RUSH!

Executive Memorandum

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A U.S. CONGRESS ASSESSMENT PROJECT STUDY

PAY FREEZE AND STAFF CUTS NEEDED TO PERFECT REFORMIST LEGISLATIVE APPROPRIATION BILL

This week, the House of Representatives will consider the Legislative Branch Appropriations Bill for FY 1996. The bill will provide systemic congressional reforms as important as any yet enacted, including spending cuts, privatization, and abolition of unnecessary offices and functions. The only significant reforms the bill fails to address are a pay freeze for Members of Congress and a reduction in Members' staff and office expenses. Amendments on these topics may be offered on the House floor.

Spending Cuts. The House bill proposes to reduce legislative branch spending by nearly $155 million next year, or about 8 percent. When the Senate, which is responsible for its own budget, adds its anticipated cuts, savings should exceed $200 million. If proportional cuts were made in all government spending, the deficit would be reduced by approximately $143 billion. These cuts are achieved through major restructuring and economies in congressional operations. If the Clinton Administration's "Reinventing Government" efforts had resulted in similarly proportioned reductions, 80 percent of the $176 billion FY1995 federal deficit would be eliminated.

Among the major spending reductions in the bill are:

- **A 25 percent cut in the General Accounting Office's appropriation over two years.**
- **Elimination of 2,350 jobs from congressional payrolls, an 8.6 percent reduction.**
- **Removal of funding for constituent copies of the Congressional Record.**
- **Cancellation of subscriptions to the entire United States Code for every lawmaker.**

The bill will require congressional agencies to absorb pay increases at their current level of funding, and all agencies (except the Library of Congress) will be held to the previous year's level of funding or below.

Privatization. Working with the House Oversight Committee, the Appropriations Committee determined that a number of operations currently performed by congressional agencies could be accomplished more efficiently by the private sector. The bill privatizes several functions immediately and requires studies in other areas.

The General Accounting Office is pushed to privatize its administrative functions, such as printing, mail handling, and library services. It also will be provided with funds to contract out some of its auditing work so that it can benefit from the lower costs available in the private sector.

The bill will abolish the "revolving funds" that support House barber shops, beauty shops, and recording studios, leaving those services to be performed on a break-even basis. Direct funding for an office devoted solely to flying flags over the Capitol (which are then sent to constituents) is also eliminated. Responsibility for this operation, estimated to cost over $325,000 per year, will be turned over to the U.S. Capitol Historical Society.

Preparing for additional privatization efforts, the bill instructs the Office of the Architect to issue requests for proposals for private-sector bids for U.S. Capitol custodial services. The Architect is also ordered to study privatization of the Capitol's $11 million power plant.

Elimination. The bill eliminates the $21 million Office of Technology Assessment, an agency many criticize as redundant. The House Special Services Office, which serves as a kind of concierge for Members, House Administrators, and favored guests, is also eliminated by the appropriations measure. Funding for the Joint Committee on Printing is cut sharply with eventual abolition in view. Similarly, the bill funds the Joint Economic Committee in FY1996 (cutting its funding, however, by $1.2 million), but the committee report suggests there will be no funding in 1997.

In a minor disappointment the bill fails to eliminate the century-old Government Printing Office, but does impose several economies on printing operations. Representative Scott Klug (R-WI) has estimated that it is three times as expensive for GPO to print any document than it is for a private sector firm. The highly competitive private printing industry is a strong argument against retaining the GPO and its yearly budget of $121 million.

In moves to streamline operations and reduce Congress's administrative duties, the appropriations bill would remove non-legislative activities from direct congressional supervision. With the cooperation of the House Oversight Committee, it will place the House post office under Postal Service supervision and, as of next year, transfer control of the Botanical Garden to the National Arboretum.

Especially in view of simultaneous reforms by the House Oversight Committee, the bill is a tremendous improvement over the legislative appropriations of previous Congresses. However, some areas for potential improvement remain:

Members' Salaries. Because Members' salaries (currently $133,600 per year) are funded by a permanent, indefinite appropriation rather than through the annual appropriations bill, they are nearly invulnerable to legislative change when the rest of Congress's budget is under discussion. Congress should work to make Members' salaries a legislative appropriations line item and eliminate the automatic salary COLA that, unless Congress acts, gives each Member an automatic pay hike. Such an automatic pay raise violates the spirit of the 27th Amendment to the Constitution, which states that Members must stand for reelection before any pay raise they vote on takes effect. **At the very least, this year's legislative appropriations bill should eliminate the pay hike that otherwise would automatically go into effect.**

Members' Accounts. This year's appropriation combines the three Members' personal allowance accounts (staff salaries, office expenses, and official mail) into one appropriation, a positive step to increase flexibility and ease administrative burdens. However, the combined account is increased by over 2 percent to over $360 million due to increases in staff salaries and mail funding. Although increases in postal rates and population may justify some adjustment of mail allowances, it is difficult to make similar arguments for an increase in the aggregate staff salary appropriation. During the debate at the beginning of this year over the elimination of Legislative Service Organizations, advocates of LSO abolition intimated that a substantial portion of their $5 million yearly expense would be saved. In fact, even steeper staff cuts are justified. **A 10 percent ($25 million) cut in the staff salary portion of the new combined account would deliver the savings promised from LSO elimination and extend the staff reductions achieved in almost every other congressional operation to Member's personal offices for the first time.**

In an era of downsizing and restructuring, the House's willingness to examine Congress itself for savings is a welcome response to citizens' demands for economy in government. Although amendments to freeze Members' pay and cut personal staff funding are still needed, the Legislative Branch Appropriation for Fiscal Year 1996 represents a radical and welcome departure from politics as usual.

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