



CHAPTER 11

GOVERNMENT



BUSINESS BEATS BASICS

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INTRODUCTION

The intersection of government and business is one of the most important and target-rich coverage areas available. Covering this area is crucial because businesses, especially major corporations, are some of the most powerful actors in America and are heavily involved in the government and politics. Businesses have the power to influence government policy on everything from food safety to healthcare to education.

Big businesses try to game the system by obtaining government subsidies, capturing regulators, and influencing legislation in order to increase their own profits. Even more, they fund candidates and ballot initiatives – and even craft bills to be introduced in state legislatures.

Big businesses have large units entirely dedicated to legal tax evasion with billions of what should be tax dollars parked in overseas tax havens. At the same time, ordinary Americans are told the country can't afford "entitlements," such as education, healthcare, food and housing for all its citizens, therefore the funding to those programs must be cut or eliminated.

Inaction on climate change is heavily influenced by the billion-dollar lobbying and disinformation campaign carried out by the fossil-fuel industries that view clean energy as a competitor rather than a common good.

The Great Recession was caused because of the intersection of government and business. What led to the financial crisis were years of increasing deregulation and millions of dollars spent lobbying for a more favorable environment for financial hustles. And at the end of it all, the big banks were bailed out for "the good of the country," regardless of the many Americans who were hurt in the process.

These are a few reasons why this is an essential beat. Most readers don't even know these things are going on. And it isn't just a national issue – you'll find it at work in the smallest towns. Thanks to the internet and a couple of valuable sites, it has never been easier to track the finances of the government and your local politicians. The government business beat is an opportunity for reporters to explain the complexities of how the economy really works, what's behind the political headlines, and who is truly profiting from changes in laws and regulations.

WHERE TO BEGIN

If you aren't sure where to begin when covering the business of government, the Federal Election Commission's (FEC) [website](#) and [OpenSecrets.org](#) are great places to start. OpenSecrets is a tad more user-friendly than the FEC website, but they both host a wealth of campaign finance information and data tools to explore. Both of these websites provide extensive details on how money flows into and out of campaigns, and OpenSecrets also provides excellent reporting on the data candidates collect and manage. Here are a few ways to find story inspiration from these two websites.



CAMPAIGN SPENDING

In 2023, the New York Post [reported](#) that Krysten Sinema spent \$20,000 of campaign donations on 'wine-related expenses' since 2021. Some donors were not too happy to discover that their contributions had gone toward luxury hotels, private jets, and posh restaurants. However, Sinema is not the only politician to use campaign donations for personal benefit. The Wall Street Journal [noted](#) that Trump's PACs have spent millions on his legal fees in 2023 alone, and although the FEC does prohibit using funds for personal use, there is a lot of gray area around what constitutes 'campaign or officeholder activity.'

Donors have a right to know if their contributions are not going toward helping a candidate win an election, and you can help by keeping an eye on your local politicians' campaign spending.

Using the [FEC data page](#), you can search by state and district for particular candidates, or you can choose to look directly at a list of the candidates raising or spending the most money this election cycle. All of these are great starting points

Once you find the candidate you are looking for, you will be directed to a financial summary page. From there you can begin browsing contribution receipts or focus on where the money is being distributed. In the list of disbursements, you can click on any line item for more information about each transaction and export the data to look for patterns or outliers.

The FEC provides written instructions on its website on [how to download](#) and use raw data files in order to find information. Even if you don't know what you are looking for, it is still worthwhile to learn how to use the tool and be on the lookout for a newsworthy item.



BALLOT MEASURE FUNDRAISING

OpenSecrets tracks most states' ballot measure committees, whether for or against, and how much money they raise, including anyone that donates over \$5,000 to that committee. For example, in California there was a proposition on the 2022 ballot, Prop 027, to legalize online and mobile sports betting. There were two

committees that opposed the initiative and one that supported it. Each side had raised over \$100 million – by far the most money raised for any ballot measure in the state. Not surprisingly, for the supporting side, top donations came in from BetMGM, FanDuel, DraftKings, and Ballys.

What makes it more interesting is that one of the committees that opposed the bill was called “Yes on 26, No on 27” and was sponsored by various California Indian Tribes. Prop 026 would have legalized sports betting at only American Indian Gaming Casinos, rather than the whole state. Opponents to Prop 026 were other clubs and casinos in the state sponsoring the committee “Taxpayers against special interest monopolies.”

SEARCH FOR INDIVIDUAL DONORS

OpenSecrets has a [donor lookup](#) tool where you can see whom individuals donated to, when they donated and how much. For example, in searching through the available records we were able to discover that ASU President Michael Crow, donated in his name



exactly once. In 2010, he [donated](#) \$500 to an organization supporting Proposition 100, which was a special ballot initiative to temporarily raise sales taxes where the majority of the revenue went toward education.

In addition to names, you can search for donors by employer, zip code, occupation, and recipients. Interested in knowing where Ford employees are collectively donating their money? Or maybe where professors are donating this election cycle? Curious about who’s donating to a ballot measure or PAC? This tool can help.

The FEC has a [similar tool](#) that often has the information before OpenSecrets does. Whether you are interested in learning more about candidates, business executives, or whom your neighbor is donating to, these search tools can give you some data points to start with.

FINANCIAL DISCLOSURES

Lawmakers and other top officials are required to disclose their financial assets and interests every year. These disclosures have been required by law to be publicly available since 2012. OpenSecrets [compiled records](#) from 2008-2018 showing the richest and poorest members of Congress as well as the median estimated net worth of members.

Although these disclosures can't tell you everything, they do provide a small glimpse into the amount of wealth in Congress. As the website points out, 40-50% of congressional members are millionaires, compared to only 1% of the general U.S. population.

More recent records are available to the public through government websites, including recent disclosures for the [House of Representatives](#) and the [Senate](#).

EMMA

Municipal bonds (or “munis” for short) are investments issued by local governments to finance community projects such as building schools, and roadways. Municipal bonds are viewed by investors as low-risk and a way to preserve wealth rather than increase it, as the bonds provide a steady stream of income at low interest rates. However, the interest on municipal bonds is commonly exempt from federal income tax, and sometimes even state or local taxes.

The Electronic Municipal Market Access website, [EMMA](#), was launched by the Municipal Securities Rulemaking Board (MSRB) in 2008. EMMA is a completely free resource for information on municipal bonds. You can check the status of local projects, access data on new issuance trends, view official documents and disclosures, compare prices of municipal securities, and so much more.

EMMA contains documents from state and local governments that you typically will not find elsewhere. Business journalists can use this data to inform their reporting on the status and financial state of local government projects, such as schools, parks, and roads. The disclosure documents filed by the local governments that issue these bonds can contain newsworthy information on the economic health of your region. You might find a story if you see a trend of failed projects or what seems to be a string of bad deals.

The MSRB has a [great resource](#) with definitions for terms you may come across while looking at municipal bonds.



BOOKS TO READ

The Power Broker

by Robert Caro
(1974)

The Big Ripoff: How Big Business and Big Government Steal Your Money

by Timothy Carney
(2006)

The Business of America is Lobbying

by Lee Drutman
(2017)

Game Changers: How Dark Money and Super PACs are Transforming U.S. Campaigns

by Henrik M. Schatzinger
(2020)

FREEDOM OF INFORMATION ACT

The federal Freedom of Information Act (FOIA), created in 1966, is an indispensable tool for reporters to understand how the government operates and its interactions with businesses. FOIA requests can provide invaluable insight about communications between government officials and corporate executives (or politicians acting on their behalf).

FOIA was created to promote access to information about the federal government and to allow the public to fully participate in a democratic government. The act gives any person, including non-US citizens, the right to request federal agency records and information, with some exemptions and exclusions.

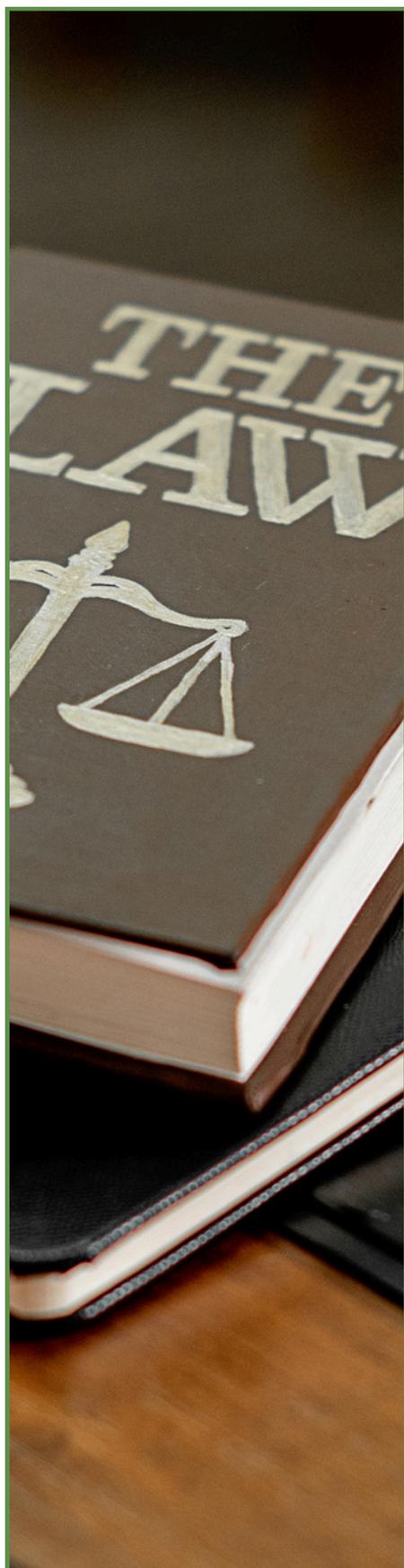
FOIA only applies to federal agencies and therefore does not apply to Congress, the courts, state and local governments, or the office of the President. The list of [federal agencies](#) includes the Department of Justice (including the FBI), the Federal Home Loan Mortgage Corporation, and Amtrak, among others.

The nine exemptions involve information that is already protected by other laws, trade secrets, confidential business information, personal privacy, and the like. The three exclusions are related to law enforcement and national security matters. In such cases, agencies are allowed to say, “there exist no records responsive to your FOIA request” – even if a record does exist but is protected under an exclusion.

This is different from a Glomar response, where they will neither confirm nor deny a record’s existence. If a requester does suspect the record exists and that the agency is using an exclusion, they can appeal the response either administratively or through the courts to determine the possibility that an exclusion was applied, but not to have the information released.

Although FOIA does not cover local and state governments, each state has laws that are similar to FOIA regarding public records. The National Freedom of Information Coalition has a [good guide](#) on how to navigate specific laws by state, as well as [FOI resources](#) in each state.

When requesting records, you need to be specific about what you want, then follow up and be persistent with your requests. It is advantageous to talk to someone either on the phone or in person and to build relationships with staffers at your local federal agencies. Being nice can go a long way in getting the records you request in a timely manner.



Even though it may seem like a lot of information is exempt, there is still a lot of information available through FOIA that you can include in an investigative report. A good example is PPP loan data from the [Small Business Administration](#). You can even request emails sent on government accounts, text messages on government phones, or notes written on an official's desk. That means you can request records of meetings with CEOs or other business executives, which may help you piece a story together that the public needs to know.

It does not cost you anything to submit a letter request for records unless you have to mail or fax requests (yes, some government agencies still use fax machines). However, agencies can charge fees for things such as photocopies or a staffer's time, but you can request a waiver if you can show that the information is "for the public good."



FOIA RESOURCES

It can be difficult to get information from a private company, but all businesses have to interact with the government in order to operate. That means public records requests can be just as useful to a business journalist as they are to any other reporter.

The Arizona Agenda created a [zine](#) in 2021 on how public records work, and it is an excellent place to learn more about how to request public records from government agencies. The printable zine includes tips and tricks on how to get records, what is made public, and what you can do if an agency is stonewalling your request. They even include a [template](#) to begin your own records request.

Another option for starting a public record request is by using a [letter generator](#) like the one offered by the Student Press Law Center.

The Reporters Committee for Freedom of the Press created a [FOIA Wiki](#) and offers the [Open Government Guide](#), which compiles open records and open meeting laws for every state. This guide also lets you compare laws between states.

MAKE IT LOCAL

CAMPAIGN MEMORABILIA AND LITERATURE

Thanks to inexpensive print on demand (POD) options, it's relatively easy for individuals or small businesses to create and sell unofficial campaign items. Check for these entrepreneurs outside town halls, rallies, or other campaign events and online. Additionally, official campaigns have to get their promotional materials from somewhere, whether that be a local business or a national company. Either can make an interesting story to share with readers.

Campaigns spend a lot of money each election cycle on campaign literature, even in the digital age. Campaign literature includes mailers, brochures, lawn signs, and various printed materials endorsing a candidate or issue to vote for in an election.

Here are some questions to consider: What are the most popular products? What campaigns are selling the most? How do sales this election cycle compare to previous elections? What happens to promotional materials when a candidate drops out of the race or loses an election? The [American Political Item Collectors](#) is a membership group that actually holds onto such items, so you may be able to find commentary from a local collector on their favorite pieces.

GOVERNMENT CONTRACTS

Governments award millions of dollars in contracts to businesses every year and are often some of the largest employers in town. Yet journalists sometimes overlook the business stories present in the workings of local and state government.

A city's economic development often boils



down to new projects, whether that be new housing, building a community center, fixing potholes, or constructing new roads or bridges. Any of these projects mean the city must sign contracts with contractors, architects, and other businesses to complete the work. As a reporter, you can look into what companies your city is doing business with, who runs those companies, and how much taxpayer money they are being paid to complete the work. You can easily find what projects a city is proposing or working on at regular city council meetings. Many cities even post their meeting agendas and minutes online.

Although every state and city operates in its own way, large government contracts generally all start the same way, with a request for proposal, or RFP. An RFP announces and describes a government project and requests qualified contractors to submit bids to secure the contract. For example, the city of Phoenix posts all RFPs estimated to cost \$100,000 or more on its [website](#) for companies to submit their proposals. The website then lists all awarded solicitations with details on how many bids were submitted, from whom and to whom the final contract was awarded. Other cities have similar bid portals.

Like a lot of government departments, Phoenix notes on its solicitation website, "the City

strives to ensure that our community receives the best value for the tax dollars that are expended.” However, past investigative work has shown that cities and states don’t always choose contractors based on the best value. You can peruse through the awarded contracts to see if there is a pattern of certain companies winning or losing out on business, and this might just point you to your next story. For example, if a specific company tends to win more contracts than others, dig to see what connections may exist. If you discover company executives used to work for the city or state agency awarding the contracts, this may point to a potential case of favoritism.

If contract award information isn’t easily accessible, a public records request can often help you get it. Each state has its own laws and statutes governing open meetings and access to public records. Know what the public is entitled to based on your state laws to effectively cover this beat.

GOVERNMENT SHUTDOWNS

Each year, budget legislation for the upcoming fiscal year has to be passed by Congress and signed into law by the President. This legislation consists of 12 appropriations bills – one for each subcommittee. If legislation isn’t passed by the deadline, the government is effectively shut down until lawmakers reach a resolution.

During a government shutdown, all nonessential discretionary functions are halted. Services related to public safety such as law enforcement, border protection, in-hospital medical care, air traffic control, and power grid maintenance are some of the services classified as essential and therefore continue to operate during shutdowns. Additionally, mandatory spending such as Social Security

and Medicare are not subject to annual appropriations, so checks for these services continue to be sent during a government shutdown. But these essential functions are only a small portion of the government – a shutdown means many government employees are furloughed, and people are unable to get the services they rely on.

Some of the nonessential functions impacted during a shutdown include:

- Environmental and food inspections
- National parks
- Processing and approval of new loans and grants, including Small Business Administration loans
- Some aspects of the IRS
- Air travel
- Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF)



With so many crucial functions of the government closed, shutdowns can have a major impact on the economy. For example, it’s estimated by the Congressional Budget Office that the 2018-2019 government shutdown caused the U.S. to lose \$11 billion in the subsequent two quarters that followed, with \$3 billion of that being unrecoverable. And that was only a partial shutdown. Standards & Poor estimated that the full government shutdown in 2013 that lasted 16 days cost the U.S. a sum of \$24 billion – the equivalent of \$1.5 billion per a day.

A government shutdown is a big newspiece that you can localize. What local offices will be closed? How much visitor revenue will be lost each day a national park is closed? How are your local VA hospitals and offices dealing with the shutdown? All of this is useful information for your readers and may give a glimpse into how long it'll take your area to recover after a shutdown.



GOVERNMENT SUBSIDIES

Through the form of direct aid, tax credits, reimbursements, or other economic aid, government subsidies are meant to help support the local economy. They may be used to offset a particular industry's production costs or artificially balance supply and demand. Although government subsidies can have positive impacts for both businesses and consumers, there are still times when agreements may not be in the best interest of the public.

An example is when the appliance maker Electrolux was set to bring over 1,240 jobs to Memphis in 2011. When taking a deeper look, [The Commercial Appeal](#) found "the total subsidy from taxpayers and utility ratepayers was at least \$188.3 million," and the deal included questionable pledges made to the company. These pledges included exemptions from requirements on hiring minorities and

agreements to keep industry competitors away from the local area. In 2019, Electrolux closed its factory, taking with it hundreds of jobs and a large chunk of the money put into the project by both "taxpayers and utility ratepayers," due to a detail in the agreement that the city and county wouldn't be refunded under any circumstances.

Events like this remind us of how important it is to review agreements and ask questions. Here are some tips to point you in the right direction:

- Ask for written guidelines to see whether the same standards would be applied to other companies.
- Calculate how much the company is receiving.
- Check the company's history. Look for political contributions, its track record with regulators, and any subsidies received in the past.
- Read every page of the company's agreement.
- Check the economic impact studies for inconsistencies.
- Use public record requests. You can use requested emails and letters between the company and government to get additional details.

[Goodjobsfirst.org](#) is an advocacy organization, but it has a number of resources on its site, including a Subsidy Tracker that can prove useful.



TERMS TO KNOW

Cloture Rule

Rule 22, or the Cloture Rule, was introduced in 1917 as a remedy to filibustering while maintaining the Senate's right to unlimited debate. With the Cloture Rule, two-thirds majority was needed to end a debate – and in 1975, it was reduced to a three-fifths majority requirement.

Dark Money

Spending intended to influence politics, from voter decisions in election to public policy, where donors remain undisclosed.

Filibuster

A delaying tactic used as an attempt to block legislative actions, typically by way of actions like giving a long speech to prolong debate.

Gerrymandering

The political manipulation of electoral district boundaries with the intent to create an advantage for one party or class of individuals. States redraw their district lines every ten years after the U.S. Census is completed to redistribute the population equally among districts.

Hard Money

Money contributed directly to a candidate committee, political party or traditional PAC. This is considered traditional political spending where donors must be disclosed and contribution limits apply.

Ombudsman

A public advocate who is an official member of the government specifically designated to investigate or file complaints against the government or businesses. They can be a useful resource for journalists. For example, the Arizona Ombudsman recently updated its Public Records Law [Handbook](#) that tracks and compiles requests and changes to these laws on the website. It also has a [FAQ](#) specifically for journalists.

PAC

Stands for Political Action Committee. PACs are not authorized by candidates, but work to support them. They can receive contributions up to \$5,000 per year per individual and may contribute directly to candidates or political party committees. PACs must register and maintain reports with the FEC (which are made publicly available online).

Pork Barrel Politics

When legislators at the national level include funding for local projects into a broader budget bill to guarantee their support. Legislators argue they are advocating for their constituents' interests, however pork barreling can substantially inflate the cost of legislation and has raised concerns about wasteful spending.



Push Polling

A marketing tactic where a political campaign puts loaded questions in opinion polls to discredit opposing candidates and consequently "push" voters' support in a certain direction.

Soft Money

Political spending by organizations and individuals outside the official candidate campaigns. Sometimes referred to as independent or non-coordinated spending, these groups are allowed to accept unlimited donations for direct political activities, such as buying advertising, but cannot directly coordinate with political candidates or parties.

Super PAC

The FEC defines Super PACs as "independent expenditure only political committees." Unlike traditional PACs, Super PACs can solicit and receive unlimited amounts of funds from individuals, companies, unions and other groups, but cannot contribute directly to candidates or "coordinated" expenditures. Even so, illegal coordination does happen among both parties.

Tactical Voting

When a voter casts a vote for a candidate who is not their top choice for the sole purpose of preventing another candidate from winning.

This chapter is based on various articles written for [businessjournalism.org](#) by a variety of Reynolds Center staff members and graduate students.