



July 16, 2010

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Re: Claims of Inaccuracies in Commonwealth Foundation Policy Brief, “PennFuture’s Lobbying: Hypocritical, unethical, and possibly illegal”

Mr. Hoffman and Ms. Jarrett:

I am in receipt of your letter dated July 14, 2010 (which was published with a news release and posted online before we received it), which claims “serious errors” in our report, “PennFuture’s Lobbying: Hypocritical, unethical, and possibly illegal.” As you point out, the Commonwealth Foundation’s “Guarantee of Quality Scholarship” welcomes critical review of our work, and if errors exist, we will publicly correct them. So I welcome the opportunity to respond to your assertions.

Your letter claims three errors were made in our report: 1) “PennFuture Uses Taxpayer Money to Lobby For Taxpayer Money,” 2) “PennFuture Engages in ‘Secret Lobbying,’” and 3) “PennFuture Uses Foundation Funding For Lobbying.” None of your claims of inaccuracy require the remedies you demand.

CLAIM #1: “PennFuture Uses Taxpayer Money to Lobby For Taxpayer Money”

In response to claim number one, you assert that neither taxpayer money nor foundation money has been used for lobbying purposes by PennFuture. **This directly contradicts the citation in our report from former PennFuture President and current Secretary of Environmental Protection John Hanger who admitted that \$430,000 of taxpayer money was received in 2007 to “fund its [PennFuture’s] operations,”** which—according to PennFuture’s own claims—includes direct and indirect lobbying of elected and appointed officials. [Citation: DeCoursey, Peter L. (2007, May 1). Enviro got \$1 million from state officials they defend and sue. Retrieved March 2, 2010, from <http://www.Capitolwire.com>.]

Furthermore, although state government may not specifically grant PennFuture taxpayer money to explicitly lobby for more taxpayer money, we both know that the more than \$1 million in taxpayer subsidies to PennFuture help offset lobbying expenditures from other sources. And **if PennFuture does not use either taxpayer money or foundation money (as asserted in CLAIM #3) for lobbying purposes, then who is paying for PennFuture’s lobbying?** Indeed, you’ve only raised further legal

questions about PennFuture's activity as a lobbying firm for the alternative energy companies that gave nearly \$1 million in tax-deductible contributions to PennFuture between 2004 and 2008.

The appearance of PennFuture serving as a lobbying firm for alternative energy companies was a primary point in our policy brief, yet neither the letter dated July 14, 2010 nor any of Ms. Jarrett's public statements have addressed this point. Is the failure to respond because **PennFuture still holds a financial interest in PaceControls, a company that received a grant of nearly \$250,000 in the fall of 2009** through the Ben Franklin Technology Partners, which is a pass through of taxpayer money from the Alternative Energy Investment Act (an \$850 million fund which PennFuture lobbied for and takes credit for passing)?

CLAIM #2: "PennFuture Engages in 'Secret Lobbying'"

We appreciate your providing Dictionary.com's definition of "secret," which included "designed or working to escape notice, knowledge, or observation," because that very much fits PennFuture's IRS filings from 2004 to 2007 in which the organization reported zero (\$0.00) expenditures on grassroots lobbying while the organization touted its lobbying success. Apparently, PennFuture did try to keep its grassroots lobbying a "secret" from the IRS when it reported no expenditures on such activities for four years straight.

CLAIM #3: "PennFuture Uses Foundation Funding For Lobbying"

As noted in your letter, your argument against claim number three is the same as claim number one. Our response is also the same.

Thank you, Mr. Hoffman, for your letter dated July 14, 2010. However, as noted above, we stand by the statements of fact in our Policy Brief. Therefore this constitutes the complete and final response under our Guarantee of Quality Scholarship.

Sincerely,



Matthew J. Brouillette
President & CEO

Attached: RTK request and response from the Department of Treasury, per your request.