking an important campaign promise, if he goes ahead with any kind of cut in seniors' benefits.

In a speech on September 1, 1992, candidate Clinton said:

"We don't need to tamper with Social Security...We're not going to fool with Social Security. It's solid. It's secure. It's sound. And I'm going to keep it that way."

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United Seniors Association

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LET4K

You and I must send a powerful message directly to President Clinton and Congress right now -- before they vote to raise taxes on seniors and cut Social Security and Medicare.

All I ask you to do today is take two simple steps:

1. Sign the enclosed LETTER OF PROTEST to President Clinton demanding that government keep its promises and not raise your taxes or cut your benefits.
2. Join USA, Inc. And when you do, please include a check for the most generous amount you can afford to help us pay for a massive, nationwide grassroots advertising and lobbying campaign. We'll ask millions of seniors to stand together in a united protest of outrage against tax hikes on Social Security benefits and other proposals to take more money out of our pockets.

Your \$5 dues -- and any extra contribution you can afford to make -- helps USA, Inc. to be your voice in Washington and to other seniors. We're fighting hard to protect your rights, values, and benefits.

Your support today can help USA, Inc.:

- Mail millions more letters like this and run TV and radio ads to inform and alert seniors all across the country about the schemes in Washington to cut their benefits and hike their taxes.
- Flood the White House and Congress with our letters and phone calls by the millions from angry senior citizens.

So please don't wait. Sign your LETTER OF PROTEST today. Then mail it back to me along with your \$5 annual dues, and an extra contribution, if you can possibly afford it.

Urgently & Gratefully yours,



MICHAEL A. BLAKE
Executive Director

P.S. If you and I act together today, we have a good chance of stopping tax hikes and benefit cuts on senior citizens. Please sign your LETTER OF PROTEST to President Clinton and return it to me today in the enclosed envelope, along with your \$5 dues. And please send an extra \$5 or \$10 (if you can afford it) to help us fight more effectively for you.

The phone number for the White House is 1-202-456-1414. The number for Congress is 1-202-224-3121. After you've signed your LETTER OR PROTEST, please call President Clinton and your Members of Congress and let them know you won't stand for the government breaking its promises to seniors again.

Comments From the Social Security Administration and Six Organizations



SOCIAL SECURITY

Office of the Commissioner

May 9, 1997

Ms. Jane L. Ross
Director, Income Security
Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Ms. Ross:

Thank you for the opportunity to comment on the General Accounting Office draft report, "Social Security: Organizations That Mail Social Security-Related Fund-Raising Letters" (GAO/HEHS-97-69).

Under section 1140 of the Social Security Act, Congress authorized civil monetary penalties for misuse of certain Social Security program words, letters, symbols or emblems. As you acknowledged in your report, SSA encourages individuals who receive questionable mailings to send them to us for review. We work very closely with our Inspector General to ensure that appropriate action is taken against any organization that violates section 1140, and we believe this approach has been effective.

If you have any questions, please call me or have your staff contact Joan Wainwright, Deputy Commissioner for Communications, at 410-965-1720.

Sincerely,

A handwritten signature in cursive script that reads "John J. Callahan".

John J. Callahan
Acting Commissioner
of Social Security

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

**Appendix IX
Comments From the Social Security
Administration and Six Organizations**

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EXECUTIVE DIRECTOR
Jeff Hollingsworth

The
American
Conservative
Union

1007 Cameron Street, Alexandria, VA 22314



April 29, 1997

Ms. Jane L. Ross, Director
Income Security Issues
United States General Accounting Office
Washington, D.C. 20548

Dear Ms. Ross:

Thank you very much for your letter of April 24th and the enclosed draft of the GAO report to the Subcommittee on Social Security of the House Ways & Means Committee.

I have read through the entire draft with special attention to the portions based either on public data pertaining to ACU activities and programs or to comments from ACU interviewees. I could find nothing in your section relating to our activities that I would object to or call inaccurate. I cannot say the same for the sections concerning the other organizations surveyed only because I'm not familiar enough with their activities to do so.

I do hope that the final report you issue will include the language you cite from social security brochures and officials that has "cautioned the public about organizations that solicit contributions to "save" social security from serious financial trouble or to support organizations' efforts to combat alleged "mishandling" of the trust funds." Those of us who are concerned about the future viability of the social security program are also concerned about the use of taxpayer funds to undermine legitimate discussion of these issues or to discourage citizens from engaging in such discussions by trying to undermine the credibility of groups such as ours.

I was particularly concerned about and, indeed, offended by the reference to SSA expressing "concerns that the mailings undermine the public's confidence in the social security program." Would these officials be happier if those who have expressed concern about the long term viability of the program or who wonder how the government intends to live up to its obligations to present and future

Phone: 703-836-8602 • 1-800-ACU-7345 • Fax: 703-836-8606
E-mail: acu@conservative.org • <http://www.conservative.org>

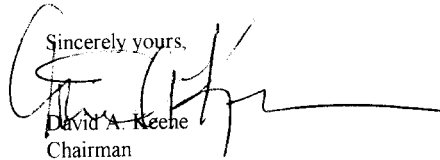
**Appendix IX
Comments From the Social Security
Administration and Six Organizations**

beneficiaries remained silent about problems they perceive to be important? Or would they like the power to keep their critics quiet?

If I can be of any further assistance, please don't hesitate to call.

With best personal regards, I am

Sincerely yours,

A handwritten signature in black ink, appearing to read "David A. Keene", with a long horizontal flourish extending to the right.

David A. Keene
Chairman

**Appendix IX
Comments From the Social Security
Administration and Six Organizations**



Thomas A. Schatz
President

May 7, 1997

Ms. Jacquelyn Stewart
HEHS/IS
441 G Street, NW
Washington, D.C. 20548

Dear Ms. Stewart,

As president of the Council for Citizens Against Government Waste (CCAGW), I have reviewed your report on Social Security Fund-Raising letters, and have the following comments and clarifications. Your report should be helpful to the House Ways and Means Social Security Subcommittee in its efforts to determine what is being sent to the public on social security issues.

During the course of mailing letters on the Social Security issue, CCAGW has found that our members appreciate that they are receiving information that is either not reported elsewhere, or is not reported accurately. In addition, members are asked to support issues, such as repeal of the Social Security tax or the elimination of Supplemental Security Income cash payments to drug addicts and alcoholics, that have a direct personal impact on them.

In the letter that you have included in your report, CCAGW was advocating positions taken by many members of Congress. In fact, the repeal of the 1993 social security tax increase was part of the Contract With America and was sponsored by social security subcommittee chairman Jim Bunning (R-Ky.). His bill, H.R. 8, was passed by the House of Representatives. CCAGW was successful in its efforts to eliminate SSI cash payments to drug addicts and alcoholics, which was signed into law by President Clinton as part of P.L. 104-121.

Finally, as accurately noted in the GAO report, CCAGW mailed letters on issues related to social security only twice in 1993 and 1994, both related to the 1993 increase in social security taxes. CCAGW believes that government waste should be eliminated prior to the enactment of tax increases of any kind. CCAGW is proud of the role it has played, consistent with the work of the social security subcommittee and other members of Congress, to enact legislation intended to benefit seniors and all taxpayers.

Sincerely,

1301 Connecticut Ave., NW
Suite 400
Washington, DC 20036
202-467-5300

**Appendix IX
Comments From the Social Security
Administration and Six Organizations**

National Committee to
Preserve Social Security
and Medicare



May 5, 1997

B-276151


Ms. Jacquelyn Stewart
HEHS/IS
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Stewart:

Thank you for the opportunity to review the General Accounting Office's draft report "Social Security: Organizations That Mail Social Security-Related Fund-Raising Letters".

We appreciate the professional manner in which you and your cohorts conducted the audit. We have no comments to make regarding the draft report.

Sincerely,



Martha A McSteen
President

TREA Senior Citizens League

909 N. Washington St., Suite 301
Alexandria, Virginia 22314
1-800-333-TSCL (703)548-5568 FAX (703)684-3258

May 7, 1997

Ms. Jane Ross
Director, Income Security Issues
U.S. General Accounting Office
441 G. Street, NW
Washington, DC 20548
Attn: Ms. Jacquelyn Stewart

Dear Ms. Ross:

Upon review of your draft report "Social Security: Organizations That Mail Social Security-Related Fund-Raising Letters," here's some comments:

- On page 39.
 - second sentence, the word health should read "**Health Care.**"
 - footnote 12
 - should read the born between dates as "**1917 through 1926**"
 - and receive a "**lower**" social security benefit.
 - the statement, ". . . earnings born after those years" should be changed to read ". . . earnings born **before and** after those years."

I bring to your attention the professionalism that Ms. Jacquelyn Stewart demonstrated in working on this project from start some years ago and in producing a well-written report from the information provided.

Sincerely,



Michael J. Zabko
Executive Director

**Appendix IX
Comments From the Social Security
Administration and Six Organizations**



The SENIORS COALITION

Protecting the Future You Have Earned

May 8, 1997

Jacquelyn Stewart
United States General Accounting Office
Health, Education, and Human Services Division
HEHS/IS
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Stewart:

The Seniors Coalition is pleased to respond to issues raised in your report "Social Security, Organizations That Mail Social Security-Related Fund-Raising Letters" for which you have solicited our cooperation and response. First, our organization believes strongly that our efforts to educate and motivate senior citizens on issues related to Social Security, Medicare and other related issues serves to protect their interests as we participate in advocacy efforts with various public policy makers.

The Seniors Coalition has established a highly credible and responsible public education and advocacy program in serving the interests of our members and supporters. Our educational materials, issue alerts, books, newspapers and issue briefs provide a solid foundation for the members and supporters of The Seniors Coalition to understand the current problems with the Social Security Trust Fund and related issues. The Seniors Coalition has been active in lobbying on these issues in fulfillment of the legislative agenda for which members and supporters provide financial support.

The Seniors Coalition has no disagreement with the financial information contained in the report related to our fund raising efforts. We do, however, disagree with the direct and indirect inferences contained in the report which assume that senior citizens do not have to be concerned about the actions of policy makers that potentially impact the solvency of the Social Security Trust Fund. Our position of dissent with some current policies would obviously be unpopular with those who would like to continue without restriction their current management policies of the Trust Fund. We strongly believe that however unpopular our views on these matters may be with those policy makers who disagree with us, we have the absolute right to offer such dissent in the context of educating our members and supporters.

Your report addresses concerns that have been raised by some Members of Congress and reports from the media that some fund raising letters "aroused fears among the elderly because they distorted problems facing the social security program and exaggerated threats to current security beneficiaries." We believe a strong case could be made that some Members of Congress and the

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media are attempting to hide the true scope of the unfunded liability of the social security program, trying to rationalize the legal basis for “borrowing” from the Trust Funds in order to finance programs for which tax revenues are not currently available, and trying to unfairly discredit critics who advance legitimate concerns about benefit reductions to existing beneficiaries that are unjustified and unfair.

Notwithstanding our strongly held position that our educational and advocacy programs for our members and supporters are credible and worthwhile, we do agree that some of the materials used in the solicitation of funds by various groups who enjoy similar tax-exempt status can be characterized as misleading or distorting the problems for which they seek support. These groups are not limited to organizations which conduct fund raising efforts among the elderly. They, in fact, cover a broad spectrum of political and philosophical thought. While a great deal of the material used by these groups to advocate their positions may be objectionable to others, we remain resolute in our support of their right to conduct their activities within the legal parameters established by statute for such organizations.

The rhetorical posture of our fund raising appeals which some who oppose our positions take exception to, as in the case of the Social Security Trust Fund, is not designed to “scare” any recipient. Our communications are designed to motivate our members and supporters to (1) understand the seriousness of the problems with the current management policies of the Trust Fund, and (2) to take appropriate action to communicate to these policy makers their belief that they should take action to protect the integrity of the Trust Funds. This model is replicated for other issues which we believe accurately reflect the interests of our members and supporters.

Our communications with our members and supporters, in our judgment, clearly fall within the intent and limited scope of the exemption provided by the Internal Revenue Code, Section 501(c)(4). While we do aggressively disagree with the policies that presently govern the management of various government benefit programs for senior citizens, that dissent is evidenced in the substantial educational activities we undertake on behalf of our members and supporters. We do not believe the form of our dissent, nor that expressed by any other group who may hold diametrically opposing views to ours, should be the basis for those who disagree to silence legitimate dissent. The present exemption provided by the IRS Code to facilitate such educational and advocacy activities, even though they may give rise to dissent to policies implemented by those in power, is well grounded in the freedoms that are at the very core of our democratic society.

We are certain that King George was unhappy with the rhetorical discourse of those who were advocating dumping the tea into Boston Harbor. King George moved swiftly to stifle that dissent on the belief that his control of the public lands, over which his government had control, allowed him to dictate the conversations and beliefs of those who used those lands. This was King George’s folly which resulted in the system of democracy which all of us now embrace. America is built on the premise that dissent can and should be encouraged to allow for refinement of the leaders and policies which govern a true democracy. Let us not douse the bright flame of dissent

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under the disguise of protecting those who seek no protection from the very leaders they may disagree with.

Sincerely,



Thair R. Phillips
Chief Executive Officer

**Appendix IX
Comments From the Social Security
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May 8, 1997

Jane L. Ross
Director, Income Security Issues
General Accounting Office
Washington, DC 20548

Dear Ms. Ross:

We have reviewed the General Accounting Office's draft report "Social Security: Organizations That Mail Social Security-Related Fund-Raising Letters." Because the report concentrates on the years 1991-1993, United Seniors Association's later work is not highlighted in the report. The brief listing below provides an overview of United Seniors Association's activities and achievements over our five year history. Since 1994, USA has:

- ◆ grown from 350,000 to nearly 500,000 members nationwide;
- ◆ refused to raise our dues above \$5 per year so that any senior household that wishes to be member of United Seniors Association can afford to do so;
- ◆ visited over 400 Congressional offices to discuss Social Security and Medicare issues;
- ◆ produced issue analyses of Social Security, Medicare, taxes, and pensions;
- ◆ launched, in 1995, an award-winning weekly cable television talk show hosted by Dorcas R. Hardy, former Commissioner of Social Security;
- ◆ sponsored a weekly radio program syndicated to 35 radio stations nationwide; guests have included actress June Lockhart, actor Jack Palance, former Senator William Proxmire, former U.S. Attorney General Ed Meese, journalists and authors Carl Rowan, Jimmy Breslin, Hugh Sidey, and Brendan Gill, and many others;
- ◆ countered scare-tactics and phone-fraud aimed at senior voters during the 1996 elections -- activities included: distributing posters to seniors centers nationwide; distributing radio PSAs to 1000 radio stations across the country; distributing tabloid newspapers on senior issues to 347,000 households; paid radio ads in select media markets; establishing a toll free hotline for seniors victimized by campaign scare tactics; holding press conferences in areas where seniors were at risk; etc.;
- ◆ delivered over one million petitions, mailgrams, and letters to Congress and the President urging an end to the misuse of the Social Security surpluses;
- ◆ testified before Congress on issues ranging from Medicare reform to pension reform;
- ◆ established an award-winning web site at www.unitedseniors.org;
- ◆ mobilized 195 senior advocates in more than 150 Congressional Districts to lobby Congressional Representatives at home and in Washington, DC;
- ◆ spread the word about United Seniors Association, our mission, and our goals through roughly 300 talk/news radio and television interviews and countless newspaper articles and opinion editorials;
- ◆ participated in town hall meetings with Members of Congress to discuss senior issues;
- ◆ and much, much more.

Attached you will find United Seniors Association's 1995 Annual Report and the organization's 990 tax form. Please contact our offices at 703-359-6500 with any questions. Note our address is now 3900 Jermantown Road, Suite 450, Fairfax, VA 22030.

Sincerely,

Sandra L. Butler
President

The right voice for Senior Americans.

Major Contributors to This Report

Roland H. Miller III, Assistant Director, (202) 512-7246
Jacquelyn Stewart, Senior Evaluator
James Wright, Assistant Director
John Smale, Social Science Analyst

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