



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of Natural Resources

CITIZENS' ADVISORY COMMISSION ON
FEDERAL AREAS
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February 7, 2014

Senator Cathy Giessel
Chair, Senate Resources Committee
Alaska State Legislature
State Capitol Building
Juneau, Alaska 99801-1182

Dear Senator Giessel:

The Citizens' Advisory Commission on Federal Areas offers this letter in support of **SJR 16 – Oppose Federal Aid to Certain Non-Profits**. The Commission fully agrees that increased oversight and accountability of how and to whom federal grants are awarded is needed. It is also apparent that additional safeguards on how federal grants are used by non-profits must be put into place. This is particularly important when federal grants to non-profits are used directly or indirectly to take advocacy positions, lobby state legislatures and Congress and a file lawsuits against state and federal land management and regulatory agencies.

Direct Federal grants provide significant funding for non-profit organizations who engage in outreach, educational and volunteer activities that are permitted under the tax guidelines for these organizations. While these direct grants are subject to various restrictions on their use and greater accountability, even though oversight may be lax. However, there are other types of support agencies may provide to non-profits that are less visible and which are even more in need of additional oversight and stricter guidelines to prevent abuses or misuse of federal funds. We offer the following example to illustrate the point.

In October, 2010 the U.S. Fish & Wildlife Service issued a draft "Friends" policy for public review and comment. Refuge Friends groups are private, independent, non-profit organizations that work with the agency. There are around 220 Friends groups around the country that partner with national wildlife refuges to conduct public events, provide education about conservation, provide volunteers to do habitat restoration projects, maintain trails and raise funds.

The purpose of the draft policy was to provide guidance to Fish & Wildlife Service employees who work with Friends organizations. It included guidance regarding financial and administrative practices, partnership agreements and revenue generating operations. The Commission's review of the draft policy found that it contained inadequate guidance and safeguards to prevent serious conflicts of interest, abuse of authority and improper use of appropriated funds by agency personnel or Friends groups.

The draft policy stated that Friends groups can perform functions that agency staff are prohibited from doing such as fundraising and advocating for their site [refuge] and for Service programs with members of Congress. IRS regulations contain strict guidelines for advocacy (lobbying) activities by non-profit organizations. We found nothing in the draft policy that provided sufficient guidance to prevent violation of federal statutes prohibiting use of Service funds and resources for advocacy purposes.

The draft policy would also allow the Service to provide Friends organizations with indirect support such as office space, office equipment and communication systems, utilities such as water, electricity, heat and air conditioning, information, technical assistance and training. As such, it was clear that the Service would be indirectly using or allowing the use of appropriated funds. Federal law prohibits use of any part of an agency's appropriated funds to influence an official of any state, local or territorial government or an Indian tribe. When a Friends organization receiving this type of in-kind support, all of which is paid for by appropriated funds, engages in activities intended to influence members of Congress or other government officials, even if those activities do not occur on Service managed property or when using Service equipment, federal law could be violated.

Over the last several years Friends of the Alaska Wildlife Refuges has undertaken extensive volunteer projects that have benefited the Alaskan Refuges. This organization has also engaged in various lobbying efforts, including opposing the land exchange and road legislation in Izembek NWR, opposing the proposed land exchange in the Yukon Flats NWR, presenting testimony before a Congressional committee on an FY 2008 DOI appropriations bill, and testifying on possible Bristol Bay oil and gas lease sales at Minerals Management Service hearings. Over that same period of time the Service has provided training and other support to the organization.

The Commission's greatest concern with the draft policy was is that it lacked adequate guidance to prevent possible conflicts of interest by agency personnel who also may be members of a Friends organization. Membership by Service personnel in a Friends group is allowed, subject to some restrictions. The Commission pointed out in a subsequent letter to U.S. Fish & Wildlife Service Director Dan Ashe that:

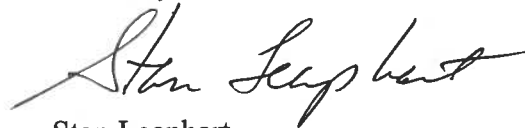
"Clear guidance becomes even more important when a Friends group, which includes Service employees as members, takes an advocacy role on a proposed management action, proposed legislation or other Service proposal. We have seen an example of this in Alaska. Friends of Alaska National Wildlife Refuges, which includes advocacy "through outreach to decision makers" in its mission statement has advocated strongly against a land exchange in Izembek National Wildlife Refuge. At the same time, some of its members are Service employees

involved to varying degrees in both the preparation of the draft environmental impact statement analyzing the proposed exchange and in making decisions related to the exchange. While we have no knowledge of any improper behavior, this involvement increases the possibility, as well as the public perception, that a conflict of interest may exist or an abuse of authority could occur."

The draft policy has never been finalized, yet the U.S. Fish and Wildlife Service continues its involvement with and support of Friends groups in Alaska and throughout the country. In the absence of clear policy guidance, not only does the potential for improper activity continue, the likelihood that it will occur increases.

In conclusion, the Commission supports the objectives of SJR 16 to require greater accountability in the use of federal grants and increased oversight of agency budgets and contracts. We urge its passage.

Sincerely,

A handwritten signature in black ink that reads "Stan Leaphart". The signature is written in a cursive style with a long, sweeping underline.

Stan Leaphart
Executive Director