FROM: Phyllis Schlafly

68 FAIRMOUNT, ALTON, ILLINOIS 62002 / (618) 462-5415

RELEASE: FEBRUARY 17, 1984

HOW TO CUT RUNAWAY FEDERAL SPENDING

Do we have the will to cut runaway spending by the Federal Government and try to bring this costly colossus under control? That's the issue involved in the Grace report which has given us a recipe for saving $424 billion over the next three years.

Most of the Grace Committee's nearly 2,500 recommendations would require Congressional action, but 27 percent of them could be implemented by administrative action. J. Peter Grace, the New York industrialist who led the 18-month President's Private Sector Survey on Cost Control said that "the Government is run horribly," and he listed the horribles.

We could save $30 billion by bringing the Federal Government's retirement benefits in line with private sector retirement benefits, and another $3.7 billion by doing likewise to sick leave policy. Most American workers would be shocked if they realized how generously their taxes have been paid out to government employees.

When government workers talk about salaries, they demand that government pay-scales be comparable to the private sector. But they don't apply that same comparison to benefits. Government pensions are fully adjusted for inflation increases while private sector adjustments average only 33 percent. The typical retirement age in the Government is 55 versus 64 in the private sector. Federal employees use 64% more sick leave (9 days) than private sector employees (5.5 days).

The Veterans Administration spends $61,250 per bed to build nursing homes, almost four times the $16,000 per bed it costs in private nursing homes. To manage a comparable amount of space, the General Services Administration employs 17 times as many people and spends 14 times as much as private corporations.

The Grace Commission concluded that we could save $4 billion by eliminating benefits paid erroneously out of Social Security, and another $4 billion by beefing up the Internal Revenue's collection of taxes from those who are not paying what they should pay or are simply delinquent.

Dramatic as the Grace Commission's recommendations are, they do not exhaust the ways

that runaway Federal spending is bleeding the American taxpayer. Most of the horribles it lists are examples of simple waste caused by inefficiency. Since there is no motivation to cut costs and make a profit, the bureaucracy has an irresistible urge to expand employees, staff and services regardless of cost or need.

Ralph Nader criticized the Grace report for going beyond questions of cost-effectiveness and delving into "the heart of sensitive policy issues." If the Grace Commission is to be faulted at all, it is because it avoided one of the most sensitive pressure points of profligate Federal spending -- the Federal tax-funding of lobbying.

The Federal Government spends millions -- some say billions -- of dollars for political advocacy by non-profit groups. These groups receive grants of taxpayer moneys for supposedly proper purposes, and then turn around and spend a portion of them to lobby Congressmen -- not only to oppose budget cuts and increase their grants and appropriations -- but also to achieve their special-interest legislative agenda.

According to a recent report of the Heritage Foundation, such Federal tax funds have been used by grantees to prepare sample letters for constituents to write their Congressmen, to oppose Administration budget proposals, to oppose curtailment of the food stamp program, to pay dues to organizations that lobby on a regular basis, to train people to lobby on Capitol Hill, and to walk precincts for Jimmy Carter.

In January 1983, the Office of Management and Budget proposed a regulation designed to eliminate Federal subsidies of lobbying and political advocacy by recipients of Federal grants and contracts. Lobbyists of both leftwing and business groups quickly joined forces to mount an effective campaign to protect their right to lobby with taxpayers' money, and OMB had to bury its proposal in the "circular file."

OMB now has a second draft of this proposed regulation which is more modest in its scope. It would cut off only those tax funds directly used for lobbying; it would allow Federal grant recipients to use private funds for lobbying while still receiving Federal funds for other permissible purposes.

This would leave a thousand loopholes because of the difficulty of allocating costs of personnel, expenditures and use of capital equipment. But at least it's a step in the right direction. It should be held a violation of due process for taxpayers' money to be spent for political advocacy of special-interest goals.