



## Checks and Balances Project Finds Major Koch Grantmaking Groups Drove Attacks on Clean Energy

*(Over 18 months, Checks and Balances Project conducted the first in-depth investigation into Koch Industries, Inc. AND what we call the Koch Advocacy Network. Over 350 low-profile regulatory disclosures and more than 8,000 legal disclosure forms drawn from over 60 public agencies, databases and courts were examined. Research was completed prior to the 2016 election. What follows is a look at how the Koch Brothers use grant-making groups to manipulate the public dialogue.)*

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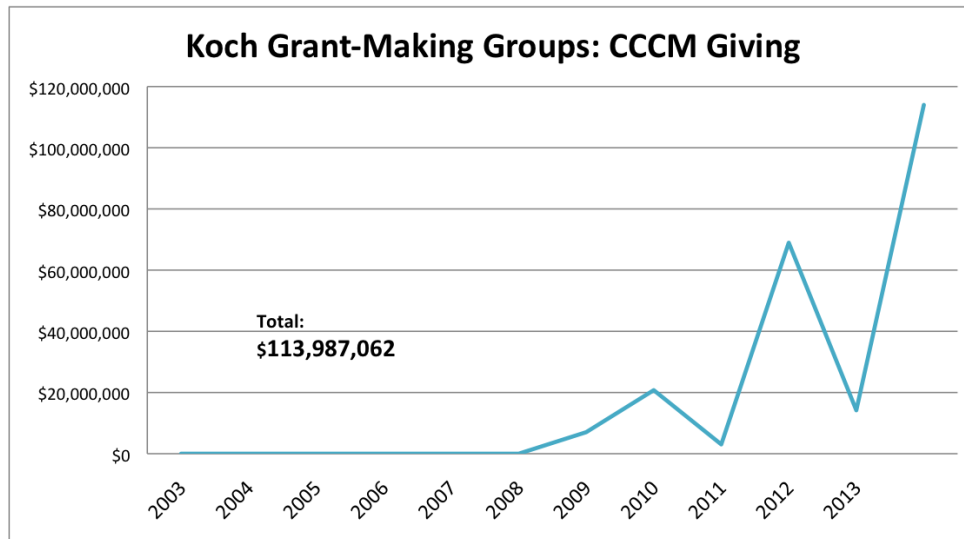
### MAJOR KOCH GRANTMAKING GROUPS

*Three Principal Koch Grantmaking Gave \$100 Million to 11 Groups Fighting Climate Change and Clean Energy Policies*

Failing an investigative hearing by Congress or a civil suit, there is a certain level of detail on the Kochs' operations that will remain hidden from view. For example:

- The available records do not let us see line-item program budgets of the hundreds of anti-clean energy actors in the Koch universe. We are left only with seeing donations to and total budgets for anti-clean energy organizations.
- The Kochs have intermingled spending that supports the denial of the climate change *crisis* (the solving of which would hurt them financially) and denial of climate change *solutions*, though they have clearly shifted emphasis from the former to the latter in recent years.

Nevertheless, there is still much we can learn about their operations.

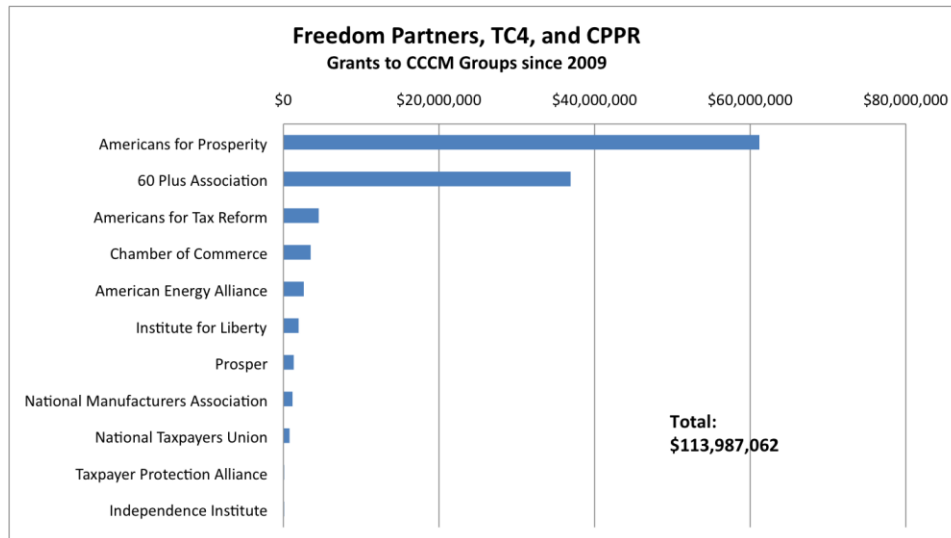


During the period of 2009 through 2014, the Koch network relied upon several affiliated grantmaking vehicles to direct funding to climate change counter-movement (CCCM) organizations. Three of these organizations donated over \$100 million in traceable funds to eleven CCCM organizations. These principal grantmaking entities are:

- Freedom Partners Chamber of Commerce
- TC4 Trust
- Center to Protect Patient Rights

The Center to Protect Patient Rights and TC4 Trust were both formed in 2009, after the presidential election of Barack Obama and Richard Fink’s assertion that the Kochs would do everything in their power to fight his 2012 reelection. In 2009, the TC4 Trust and Center to Protect Patient Rights donated more than \$7 million to CCCM groups.

After the 2011 formation of Freedom Partners, these three Koch groups directed nearly 10 times this amount to climate denial-affiliated and anti-clean energy organizations. In 2012 alone, Freedom Partners contributed \$32 million to Americans for Prosperity and \$15.7 million to the 60 Plus Association, and the Center to Protect Patient Rights contributed another \$11.5 million to Americans for Prosperity.



Americans for Prosperity (AFP) received \$61 million from Koch grantmaking groups from 2003 to 2013. The 60 Plus Association received \$37 million, which – combined with the funding for AFP – represents over 86 percent of the Kochs’ direct funding of organizations associated with climate denial activities. Both organizations are members of the “Cooler Heads Coalition,” an informal group focused on “dispelling the myths of global warming by exposing flawed economic, scientific, and risk analysis.”<sup>1</sup>

As the Kochs’ political advocacy group, AFP coordinates national and local campaigns against clean energy solutions.

The 60 Plus Association opposed EPA efforts to regulate pollution and worked on initiatives to decrease energy subsidies in states including Arizona, Florida, North Carolina and Ohio.<sup>2</sup> Their involvement has ranged from joining coalitions and submitting letters to the editor to independent political campaign expenditures.

In Arizona, they launched a website, AZSolarFacts.com, and a [30-second ad](#) opposing solar net metering. In 2013, Arizona Public Service – the largest electric utility in Arizona – admitted to contributing funding 60 Plus and another Koch-funded political advocacy group, Prosper, Inc, both of which sided with APS on net metering.<sup>3</sup>

<sup>1</sup> [globalwarming.org](http://globalwarming.org), accessed October 11, 2017

<sup>2</sup> [60plus.org](http://60plus.org), accessed October 11, 2017

<sup>3</sup> [Arizona Republic, October 21, 2013](#)

## DONORS TRUST & DONORS CAPITAL FUND

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Donors Trust and Donors Capital Fund (“DT/DCF”) are affiliated “donor directed” foundations that make grants based on the stated preference of the contributor and are not required to report the identity of those contributors. According to a cached version of the Donors Trust website in 2015, the organization claimed it had received over \$700 million in donations and disbursed over \$600 million to over 1,400 “liberty-minded charities” since its launch in 1999.<sup>4</sup> According to IRS Form 990 analysis, DT/DCF contributed \$125 million from 2011 to 2013 to groups with a record of rejecting climate science and fighting environmental regulations.<sup>5</sup>

DT/DCF supported conservative think tanks such as the Cato Institute, Heritage Foundation and American Enterprise Institute, each of which has ties to Donors Trust or Donors Capital Fund staff or board members.<sup>6</sup> They have also contributed to national organizations that coordinate “free market” campaigns at the state level. Donors Trust has directly funded at least 51 state-based think tanks in nearly every state since 2007.<sup>7</sup> DT/DCF’s single largest donation in 2013 was to the American Legislative Exchange Council (ALEC): \$130,500 for an unlisted purpose.<sup>8</sup>

## DT/DCF GRANTS, RECEIPTS OF NOTE

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While individual and corporate contributions to Donors Trust are concealed by the lack of reporting requirements, nonprofit contributors to the fund *are* required to disclose their donations. Of the reported financial activity involving DT/DCF, Koch organizations emerge as both a leading contributor to, and recipient of, Donors Trust funding.

IRS forms for the Knowledge & Progress Fund and the Charles Koch Foundation trace at least \$13.7 million from Koch groups to DT/DCF from 2005 to 2013.

- Led by KII executives, the **Knowledge & Progress Fund** – one of the Koch network’s largest grant-makers – donated exclusively to DT/DCF since 2005, contributing more than \$13.6 million to both groups over a decade.
- Additionally, the **Charles Koch Foundation** contributed \$125,000 to DT/DCF from 2010 to 2012,<sup>9</sup> including \$75,000 in 2011 for educational programs and operational support.

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<sup>4</sup> [donorstrust.org](http://donorstrust.org), August 20, 2015

<sup>5</sup> [theguardian.com](http://theguardian.com), June 9, 2015

<sup>6</sup> [donorstrust.org](http://donorstrust.org), accessed October 11, 2017; [donorscapitalfund.org](http://donorscapitalfund.org), accessed October 11, 2017

<sup>7</sup> [Center for Public Integrity](http://CenterforPublicIntegrity.org), February 14, 2013

<sup>8</sup> [990s.foundationcenter.org](http://990s.foundationcenter.org), accessed October 11, 2017

<sup>9</sup> [conservativetransparency.org](http://conservativetransparency.org), accessed October 11, 2017

The “Conservative Transparency” [database](#) calculates that Americans for Prosperity is the largest recipient of traceable DT/DCF funding – with nearly \$16.5 million in receipts from 2005 to 2013.<sup>10</sup> In 2010 alone, AFP received more than \$7 million from DT/DCF – more than 40 percent of AFP’s budget that year.<sup>11</sup> Additional entities with Koch leadership and financial ties receiving more than \$3 million from DT/DCF include the **Mercatus Center**, **Independent Women’s Forum** and **Public Notice Research and Education Forum**.

Donors Trust / Donors Capital Fund Contribution to Koch-Affiliated Groups	Sum of contributions	Number of Grants
Americans for Prosperity Foundation (2005-2013)	\$16,461,411	71
Independent Women's Forum (2002-2013)	\$5,264,104	26
Mercatus Center (2002-2013)	\$8,000,400	61
Public Notice Research and Education Fund (2011,2012)	\$3,119,000	6
<b>Grand Total</b>	<b>\$32,844,915</b>	<b>164</b>

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## KOCH-LED OR KOCH-ESTABLISHED ORGANIZATIONS

*\$4.2 Million Contributed (2002-2013) to 17 Groups Fighting Clean Energy Policies and Denying Climate Change*

Through financial and leadership support, Charles and David Koch helped launch organizations, several of which they continue to oversee as chairmen or directors.

These groups include:

- Americans for Prosperity Foundation
- Cato Institute
- Knowledge & Progress Fund
- Market-Based Management Institute
- Mercatus Center at George Mason University
- Institute for Humane Studies at George Mason University

Similar to the grants made by the Koch family foundations, groups established or led by the Koch brothers reported the highest level of direct giving to climate change counter-movement (CCCM) organizations in 2006, when they gave \$380,000 to such recipients. In the following years, they reported less than \$80,000 to CCCM groups annually for each year reviewed and did not report any such giving in 2010 or 2011.

These groups have contributed a total of more than \$4.2 million to 17 CCCM organizations (2002-2013). The largest contributor in this group is the Bill of Rights Institute, which made a single grant of \$3.5 million to the Institute for Humane Studies (IHS) in 2004. The Bill of Rights Institute was launched with support from Charles Koch

<sup>10</sup> [conservativetransparency.org](http://conservativetransparency.org), accessed October 11, 2017

<sup>11</sup> [IRS Form 990, Donors Trust, 2010](#)

in 1979;<sup>12</sup> Koch Industries executive officer Mark Humphrey is the organization's chairman and director.<sup>13</sup> In addition to IHS, Koch-led or Koch-founded organizations have given a total of more than \$100,000 to CCCM organizations including the Cascade Policy Institute, State Policy Network, James Madison Institute and Texas Public Policy Foundation.

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## UNDERSTANDING THE KOCH BROTHERS

Koch Industries acts continuously to protect its interests. It is through that lens that the Kochs can best be understood. The 35-year-old Koch Advocacy Network (e.g. *Americans for Prosperity*, others) is designed to protect Koch Industries.

The Koch Brothers want to be thought of as free-market philosophers, *NOT* protectors of their fossil fuel empire. Negative publicity has caused them to undertake a repositioning campaign that is still underway.

After years of undercutting the scientific consensus around climate change, when stark reality impinged upon their efforts, the Kochs shifted their focus to undermining climate solutions.

Yet, Koch Industries is increasingly exposed to disruptive clean energy scaling, and the Koch Brothers know it. That is why they have been boosting funding to stop climate solutions technology – while the planet continues to heat alarmingly.

### You Might Want to Read:

[Checks and Balances Project Documents: Accelerated Attacks on Clean Energy by Koch Bros.](#)

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<sup>12</sup> [charleskochfoundation.org](http://charleskochfoundation.org), accessed October 11, 2017

<sup>13</sup> [990s.foundationcenter.org](http://990s.foundationcenter.org), August 2014; [billofrightsinstitute.org](http://billofrightsinstitute.org), accessed October 11, 2017