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Reform the Senate Office Allowance System

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Citizens Against Government Waste (CAGW) is a private, nonprofit, nonpartisan organization dedicated to educating the American public about waste, mismanagement, and inefficiency in the federal government.

CAGW was founded in 1984 by J. Peter Grace and nationally-syndicated columnist Jack Anderson to build support for implementation of the Grace Commission recommendations and other waste-cutting proposals.

Since its inception, CAGW has been at the forefront of the fight for efficiency, economy, and accountability in government.

CAGW has more than one million members and supporters nationwide. Since 1986, CAGW and its members have helped save taxpayers more than $1 trillion.

CAGW publishes a newsletter, Government Waste Watch, and produces special reports, and monographs examining government waste and what citizens can do to stop it.

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Reform the Senate Office Allowance System

Introduction

A culture of inefficient government spending is endemic in Washington, D.C. However, such behavior is particularly frustrating for taxpayers when the rare example of spending less money produces an unsatisfactory outcome. This is unfortunately how the funding structure for Senate office expenses is designed.

Due to a perverse system of incentives, senators who do not spend all of the money appropriated for their offices often end up subsidizing the profligate spending of other senators' offices or funding the miscellaneous needs of the Appropriations Committee. Under Senate rules, only a portion of a senator's total savings goes toward deficit reduction. This report outlines the problem and provides recommendations to resolve the issue.

Issue Overview

According to the Secretary of the Senate's May 2011 Report, $422 million was appropriated in fiscal year (FY) 2010 to the Senator's Official Personnel and Office Expense Account (SOPOEA), which is a pool of money from which senators draw funding for their personal offices. Appropriations for each individual office is based on a funding formula that takes into account factors such as the distance from Washington, D.C. to a senator's home state and the state's population. For example, Senator Barbara Boxer (D-Calif.) was authorized $1.15 million more than Scott Brown (R-Mass.) as a result of the differences in the cost of travel and constituent services between the senators' two states ($4,873,152 and $3,720,758, respectively).

After subtracting a mandatory contribution of $107 million for Senate employee benefits and $4 million for other fixed costs, the total amount available for Senate offices to spend was $311 million. Although the sum of all authorized office funds in FY 2010 equaled $340 million, the Appropriations Committee appropriated $29 million less than the formula-driven authorization, knowing that senators as a whole usually do not spend their entire authorized amount.

Although a majority of senators did not spend all of their appropriated amount in FY 2010, much of the savings were not put toward deficit reduction, but were instead returned to the Appropriations Committee and used to pay for other government expenses, as well as to subsidize the excessive spending of other Senate offices.

One way to evaluate how efficiently each senator spends his/her office funds is through calculating their pro-rated share of the funding pool. This can be determined by calculating the proportion that an office's authorization makes up of the total authorization for the entire pool of funding and applying that proportion to the overall appropriated amount. As an example, in FY 2010, Senator Richard Shelby (R-Ala.) received 0.94 percent of the total $340 million authorized to the SOPOEA.

Consequently, Senator Shelby's pro-rated share of the $311 million of available funding was $2.9 million. In total, Senator Shelby spent 39 percent ($1,143,524) less than his pro-rated share. On the other end of the spectrum, Senator Boxer spent 9 percent ($390,607) above her pro-rated share of $4,873,152.

Citizens Against Government Waste's **analysis** of the funding data in the May 2011 Report of the Secretary of the Senate revealed that out of the 102 senators who were in office for all or part of FY 2010, 52 senators spent less than their pro-rated share, while 50 senators spent more than their share. The cost-efficient senators spent a combined $11,475,698 below their share. Unfortunately for taxpayers, those savings were largely used to supplement the spending of the other, more profligate half of senators, who spent $7,672,109 above their cumulative share.

Conclusion

There are several viable ways to reform the office expense system for members of Congress. Legislative proposals include H.R. 121, Rep. Phil Gingrey's Congressional Budget Accountability Act, which would require any funding remaining in a Member's Representational Allowance (MRA), which is the House of Representatives' version of the SOPOEA, at the end of a fiscal year to be deposited in the Treasury and used for deficit reduction or to reduce the federal debt. A similar bill, Rep. Steve Scalise's (R-La.) H.R. 262, the Mandatory Returning of Allowances (MRA) Act, would require any amounts remaining in a MRA at the end of a fiscal year to be deposited in the Treasury and used to reduce the federal debt. The Senate could benefit from adopting similar reforms to its funding structure for office expenses.

Another way to improve the Senate office funding process would be through implementing a tighter spending limit. In FY 2010, 23 senators saved more than 5 percent of their pro-rated share and 11 senators saved more than 10 percent. Conversely, 22 senators exceeded their pro-rated share of the SOPOEA by more than 5 percent. With such a large number of senators able to spend significantly less than their pro-rated share, it is clear that each office could easily get by with a lower overall funding level. The House of Representatives cut the MRA by 5 percent for the 112th Congress, but the Senate did not reduce the SOPOEA.

The funding system for the SOPOEA is a quintessential example of Washington budget gimmickry. It is absurd that appropriators can use a senator's savings for purposes other than deficit reduction. Reducing Senate office budgets and requiring any money saved to be used for deficit reduction should be adopted as a permanent change to Senate rules.