

TIME TO END THE SENATE SLUSH FUND

(Updating *Backgrounder* No. 898, "Congress's Billion Dollar Slush Fund," May 19, 1992.)

The Senate soon will consider the fiscal year 1993 Legislative Branch Appropriations bill, H.R. 5427, which provides funding for Congress's activities. The House of Representatives passed its version of the spending bill in June with minor cuts in House spending. The House also eliminated "no-year" funding, which allows money intended for one purpose to be used for different purposes altogether.

The Senate should go further than the House in trimming its own expenses and eliminating the Senate slush fund created when its annual appropriations stay available for an indefinite time. In addition, the Senate should add to the bill requirements for regular, independent audits of Senate and joint House/Senate accounts, and make significant cuts in funding of the partisan General Accounting Office. Some House accounts already are subject to regular, though incomplete, audits under laws which do not apply to the Senate. An effort to cut GAO funding in the House was narrowly defeated.

Representative Christopher Cox, the California Republican, has been marshalling support for a presidential veto of H.R. 5427. Unless Congress demonstrates in the bill's final version that it truly will reform its spending habits, the President should veto the bill.

CUT FUNDING

Senate funding has skyrocketed in recent years. In the last four years, the cost to taxpayers for running the Senate has risen nearly 40 percent, from \$337 million in 1988 to almost \$470 million in 1992,¹ or an 8.5 percent annual increase. The American family's median income, by contrast, rose only three percent annually between 1988 and 1990,² actually losing ground to inflation. Much of this funding increase has gone to new staff and increased salaries. (The Senators' own salaries are provided by a "permanent entitlement" not subject to annual funding.) Some 88 Senate staffers now enjoy annual salaries of over \$100,000. One of the fastest growing offices is that of President Pro Tempore Robert C. Byrd, the West Virginia Democrat, who has increased his budget from \$156,000 when he took office in 1989, to \$419,000 this year. For 1993, Byrd has requested \$536,000. This would represent a 343 percent increase in just five years, and a 28 percent increase this year alone. Other requests for large increases in the bill include Senate mail appropriations, which will go up by \$3.7 million. And the largest account for Senate expenses, the "Senators' official Personnel and Office Expense Account," will grow 15 percent, a \$27 million increase.³

- 1 Norman J. Ornstein, Thomas E. Mann, and Michael J. Malbin, *Vital Statistics on Congress, 1991-1992* (Washington, D.C.: The American Enterprise Institute, 1992), Table 5-10, p. 138; and *Roll Call*, June 25, 1992, p. 26. (current dollars)
- 2 U.S. Census Bureau, *Family Income Statistics*. Based on a family of four. 1990 is the latest year for which figures are available.
- 3 "Federal Programs by Function, Agency, and Account," Appendix One, *Budget of the United States Government, Fiscal*

H.R. 5427 was brought to the floor of the House under restrictive rules to limit amendments, and the House cut only a symbolic 1.3 percent of its own budget. The much-touted \$104 million cut represents less than one-twentieth of one percent of the overall congressional budget. Considering the rapidly increasing costs of Congress, the Senate should be ready to make more substantial cuts in its own spending and in spending for other congressional agencies. Given the recent spending explosion, even a 20 percent cut would leave Congress in the same position as the American family over the last five years.

DUMP "NO-YEAR" FUNDING

Like the House,⁴ the Senate recently increased the number of accounts in which unspent funds remain "available until expended" rather than being returned to the Treasury. These no-year accounts create a slush fund available to Senate leaders. Senator Hank Brown, the Colorado Republican, estimated Senate committee accounts alone at \$7 million in 1991,⁵ when he attempted to cut the slush funds out of the Senate's committee funding resolutions. Senate Sergeant-at-Arms accounts that contained no-year funding went from \$6 million in fiscal year 1990, to \$119.7 million in 1991 and \$120.5 million in 1992.⁶ There were no open-ended accounts under the Secretary of the Senate in 1990; in 1991, however, there was \$10.3 million in no-year accounts under the Secretary, and in 1992 there was \$13.2 million.⁷

The House eliminated the no-year accounting from their portion of this year's Legislative Branch Appropriations bill. There is no reason to have annually appropriated accounts roll over indefinitely. The Senate should dump no-year funding.

CALLED TO AN ACCOUNTING

As important as the size of Congress's budget, however, is the fact that there is no public accountability for its use. Most House and Senate accounts are not regularly audited. When they are, audits often reveal pervasive mismanagement and sometimes serious scandal. The check-kiting scandal that had festered for years at the House Bank was revealed finally only by a statutorily required audit. Following the House Bank and Post Office scandals, the House created a new, non-partisan officer with the authority to audit a number of additional accounts, though spending by committees and individual House Members still is not scrutinized. In the Senate, by contrast, there are no requirements for audits of any accounts. In practice, there have been no regular audits of any Senate accounts, and many accounts have never been audited, including the two largest accounts, belonging to the Senate Sergeant-at-Arms and the Secretary of the Senate.⁸

Year 1993, pp. 1-161,1-162.

4 See Steven Schwalm, "Congress's Billion Dollar Slush Fund," Heritage Foundation *Backgrounders* No. 898, May 19, 1992.

5 *Congressional Record*, February 28, 1991, p. S-2479.

6 "Accounts with No-Year Funds in the Regular Legislative Branch Appropriations Acts for Fiscal Years 1990-1992," Congressional Research Service memo to the Hon. Richard Santorum, February 5, 1992, Table 1, pp. CRS 4-6. 1991 and 1992 figures derived by adding the "Sergeant at Arms and Doorkeeper of the Senate" and "Office of the Sergeant at Arms and Doorkeeper" accounts.

7 *Ibid.* Figures derived from adding the accounts "Office of the Secretary (Senate)" and "Secretary of the Senate."

8 According to officials at the GAO Documents Distribution Center, the Senate restaurant and barber shop, both sub-accounts of the Office of the Sergeant-at-Arms, are the only two accounts of the \$131.1 million dollar Sergeant-at-Arms budget that undergo regular audits. No comprehensive audit has ever been done. In addition, according to GAO officials at the public information office, the Senate Post Office (under the Sergeant-at-Arms) and the Senate Disbursing Office (Under the Secretary of the Senate) are currently undergoing "cash counts" in response to the House scandals. These verify only that the correct amount of cash-on-hand is present in the offices at the time of the count. Simple "cash counts" would not have revealed the improprieties discovered at the House Post Office. Computerized GAO records extend back only to 1971 but it appears unlikely that audits were conducted prior to that time.

Even with otherwise honest management, problems occur when large budgets go unaudited for long periods. Recent audits of legislative accounts reveal chaotic mismanagement of huge deposits of taxpayers' money. Last year, for instance, the first-ever audit of the Library of Congress, a \$6.8 billion per year operation which is the joint responsibility of both the House and Senate, uncovered widespread negligence and probably large-scale theft. The GAO concluded that "We found the Library's financial and accounting records to be in such poor condition that we were unable to audit significant account balances."⁹ The GAO audit found that the Library was unable to control its inventory of books, other assets "could have been lost. . .", "material errors or irregularities could have occurred in the processing of the Library's financial transactions..." and that "appropriated funds could have been used for purposes other than those intended by the Congress...." In short, records were so poor that auditors could tell very little. Such audit results in the executive branch or private sector organizations would be major scandals, and likely would trigger dismissals and criminal investigations.

Most of the money appropriated by Congress for its operations is not audited. The GAO performs only audits that are requested or statutorily authorized by Congress. No audits of members' personal accounts or committee accounts (also under members' direct control) has ever been performed. That scandals similar to the House Bank and Post Office have not spread to the Senate may be due to the fact that the Senate will not allow thorough audits of its accounts that would uncover problems.

The legislative accounts which GAO is permitted to audit, however, are subject to only financial audits, which are far less rigorous than the thorough "performance" audits that GAO does on the executive branch, and which are required of businesses. Financial audits review financial statements (prepared by the audited office), internal controls, and regulatory compliance, while performance audits also include physical observation of inventory, acquisition processes, and security.

INDEPENDENT AUDITS

Even if the GAO were authorized to perform many of the audits needed for a full accounting of legislative branch expenditures, the agency would be operating under the disadvantage of auditing its own employer. The GAO found irregularities in the operations of the House Bank as early as 1952, and pointedly observed the fact that members were overdrafting their accounts in increasing amounts. However, once the GAO audits began to be made public in 1977, detailed information concerning the questionable legality of these practices was dropped.¹⁰

In addition to the inherent unreliability of audits of Congress by a congressional agency, the GAO is an inefficient, expensive monopoly. According to Congressman Cox, "The GAO doesn't give us anything a good accounting firm in the private sector couldn't give us for less."¹¹ The GAO itself recognized the inherent limitations of a monopoly when an audit of the Government Printing Office found that

GPO's monopoly-like role in providing government printing services was created to assure efficiency. But with the passage of time that role has been transformed; it now perpetuates inefficiency because centralized control permits GPO to be insulated from market forces.¹²

9 "First Audit of the Library of Congress Discloses Significant Problems," GAO Financial Audit Report to the Librarian of Congress, August 1991, GAO/AFMD-91-13 p. 1.

10 Edward McFadden, "There's No Accounting for Congress," *The American Spectator*, July 1992, p. 24.

11 *Ibid.*

12 "Monopoly-Like Status Contributes to Inefficiency and Ineffectiveness," GAO Report to the Joint Committee on Printing, GAO/GGD-90-107, September 1990.

GAO goes on to estimate that the services provided by the GPO in 1989 costing \$150 million could have been provided from commercial printers for as little as \$75 million. An independent audit of GAO likely would reveal the same.

Since GAO audits of Congress cannot enjoy the full confidence of the public, independent private accounting firms should be hired for the job. In addition to increased accountability, independent audits by private accounting firms likely could be done with great savings to the taxpayer. The only reason for Congress to retain the GAO as auditors is to maintain congressional control over audits of congressional accounts.

RESTORE PUBLIC CONFIDENCE

When the Senate takes up H.R. 5427, it must take bold steps to tighten its belt and restore public confidence in congressional operations. Like the House, the Senate should

- X Eliminate “no year” accounts (with the possible exception of those few that existed before 1991) and**
- X Cut spending by 20 percent, not 1/20th of one percent.**

However, additional reforms are necessary, particularly in Congressional accounting for its use of tax dollars. These should include:

- X Regular audits of legislative branch accounts by independent firms;**
- X If the Senate is unwilling to order audits in its major accounts then, at a minimum individual Senators should be permitted to obtain independent audits of their own office accounts;**
- X Significant cuts in GAO funding.**

Only with these changes can the American people be assured that the Senate has eliminated profligacy and waste in its tax-funded budget. In the absence of these improvements, the President should veto the Legislative Branch Appropriations bill.

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