

[Back to Article](#)

Budget Cut Targets Are K Street's Best Friends

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The new cost-cutting climate in Washington, highlighted by last week's draft federal deficit commission report, could be a bonanza for lobbying shops.

A wide array of groups are mobilizing to oppose provisions in the nearly \$4 trillion deficit cutting plan, which is not yet finalized but suggests hitting almost every aspect of the federal budget, including Social Security, Medicare, defense, the space program and oil exploration subsidies.

Even if the commission's 10-year plan is watered down or rejected, House Republican leaders have made clear that budget cutting will be a top priority for their new majority next year. They have also said they intend to impose a moratorium on earmarks, which have been a gold mine for lobbyists seeking to secure funding for client projects.

"It is good for guys like us," said Marc Lampkin, a Republican lobbyist with Quinn Gillespie & Associates. "I think you will see instead of a flattening or retrenchment of lobbying, you will see an uptick."

Lampkin, a former aide to presumptive Speaker **John Boehner** (R-Ohio), said lobbyists will have to focus more than usual on freshmen, many of whom were swept in on vows to slash spending.

"You are going to have to spend more time trolling the halls of Congress, educating them, explaining to them why a program is important," he said.

Lampkin also said lobbyists will have to increase grass-roots efforts and use social media to sway Members about the merits of certain programs.

The lobbying is already beginning in anticipation of the deficit commission issuing its final report Dec. 1.

While the National Association of Home Builders had long arranged for its members to meet with lawmakers this week to discuss ways to bolster the ailing housing market, the deficit report provided them with a more urgent matter to talk about when they hit Capitol Hill.

The homeowners group said it intends to press lawmakers not to go along with the proposal to limit mortgage deductions to exclude second residences, home equity loans and mortgages that are more than \$500,000.

Joseph Stanton, NAHB senior vice president and the lead lobbyist for the group, said the homebuilders intend to go on the offensive against proposed mortgage deduction changes both now and in January when the new Congress convenes with newly elected deficit hawks.

"In the end, we believe [proposed mortgage changes] will be a tax increase, which we don't believe the tea party is for," he said.

But the clout of K Street worries fiscal conservatives who view the commission's blueprint as a starting point for discussions to shrink the budget.

"I think this shows how difficult this will be, because this was just a draft, and every lobbyist has popped out of the woodwork," said Michael Tanner, a senior fellow at the libertarian Cato Institute.

Tanner noted that many groups immediately fired off statements condemning the cuts even though the full deficit commission has yet to vote on the issue. He said that was a "warning shot" to those advocating cuts that these interest groups will wage a "full-court press" if the reductions are seriously considered.

The industries and trade groups that criticized the proposals include some of the most influential and biggest spenders on Capitol Hill.

AARP, the huge senior citizens advocacy group that mobilized support for health care reform, made it clear that it would not go along with commission recommendations for Social Security, which include raising the eligibility age to 69 by 2075.

David Certner, AARP's legislative policy director, said the retirement system is not responsible for the deficit and will not face financial difficulties until 2037.

He also said the public, including tea party activists, have not been clamoring for cuts to Social Security.

"People do not view Social Security as a place to cut the deficit," he said.

The American Farm Bureau is also opposed to the commission's plan to eliminate \$3 billion in annual farm subsidies. Bob Young, chief economist for the farm bureau, said that while members were willing to talk about spending, "that's an excessive share tagged for agriculture." Total farm subsidies amount to about \$12 billion to \$13 billion, he said.



File Photo

Republican lobbyist Marc Lampkin says the threat of budget cuts helps business.

But Young said farmers have not been caught off-guard by the talk, adding that his group has spent the past two to three years educating its members.

"They definitely know farm subsidies are on the table," he said.

The big oil companies, which devote millions of dollars each year to federal lobbying, are unlikely to accept commission recommendations that include doing away with tax breaks for domestic production. The plan also calls for increasing the gas tax by 15 cents beginning in 2013 to pay for transportation funding.

Juan Palomo, a spokesman for the American Petroleum Institute, which represents big oil companies, called the commission draft "bold and broad in scope."

"What we are concerned about," he said, "is any proposal that would increase tax costs on oil and gas operations. Such policies could impact U.S. consumers and undermine job creation during a time of uncertain economic recovery."

Smaller trade groups have also sprung into action. The Commercial Spaceflight Federation is opposing the recommendation to eliminate money for NASA's commercial space program.

John Gedmark, the federation's executive director, argued that the commercial space program saves money. The alternative — renting seats on Russian spacecraft to reach the space station after the shuttle is retired — is more costly.

The space federation has retained K&L Gates to lobby Congress to include commercial spacecraft as part of its NASA funding. The NASA authorization legislation approved by the House in September allocates \$1.3 billion for the development of commercial spacecraft, less than the \$3.3 billion requested by the White House.

Gedmark would not say whether the group would have to increase its lobbying in light of the commission draft and fiscally conservative attitudes of new Members of Congress.

"I'll have to get back to you on that," he said. But "if we have to keep fighting, we will keep fighting."

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