

Lowery Foundation Client Turned Earmarks into Fees, Reported Neither

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Yesterday, we [reported](#) that Copeland Lowery, the lobby shop under investigation for its very close relationship with Rep. [Jerry Lewis](#) (R-CA), had done some remarkably clumsy bookkeeping, failing to report around \$2 million in lobbying fees.

One underreported client that stood out was something called the Foundation for the Improvement of Mathematics and Science Education (FIMSE). Lowery's firm lowballed their fees by approximately \$270,000.

So I dig some digging. And what do you know? The group (like most Lowery clients), has done very well for itself, bagging \$2.45 million in earmarks during its five year existence, according to an analysis by Taxpayers for Common Sense. At least one of those earmarks came from convicted felon Rep. Duke Cunningham (R-CA), who bragged in [a press release](#) about securing \$450,000 for the group. And lobbying disclosure forms show that the group has sent some of those earmarked funds back to Lowery's firm in the form of \$500,000 in lobbying fees.

But most intriguing of all is the failure of the group to report *any* of this in their IRS returns. According to the group's 990 forms, the foundation is a 501(c)(3). All of the experts I spoke to agreed that the group was required to report both the lobbying fees and revenue from earmarks.

"The obligation of nonprofits to account for lobbying expenditures is a matter of law," Rick Cohen, the Executive Director of the National Committee for Responsive Philanthropy, told me. "Every expenditure, every piece of income needs to be reported," agreed Naomi Seligman of Citizens for Responsibility and Ethics in Washington.

When I called to get an explanation from the group, Lori Albers, FISME's Program Director, answered the phone. She said she was "not exactly sure" as to why the lobbying expenditures wouldn't show up in their returns and promised to get an answer for me from the Executive Director. I'm still waiting for that call.

So what is FISME? The group has been at the head of a controversial effort to reform San Diego city schools with corporate money, foundation grants, and earmarked funds. FISME describes itself as "a partnership among Qualcomm, [the Applied Micro Circuits Corporation], The Waitt Family Foundation, San Diego State University and San Diego city schools." The goal was to improve the city schools by pumping in money, or as one school board member complained, "This is about privatizing education through these grants." (*San Diego Union Tribune*, 2/12/02)

In any case, the foundation has done quite well for itself, pulling down \$15.5 million in grants in 2001 alone, [according to the Foundation Center](#), making it the third highest recipient of science and technology grants that year, beating out heavies like Cal Tech and the University of Texas.

But you wouldn't know that from their public disclosures. In their 2003 990, for instance, which covers the period from July of 2003 through June of 2004, the group reported \$223,086 in revenue and expenses. According to the form, that money was spent "[assisting] with coursework for over 1,000 teachers." The form says nothing about spending \$100,000 on lobbying fees during that period.

More stark is the group's 2001 form, which claims the group was inactive during a period that it was receiving millions in grants and paying out \$120,000 in fees to Copeland Lowery. It's 2002 form claims only \$148,197 in both revenue and expenditures; the group reported spending the money on assisting 262 teachers. However, a \$150,000 earmark the foundation received that year isn't disclosed, and neither is the \$100,000 the group paid out in lobbying fees during the reporting period.

So virtually none of the foundation's true activity appears to be disclosed on its public form. We know at least half a million of the group's funds were spent on lobbying. Where did the rest of it go?

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