

Checks and Balances Project Documents: Accelerated Attacks on Clean Energy by Koch Bros.

- \$192 Million to 72 Groups Associated with Opposition to Clean Energy Solutions and Climate Change Denial from 1997-2013
- \$108 Million to At Least 19 Groups to Fight State Renewable Energy Policies 2011-2013

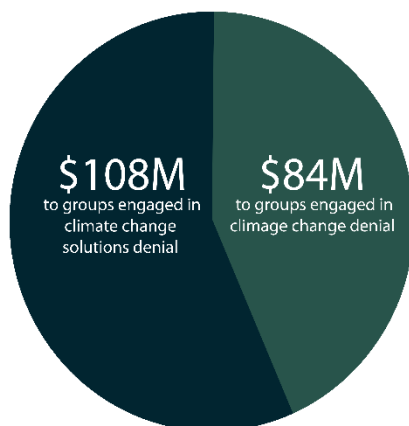
(Over 18 months, Checks and Balances Project conducted the first in-depth investigation into Koch Industries, Inc. AND what we call the Koch Advocacy Network. Over 350 low-profile regulatory disclosures and more than 8,000 legal disclosure forms drawn from over 60 public agencies, databases and courts were examined. Research was completed prior to the 2016 election.)

In August 2015 President Obama singled out the “massive lobbying efforts backed by fossil fuel interests, or conservative think tanks, or the Koch brothers pushing for new laws to roll back renewable energy standards or prevent new clean energy businesses from succeeding.” The President described these anti-clean energy efforts as “rent seeking and trying to protect old ways of doing business and standing in the way of the future.”¹

Charles Koch responded that, “We are not trying to prevent new clean energy businesses from succeeding” and warned against “subsidizing uneconomical forms of energy — whether you call them ‘green,’ ‘renewable’ or whatever.”

He continued, “And there is a big debate on whether you have a real disease or something that’s not that serious. I recognize there is a big debate about that. But whatever it is, the cure is to do things in the marketplace, and to let individuals and companies innovate, to come up with alternatives that will deal with whatever the problem may be in an economical way so we don’t squander resources on uneconomic approaches.”²

DISTRIBUTION OF \$192M Given by Koch Nonprofit Network To Groups Opposing Climate Change Solutions



The defense outlined by Charles mirrors the strategy of the network he oversees. Koch-funded advocacy efforts have shifted from outright climate change denial to climate change solutions denial, lobbying regularly against clean energy policies since 2007 – with recent emphasis on renewable energy standards and net metering standards across the country.

¹ whitehouse.gov, August 25, 2015

² [Politico.com](http://politico.com), August 25, 2015

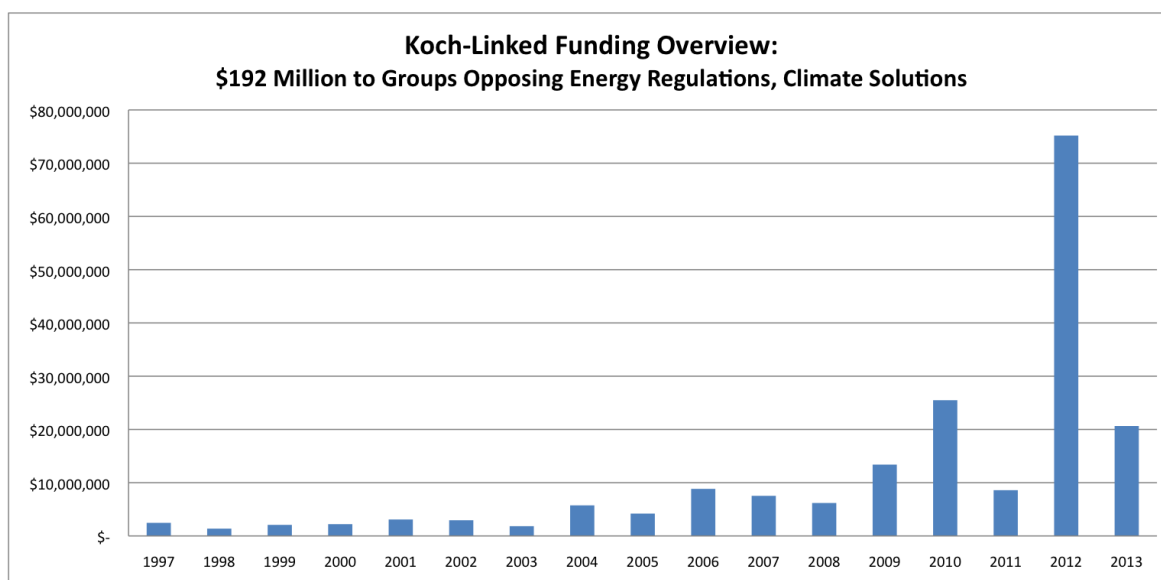
The Koch network finances and conducts an expansive effort to resist government incentives for clean energy technologies, and to fight pollution taxation that threatens to compromise Koch Industries' bottom-line.

However, disclosure reports accounting for this funding only detail organizational budgets and donations, and do not enable determinations of specific programs funded. Therefore, this research first identifies and quantifies donations made to individual groups that worked on climate change solution opposition or climate change denial. It further analyzes actions by the leading recipients to identify specific activities carried out by Koch benefactors to oppose climate change solutions.

The Kochs' campaign to maintain the status quo on energy policy relies upon financing and advocacy at every level of the Koch corporate and nonprofit networks. The following section traces the campaign finance, lobbying, political and legislative advocacy efforts funded and directed by the Koch network, and spotlights several methods and vehicles utilized by the network to distance the family themselves from the anti-clean energy actions they fund.

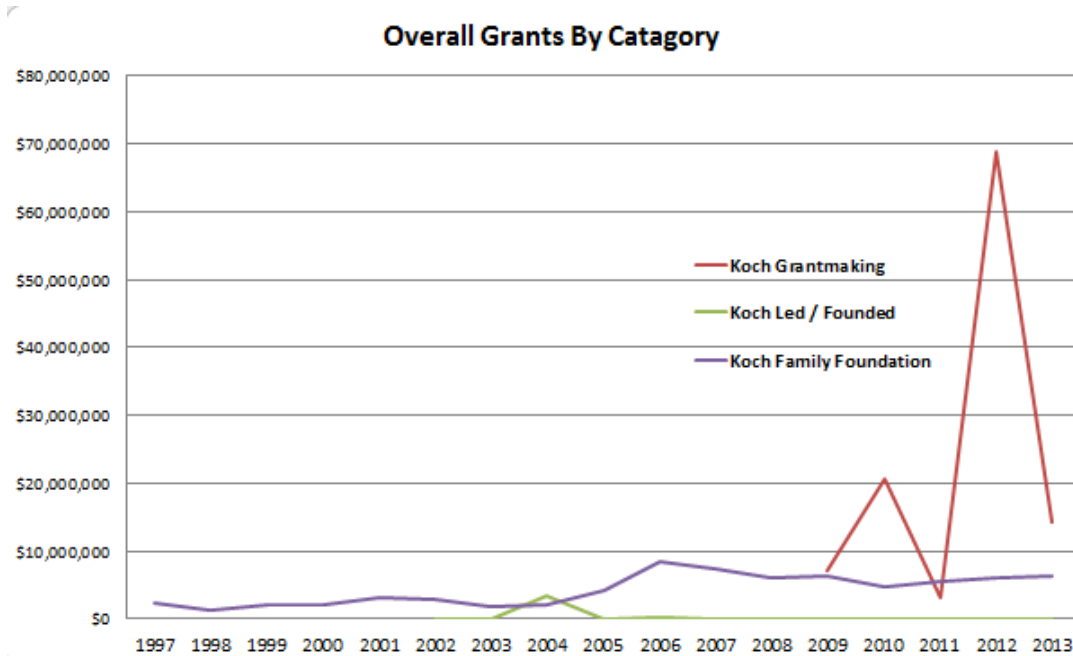
GRANTMAKING TO GROUPS ATTACKING CLEAN ENERGY AND PROMOTING CLIMATE DENIAL

We found that Koch-controlled entities – including family foundations, organizations founded or run by Charles or David and key grantmaking vehicles for Koch groups – have contributed over \$192 million since 1997 to 72 groups associated with climate denial and opposition to clean energy solutions to mitigate climate change. Nearly \$130 million of this funding has been awarded to 50 groups since 2010, and this activity reached a dominant high mark at \$75 million in 2012.



“Climate Change Counter-Movement” Recipients

In a 2013 study, Professor Robert Brulle of Drexel University identified 118 nonprofit organizations that make up what he described as the U.S. climate change counter-movement (“CCCM”). Meeting a set of criteria, such as participation in groups or events that question manmade impacts on climate, these groups oppose government policies to take substantive action to fight climate change – most frequently through fighting pollution restrictions.



In his [study](#), Professor Brulle found that Koch family foundations contributed \$26.3 million to groups advocating against clean energy policies between 2003 and 2010. Koch family foundations provided as much as 9.3 percent of total grants awarded to CCCM organizations in 2006 before the ascendance of Donors Trust and Donors Capital Fund, the dark money, donor-directed funds, as the primary individual grantors to the movement.

As Koch-affiliated funding to the CCCM groups dropped from 9 percent down to less than 2 percent of all funding traced to climate denial organizations, Donors Trust/Capital Fund funding rose steadily from 7 percent in 2007 to roughly 24 percent in 2010.³ Additionally, after this turn the Koch network launched several political grantmaking bodies external to their family foundations, which collectively carry out the vast majority of Kochs' investment in groups active in climate denial or anti-clean energy initiatives.

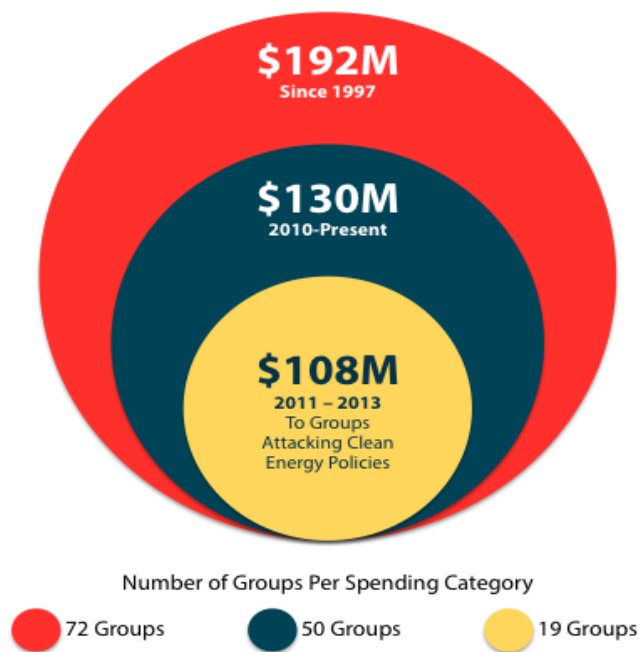
By 2009, the introduction of Koch-affiliated grantmaking organizations, such as Freedom Partners or the TC4 Trust, doubled 2008 funding levels to a point where Koch investment in anti-clean energy solution groups exceeded \$13 million. From 2009 to 2013, of all the spending

³ Robert J. Brulle, "Institutionalizing delay: foundation funding and the creation of U.S. climate change counter-movement organizations," *Climatic Change*, December 21, 2013

on such grants that has been linked to the Koch network, roughly 60 percent of funds passed through grantmaking entities, a third through Koch family foundations, and less than 3 percent through groups founded by or operating directly under the chairmanship of David or Charles Koch.

The research in this document expands on Brulle's work by tracing CCCM funding across the extended Koch network and utilizing further analysis to incorporate additional state and national nonprofits that have worked on recent efforts to roll back Renewable Energy Standards and net metering policies. A total of 153 groups identified as CCCM organizations were analyzed during this investigation.

KOCH FUNDING OF CLIMATE DENIAL & ANTI-CLEAN ENERGY GROUPS



KOCH FAMILY FOUNDATIONS

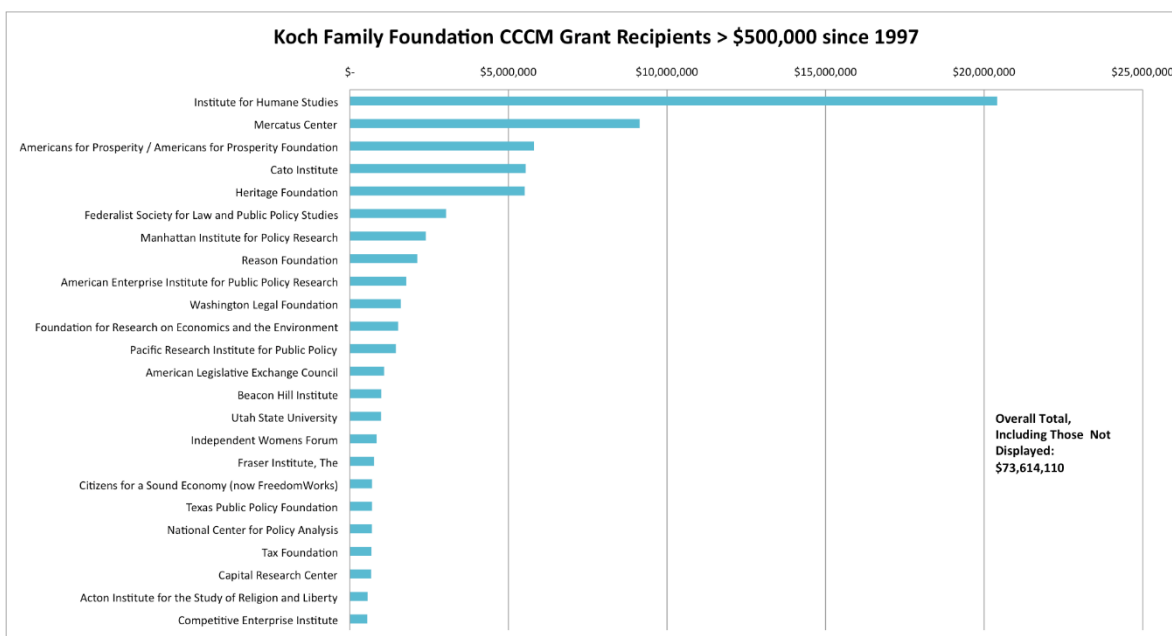
\$73 Million Contributed Since 1997 to 63 Groups Fighting Climate Change and Clean Energy Policies

From 1997 to 2013, the five Koch Family Foundations (KFF) donated more than \$73 million to climate change counter-movement (CCCM) groups. Over this period, the family foundations – principally the Charles Koch Foundation, David H. Koch Foundation and the now-dissolved

laude R. Lambe Foundation – have awarded grants to 63 such foundations, academic institutions, think tanks and advocacy groups since 1997.

KFF direct funding of these organizations peaked at a total of \$8.5 million in 2006. From 2007 to 2013, the cumulative totals given by KFF directly to groups associated with clean energy opposition efforts ranged from \$4.7 million to \$7.5 million. As reviewed in subsequent sections, the decline of KFF direct funding of CCCM organizations corresponded with the rise of Koch investments and increased utilization of grantmaking vehicles, such as donor-directed dark money funds, and Freedom Partners Chambers of Commerce, the Koch network’s funding arm launched in 2011.⁴

The graph below depicts contributions made by Koch Family Foundations to climate change counter-movement organizations since 1997.



The top two recipients of Koch Family Foundation funding that have been associated with significant efforts to obstruct government promotion of clean energy activities are both affiliated with George Mason University in Arlington, Virginia.

⁴ 990s.foundationcenter.org, October 31, 2012

INSTITUTE FOR HUMANE STUDIES (\$20 MILLION)

The Institute for Humane Studies (IHS) at George Mason University in northern Virginia received at least \$20 million from KFF grants from 1997 to 2013, more than a fourth of KFF funding traced to CCCM groups during the period reviewed. The Institute received most of this funding between 2006 and 2013, including more than \$4 million for educational programs in 2013 alone.

Chaired by Charles Koch and described in 2009 as “a haven for climate change deniers,”⁵ IHS provides scholarships, academic programs, and curricula dedicated to “facilitating the development” of free-market scholars and intellectuals. The IHS sponsors the Charles G. Koch Summer Fellow Program, which annually places 80 interns at participating public policy host organizations including State Policy Network groups and participating federal entities like the Institute for Energy Research.⁶

As a grantmaking entity itself, IHS reported awarding more than \$60,000 to the State Policy Network and \$2,500 to Donors Trust in 2013, as well as \$6,000 per year to the George Mason University Foundation.

Representative of IHS’s work products and alliances, the group published a study in July 2014 arguing that the EPA’s proposed Clean Power Plan standards⁷ would increase electricity prices, eliminate nearly one million jobs and decrease the typical household’s disposable income by \$2,100. The “independent study” was amplified by the U.S. Chamber of Commerce, Edison Electric Institute and the Nuclear Energy Institute.⁸

MERCATUS CENTER (\$9.1 MILLION)

Also housed at George Mason University, the Mercatus Center received \$9.1 million in KFF funding between 1997 and 2013. Almost \$4 million of that total was awarded in 2006 alone. Richard Fink, a long-time Koch executive, and Charles Koch co-founded the Mercatus Center in 1980. It has since been a model for and a centerpiece of the Kochs’ free-market “Structure of Social Change” approach to public policy, a three-part plan masterminded by Fink.⁹

Public Policy Efforts: Congressional Testimony and “Academic” Study Publications

Scholars from the Mercatus Center regularly participate in efforts to shape public policy through congressional testimony, study publication or other advocacy efforts. The Mercatus Center is named on more than 120 entries of the Congressional Record since 2003, representing appearances, publications and citations of Mercatus scholarship before the United States Congress. A search of the Federal Register identifies 33 instances where the Center has submitted comments on rules and proposals set forth by the Departments of Energy and Transportation and the Energy Efficiency and Renewable Energy Office, among others.¹⁰

Energy Subsidy Abolition

⁵ motherjones.com, December 22, 2009

⁶ theihs.org, accessed August 4, 2015

⁷ [Washington Examiner](http://WashingtonExaminer.com), July 29, 2014

⁸ [IHS Report](http://IHSReport.com), July 2014

⁹ [Politico](http://Politico.com), September/October 2014

¹⁰ federalregister.gov, accessed August 4, 2014

The Mercatus Center is home to scholars such as Veronique de Rugy, who appeared before the House Committee on Science, Space and Technology in March 2015, to argue that “subsidies are the problem, not the solution, for innovation in energy.” She advocated for the total abolishment of energy subsidies and DOE Energy Efficiency and Renewable Energy programs, arguing that the existence of government subsidies increases the incentive for companies to invest money in lobbying and therefore the power of special interests.¹¹ De Rugy, who regularly appears as an expert before Congress and in conservative media, is the second-highest compensated employee reported on Mercatus tax forms, receiving \$210,500 in total compensation for 2013.¹²

Enabling Access to Republican Administrations

Under a Republican administration, the Mercatus Center has demonstrated even further influence. In 2001, the new Bush White House sought input on regulatory reform. The Mercatus Center submitted 44 suggestions to eliminate or modify federal standards for everything from energy efficient air conditions to renovations to electric utility plants. Ultimately, 14 of the 23 standards the White House chose for its “hit list” were Mercatus entries. By comparison, the National Association of Manufacturers failed to persuade the administration to embrace a single item on its regulatory wish list.¹³ Later in the Bush administration, a Mercatus official was appointed to serve as the federal government’s top regulatory official, the Administrator of the Office of Information and Regulatory Affairs (OIRA).¹⁴

OTHER LARGE RECIPIENTS

Koch family foundations have awarded more than \$5 million in total grants to three additional CCCM groups during the period reviewed.

- **Americans for Prosperity** received \$5.8 million from Koch family foundations between 2011 and 2013. As the Koch’s political advocacy group, AFP coordinates national campaigns and has chapters in 33 states that conduct local initiatives to oppose clean energy policies.

AFP has led campaigns to oppose a federal gas tax increase, oppose renewal of the wind energy production tax credit and urged lawmakers to block the Obama administration’s Clean Power Plan standards. The group has published editorials, organized opposition, lobbied and paid for mass media related to state initiatives on clean energy throughout the country, including in Florida, North Carolina and Kansas. The New Jersey chapter dedicated a year to urging lawmakers to withdraw from the pollution-reducing Regional Greenhouse Gas Initiative, which it did in May 2011.¹⁵

- **Cato Institute** received at least \$250,000 from KFF each year from 2002 through 2010, when the amount dropped to \$7,350. Thereafter, Cato received less and sporadic KFF investment surrounding the 2012 lawsuit the Koch brothers filed, unsuccessfully, to gain

¹¹ science.house.gov, March 24, 2015

¹² 990.foundationcenter.org, accessed August 5, 2015

¹³ mercatus.org, accessed July 29, 2015

¹⁴ mercatus.org, July 29, 2015

¹⁵ eenews.net, May 27, 2011

control over an additional founding shareholder board seat.¹⁶ In June 2012, the brothers reached a settlement with Cato Institute, though their financial contribution did not show a return to pre-dispute levels in 2013.¹⁷

The Center for the Study of Science at the Cato Institute is run by Patrick Michaels,¹⁸ a climatologist whose credibility has been questioned over the years for his climate denial positions and long-denied ties to fossil fuel interests. This included a time when he was asked to step down as an expert witness in a fuel pollution lawsuit in 2007 after refusing to disclose his client list.¹⁹ Michaels has repeatedly asserted that major investments in clean energy are unwarranted.²⁰

In May 2013, he [argued](#), "If Tesla would stop selling cars, we'd all save some money," objecting to the government subsidies he calculates cost taxpayers "somewhere around \$10K (depending on state) for every one [Tesla] that goes out the door. The more they sell, the more we pay." While he doesn't offer any policy recommendations, he concludes that in the case of financial insolvency, "Tesla's bankruptcy will save the rest of us some money."²¹

Cato professionals have also testified before Congress related to pollution standards. The assistant director of the Center for the Study of Science at the Cato Institute, Paul Knappenberger, challenged the notion of a scientific consensus linking carbon pollution to climate change. "The more we learn, the less responsive it seems that the earth's average temperature is to human carbon-dioxide emissions," Knappenberger said at a May 2015 hearing. He told members of the House Committee on Science, Space and Technology that carbon pollution from the proposed Keystone XL oil pipeline would have an insignificant impact on climate change.²²

- **The Heritage Foundation** received grants of \$5.5 million in total from 1997 to 2013, with donations ranging from \$65,000 to \$661,000 per year, except for 2000 and 2011 when they did not receive KFF funding.

The Heritage Foundation advocates against clean energy solutions through the publication of studies and testimony before lawmakers on topics such as the EPA's Clean Power Plan, against pro-clean energy policies, and impacts of carbon taxes on the economy. Since 2009, individuals associated with the Heritage Foundation have testified at least 90 times before the U.S. Congress, according to hearing transcript records.²³

State affiliates of the Heritage Foundation have contended that clean energy standards should be rolled back. In Maine, the Maine Heritage Policy Center co-authored a [report](#) with the Beacon Hill Institute to argue that clean energy standards harmed the state's economy. The Beacon Hill Institute received \$1 million in Koch family foundation

¹⁶ [thecaucus.blogs.nytimes.com, June 25, 2012](http://thecaucus.blogs.nytimes.com/2012/06/25/)

¹⁷ [thecaucus.blogs.nytimes.com, June 25, 2012](http://thecaucus.blogs.nytimes.com/2012/06/25/)

¹⁸ [Cato Institute](#), accessed August 12, 2015

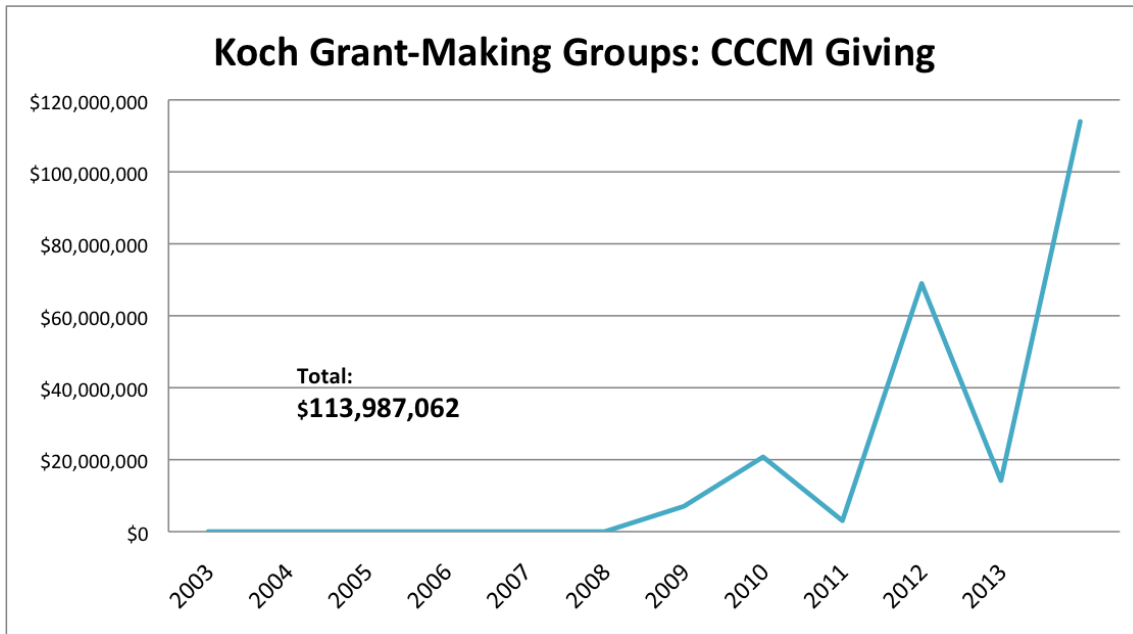
¹⁹ [motherjones.com, February 2012](http://motherjones.com/February-2012)

²⁰ [governing.com, December 2012](#)

²¹ [Cato.org, May 28, 2013](#)

²² [Cato Institute, May 7, 2013](#)

²³ Congressional Quarterly, Transcripts database, accessed August 7, 2015



contributions between 2007 and 2013. Maine Governor Paul LePage used the study to support his efforts to weaken the standards.²⁴

MAJOR KOCH GRANTMAKING GROUPS

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

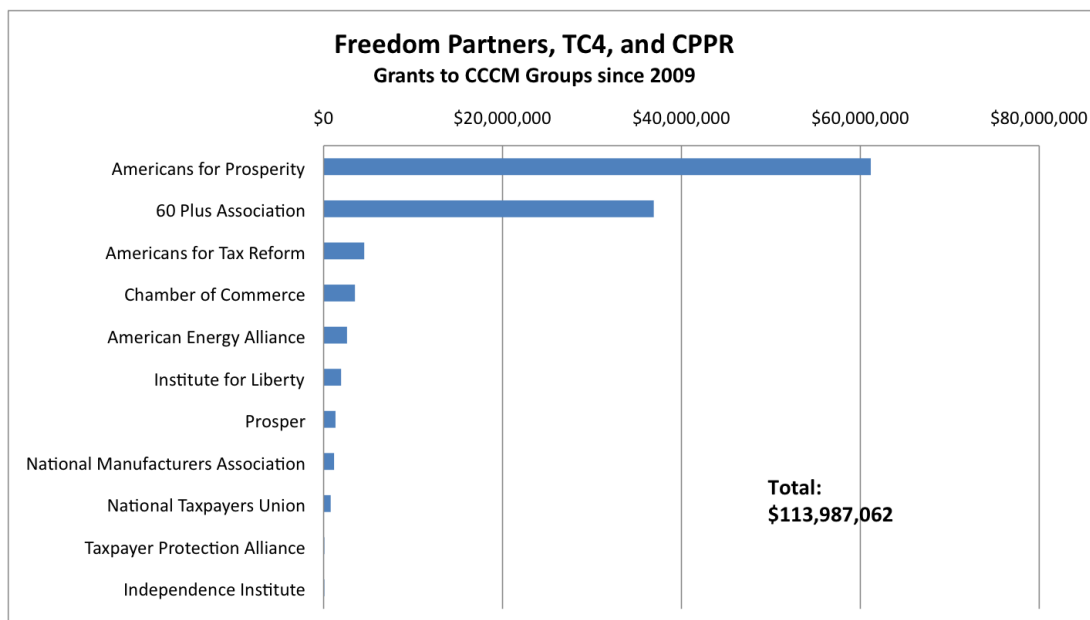
Since 2009, the Koch network has relied upon several affiliated grantmaking vehicles to direct funding to climate change counter-movement (CCCM) organizations. Three of these organizations have donated over \$100 million in traceable funds to eleven CCCM organizations. These principal grantmaking entities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

²⁴ themainewire.com, September 2012

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.”²⁵

As the Kochs’ political advocacy group, AFP coordinates national and local campaigns against clean energy solutions, including the “No Climate Tax Pledge” discussed later in this section and statewide lobbying and political advocacy attacks against clean energy standards and net metering practices.

The 60 Plus Association opposes EPA efforts to regulate pollution and has worked on initiatives to decrease energy subsidies in states including Arizona, Florida, North Carolina and Ohio.²⁶ 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

²⁵ globalwarming.org, accessed August 12, 2015

²⁶ 60plus.org, accessed August 12, 2015

another Koch-funded political advocacy group, Prosper, Inc, both of which sided with APS on net metering.²⁷

DONORS TRUST & DONORS CAPITAL FUND

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. Since their launch in 1999, Donors Trust has received over \$700 million in donations and has disbursed over \$600 million to over 1,400 “liberty-minded charities.”²⁸ 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.²⁹

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.³⁰ 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 2007.³¹ DT/DCF’s single largest donation in 2013 was to the American Legislative Exchange Council (ALEC): \$130,500 for an unlisted purpose.³²

DT/DCF GRANTS, RECEIPTS OF NOTE

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 since 2005.

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

²⁷ [Arizona Republic, October 21, 2013](#)

²⁸ [donorstrust.org](#), accessed June 24, 2015

²⁹ [theguardian.com, June 9, 2015](#)

³⁰ [donorstrust.org](#), accessed June 25, 2015; [donorscapitalfund.org](#), accessed June 25, 2015

³¹ [Center for Public Integrity, February 14, 2013](#)

³² [990s.foundationcenter.org](#), accessed August 4, 2015

The “Conservative Transparency” [database](#) calculates that Americans for Prosperity is the largest recipient of traceable DT/DCF funding – exceeding \$16.5 million in receipts since 2005.³³ In 2010 alone, AFP received more than \$7 million from DT/DCF – more than 40 percent of AFP’s budget that year.³⁴ 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
Grand Total	\$32,844,915	164

KOCH-LED OR KOCH-ESTABLISHED ORGANIZATIONS

\$4.2 Million Contributed Since 1997 to 17 Groups Fighting Clean Energy Policies and Denying Climate Change

Through financial and leadership support, Charles and David Koch have 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

³³ conservativetransparency.org, accessed August 4, 2015

³⁴ [IRS Form 990, Donors Trust, 2010](#)

Similarly 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.

Since 2002, these groups have contributed a total of more than \$4.2 million to 17 CCCM organizations. 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 in 1979;³⁵ Koch Industries executive officer Mark Humphrey is the organization's chairman and director.³⁶ 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.

KEY POINTS

- Koch-controlled entities have contributed over \$192 million since 1997 to 72 groups associated with opposition to clean energy solutions and climate change denial. Nearly \$130 million of this funding has been awarded to 50 groups during 2011-2013.
- From 2011-2013, Koch groups gave more than \$108 million to at least 19 groups that fight state renewable energy policies.
- The Koch network has spent or pledged a total of \$1.65 billion on lobbying and campaign finance activities to influence public policy, and has an energy policy "litmus test" for candidates it supports. More than 400 elected officials at every government level have signed a Koch-backed commitment to oppose legislation related to climate change taxation.
- The Koch network spent an estimated 3.4 times more than the top 20 environmental groups combined during the 2014 election cycle and 8 times more than the U.S. Chamber of Commerce.

³⁵ charleskochfoundation.org, accessed June 29, 2015

³⁶ 990s.foundationcenter.org, August 2014; billofrightsinstitute.org, accessed August 12, 2015