



United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-270104

November 8, 1995

The Honorable David McIntosh
House of Representatives

Dear Mr. McIntosh:

At your request we have analyzed selected Internal Revenue Service (IRS) Statistics of Income (SOI) data for charity organizations that are tax exempt under Internal Revenue Code section 501(c)(3).¹ The objective of this analysis was to determine the lobbying expenditures of charities that filed IRS Form 990.² You specifically asked us to compare the average lobbying expenditures of charities that received grants from government entities with the average lobbying expenditures of charities that did not receive such grants.

It should be noted that there are limitations to the IRS data. From the available data we were not able to determine the overall number of charitable organizations that lobbied and received federal grants. Specifically, the IRS data relating to grants covered grants received from all levels of government, not just from the federal government and, therefore, the grantees we identified may include organizations that received no federal grants. Conversely, the data did not include all federal grants received by exempt organizations. Grants received by short form (or 990EZ) filers and grants that were of direct benefit to the grantor (as opposed to grants whose primary purpose was to provide a service directly benefitting the public) are not required to be reported separately and thus could not be identified from the IRS data. As a consequence, the 1,029 grantees that we have identified may not include all organizations that received federal grants. Given the imprecision of the available data, we could not quantify the significance of these limitations for our results.

SOI data showed that out of 122,563 charities, 2,132 reported lobbying expenditures. These expenditures totaled nearly \$75,916,790 for tax year 1992. Of the

¹It should be noted that while SOI samples are considered reasonably reliable, they are estimates and subject to sampling error. The data we analyzed were for tax year 1992, the latest available.

²Our analysis did not include charities filing the IRS form 990EZ as they are not required to report grant receipts as a separate line item.

organizations that reported lobbying expenditures, 1,029 (48 percent) reported receiving government grants. Grantee lobbying expenditures totaled \$43,156,395, or about \$41,940 per organization. Lobbying expenditures of the 1,103 charities that did not report receiving government grants totaled \$32,760,395, or about \$29,701 per organization.

I trust that this information is responsive to your request. If you have any further questions, please call me on (202) 512-9110, or Jim Wozny on (202) 512-9084.

Sincerely yours,



Natwar M. Gandhi
Associate Director, Tax Policy
and Administration Issues

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