

## CHAPTER 12

# Budgeting and Financial Management

### This Chapter Includes...

- ★ The strategic importance of budgeting
- ★ A process for budgeting toward your goals, year after year
- ★ Suggestions for establishing office accounting procedures
- ★ Cost-saving and budgeting tips recommended by veteran offices

Like a small business, operating a congressional office requires both a mission or purpose (a reason for existing) and resources to support that mission. In Congress, the Member is largely responsible for developing your mission — your reason for coming to Washington, DC — and for deciding what you want to accomplish and contribute while here. Your resources, on the other hand, are given to you by Congress and paid for by the American taxpayer.

This chapter is designed to help each congressional office use its budget as a strategic tool to achieve its office goals. The message is simple: **wise use of resources can greatly boost your chances of success and achievement in Congress; resources foolishly spent can lead to ineffectiveness and even public embarrassment.**

This chapter should be read by new offices looking ahead to their second year and veterans who wish to ensure their budgeting is in sync with their priorities. (First-term offices should also read Chapter 3, which contains an introduction to House and Senate budgeting rules, a discussion of the Member's role in budgeting, and guidance for creating a first-year budget.)

**MANAGEMENT FACT**

*Annually, each House Member is allocated an average of about \$1.9 million and each Senator about \$4.35 million for office expenses.*

## The Strategic Importance of Budgeting

### Meeting Your Goals

There are many strategic budget choices associated with running an office. Each Representative has approximately \$1.9 million per year for official uses. Each Senator has between \$4 million and \$6.2 million (depending upon state population) with an average of approximately \$4.35 million, as well as a number of smaller accounts. From these sums, the office must decide:

- How many staff to hire;
- What staff positions to fill;
- How much to pay each staffer;
- How many district/state offices to maintain;
- What technology and equipment to buy;
- How often the Member and staff will travel between the district/state and Washington, DC;
- Whether to send any unsolicited mailings to constituents; and many, additional smaller items.

What are the best choices? That depends upon your circumstances. No two districts or states are the same, in geography, population or economy. And no two Representatives or Senators are the same, whether comparing missions, styles or strengths.

**The Members who make smart budget decisions** are the ones who continually keep the big picture in mind — why *they* came to Congress and what *they* hope to accomplish. These Members **use their strategic plans as blueprints for making budget choices**. Once goals have been established, they devote financial resources to achieving them.

These Members are the ones who become national or local leaders on an issue, subcommittee or committee chairs, or national leaders in their party. Why? Because their offices have the structures in place that enable them to recognize and respond quickly to opportunities to advance their goals.

For example, if one of your goals is to be a leader in agriculture policy, you may want to spend extra funds to hire a skilled agriculture attorney for your Washington, DC office; pay to train some of your other staff in agriculture issues; send your DC-based legislative staff to your district/state to meet with agribusiness leaders there; or subscribe to agriculture journals.

If, on the other hand, one of your goals is outreach to new constituencies in your far-flung district or state, you may want to spend funds to open more district/state offices than did your predecessor; locate a large percentage of your staff in the district/state; travel to the district/state every available weekend; or send targeted “outreach” emails to these groups.

One Senate staffer told us that his boss saw himself as a world statesman and wanted to be recognized as such by the media and public. The office consequently paid more for travel, cell phone expenses and subscriptions relating to national and international affairs so the Senator and staff could remain subject matter experts. The Office Manager explained the decisions this way: “[We spend on] travel because he wants to be everywhere, and on communications because if he can’t be there, he wants to talk with you wherever you are.”

“ [We spend on] travel because [the Senator] wants to be everywhere, and on communications because if he can’t be there, he wants to talk with you wherever you are.

— SENATE OFFICE MANAGER

Your visible, financial commitment to your goals will also pay dividends in increased staff morale. Staff will be especially focused when they see that goals are not merely office buzzwords but define the basic choices that you make.

Maintaining a focus on your goals also makes budget trade-offs clearer. Expenditures in one area often mean you need to economize in other areas. If you buy the best computer system, you may not be able to afford more Legislative Correspondents to respond rapidly to constituents. The trade-off is clear, although the choice might not be easy. One House Chief of Staff explained why her fiscally conservative boss decided to spend all of his MRA rather than turn back part of his budget: “When you return money, you maybe get one story in the local press. Most constituents won’t read it or care. But constituents will care if you don’t answer their correspondence. The money is better used to hire staff to respond to constituents promptly.” Perhaps another Member in another district would draw a different conclusion and make a different choice.

### Specialized Software

Both the House and the Senate have software specifically designed to help Member offices create customized budgets, monitor expenditures, generate reports, and produce vouchers. Training for each program is available from the respective chambers.

## Avoiding Problems

In some ways, your budget is a double-edged sword. Your official funds can help you meet your legislative and representational goals. If mismanaged, however, they can constrain your office's activities and even lead to public embarrassment. Three budget problems you may encounter are:

1. **Spending on the wrong things (non-priorities).** Many offices lose sight of their goals in the rush of normal legislative business. They make major spending decisions (e.g., hiring a new staffer, sending out a mass mailing to constituents) to solve short-term problems, without considering how the decision will affect their long-term agenda. Decisions like hiring the wrong type of staffer can be difficult to undo and take resources away from achieving the Member's strategic plan. To avoid this problem, ask, "How does this investment affect my long-term goals?" whenever you consider a major expenditure.
2. **Overspending.** There are two types of "overspending." Members learn fast that *if an office overspends its official allocation of funds, the Member is personally liable for the excess expenditures*. No Chief of Staff wants to be the bearer of this bad news, and the House Finance and Senate Disbursing Offices can detect many potential problems early. But there is another far more frequent type of overspending — overspending your budget early in the year, in one category or many, forcing the office to forgo items that were in the budget for later in the year (e.g., to cancel some Member travel, eliminate an important mailing to your constituents, or put off hiring another Legislative Assistant). Financial planning and regular budget reviews can also help prevent this mid-year ad hoc rearrangement of priorities.
3. **Media scrutiny of your expenditures.** The media (and the public) have access not only to information about your total allocations, but also to a detailed summary of your office's expenditures (twice a year in the Senate, four times a year in the House). Many reporters and activists will plumb the depths of your expenses for a story on your "fiscal mismanagement" or "political corruption." The media views two types of spending as inherently suspect: (1) dealings with a Member's family, business associates, or campaign contributors, and (2) expenditures that are out of line with the norms of other Members. The Member and staff need to be aware of these considerations when authorizing major expenditures such as district/state office rent, a computer system, or a printing and mailing job. **Keep the taxpayers in mind before making any purchasing decisions.**



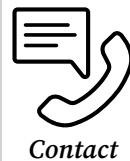
### MANAGEMENT FACT

*Members are personally liable for excess expenditures.*

Even small expenses can cause trouble if the public and press deem them extravagant or symbolic of misplaced priorities. One Office Manager told us of a senior state staffer who "tested out" a new restaurant for the Senator, to the tune of a \$45 tab. The Office Manager brought it to the attention of the

Chief of Staff, and both decided to cut the reimbursement to the state staffer by half. They could not justify paying that much for a meal with official funds. Perhaps more important, though, they reasoned that this small expenditure, if it became public, could undermine large efforts by the office to fashion an image of fiscal responsibility and public trust.

**If you have any questions about the propriety of an expenditure, you should check the many resources available to you.** The *Members' Congressional Handbook*, or the *Senate Manual*, provide guidelines on what you can and cannot do with your official funds. House offices should also consult with the Committee on House Administration, the Ethics Committee, and the Finance Office. Senate offices should consult the Senate Rules and Administration Committee, the Ethics Committee, and the Disbursing Office. Developing relationships and checking with staff in all three offices is highly recommended. And for questions on the political (or management) implications of an expenditure, a veteran Chief of Staff in a trusted office can also be a good resource.



## Budgeting Toward Your Goals, Year After Year

Creating a first-year congressional budget differs in one obvious way from the second year and beyond: after the first year, an office can look at its own spending patterns to develop the budget for the following year. This information becomes more valuable when it is used to evaluate whether a budget truly reflects an office's priorities.

Consider the analogy that updating a budget is a lot like editing a speech that you gave last year. There are two general approaches you could take. First, you could polish the speech by asking: Are there any inaccuracies or obvious mistakes in grammar or spelling? Can outdated references be freshened with more recent cases? If legislative work or sponsored bills are mentioned, are there new examples to include?

Alternatively, you could start by asking more fundamental questions: What are the objectives of this speech? Does the speech meet those objectives? Could the objectives be accomplished more effectively through another format or focus (shorter/longer, more/fewer jokes, a visual demonstration rather than a speech)? You could even start with questions about the direction of the office itself: What are my office goals? Have they changed since last term? Does the speech advance one or more of those goals?

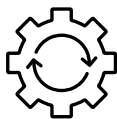
Congressional budgeting offers the same two choices. Chiefs of Staff, Administrative Directors/Office Managers, and other members of the financial team can take last year's budget and make the obvious changes, adjusting for inflation, staff turnover, and increased/decreased allotments. Or they can take the more demanding, but ultimately rewarding, route of evaluating whether their budget spends in a way that reflects their priorities. Many offices resist taking this route, though it has much to offer. It takes work, energy, analysis and time, all of which are in limited supply for busy offices. Offices that spent a significant amount of time developing last year's budget might rationalize that there's no need to go through it again.

It is difficult to predict how much revision a budget might need. After thoughtful review, an office might draw the conclusion that the budget is basically sound, and only in need of minor changes. Uncertainty and complacency encourage offices to take the path of least resistance without exploring the underlying assumptions of expenditures.

CMF does not advocate an annual reinvention of the wheel, but Members and senior staff will be best served if they keep in mind the strategic potential of a budget. Below we offer an approach to updating your current budget to ensure that this important management exercise becomes an effective, strategic instrument rather than a rote process. **Even though your budget may not change significantly from year to year, you should still look at it carefully each year and ask: Have our priorities shifted this year and, if so, how should those changes be reflected in a reconceptualized budget?**

### Step 1: Note changes to your strategic plan or priorities.

Starting the budget update process with your existing budget seems natural, but first review your goals and update them if needed. Money may be one of the most important tools you have, but it is only a tool. Your goals drive your budget. Ask yourself: Do I want to continue to be a leader on education policy? Is constituent outreach still a major priority? Have I passed that tax bill I've been pushing for three years, and if not, should I push harder next year or put it aside? Have I decided to run for another office or a congressional leadership post? The answers to these types of questions will provide a solid basis for allocating resources and making the required budgeting trade-offs.



Process

**Step 2: Brainstorm the resources needed to accomplish your revised priorities.**

Be as specific as possible and list a couple of options rather than limiting yourself to one course of action. Be forewarned: this step might highlight glaring inconsistencies between your goals and your budget allocations. For example: a newer Member who has decided to concentrate on constituent services moves up the committee roster after a couple of terms and is being talked about for a deputy whip post. Her office says Washington, DC-based legislative projects have become her top priority. But a look at the budget shows that she's still spending heavily on constituent outreach, with four fully-staffed district offices, a mobile office, two annual newsletters and flights home every weekend. Meanwhile, two Legislative Assistant slots in DC remain vacant, perhaps for lack of funds. She shouldn't be surprised when the office can't fully exploit legislative opportunities. Now is the time to figure out what it will really take to become a legislative player and reallocate office spending accordingly.

**Step 3: Review last year's budget for any surprises.**

It is important to review not only how you *intended* to spend your money, but what you *actually* spent it on. These are your *de facto* priorities. Was more or less spent on office supplies, franking or salaries than originally planned? What caused these discrepancies? What were the effects on reaching your goals?

One House Chief of Staff told us she keeps an eye on staff travel because it's something that can "escalate surprisingly in some years." Similarly, Office Managers have noted Senators' travel costs can be four or five times what was anticipated if there was an unexpected increase in the use of charter flights. In both cases the office should ask whether the costs were justified. The answers will make travel budgets for the following year more realistic.

**Step 4: Note rules changes and other factors that could affect budgeting.**

Here you are looking for changed circumstances that could affect how much money and other resources you will receive, and where your costs might increase. A 10 percent increase in your allowance or skyrocketing utilities in your district office would affect your budget.

Has maximum per diem or mileage reimbursement changed? This could affect travel costs. Is the purchase of your new computer system paid off, leaving only the costs of the maintenance contract? Has postage increased? This could affect your franking expenses.

Senate offices need also to remember the effect that a cost of living adjustment (COLA) might have on a fiscal year budget. If a Senator passes on a COLA to staff, it will probably take effect in January. But since Senate office budgets run on a fiscal year, from October through September, the office will need to calculate the fiscal year impact of this change. A staffer's fiscal year salary will include three months at the lower salary (October–December) plus nine months at the higher salary (January–September).

### **Step 5: Determine which expenses are flexible and which are longer-term commitments.**

While in theory, *all* spending is flexible, in actuality some decisions and commitments are harder to undo than others without incurring financial or political costs. Don't be deterred. Focus on gathering information about the degree of flexibility of your expenditures, and on the costs and timeframe required to make changes in spending.

It may be tempting to view "routine" office functions such as answering phones, conducting legislative research and answering constituent correspondence as non-negotiable "must-do's" for every office. Remember, while they need to get done, there can be a great deal of flexibility in how they are performed and by whom. The variety of office setups reflects that truth.

Sometimes longevity itself can produce budget pressures. One House Chief of Staff noted the irony that keeping a good, loyal staff around for a number of years — usually desirable — can lead to staff salaries taking up an ever increasing percentage of your budget through COLA's and pay raises, making the purchase of a new computer system challenging.

### **Step 6: Critically review and update the major allocations in your current budget.**

You've thought about your goals and how they've changed, what resources it would take to reach those goals, how actual spending differs from intended spending, the rules changes and other factors which need to be considered and what commitments you've made.

Now consider, "Can each major allocation in our current budget be justified and linked to accomplishing one or more of our revised office goals? Are there alternative ways to spend the money to better accomplish those goals?"

Some of the spending changes you might wish to make may be viewed by your staff, constituents or other "stakeholders" as negatively impacting their own interests. You'll have to consider whether the political fallout is manageable.



Maybe you can help them see how the changes will meet their needs in ways they haven't explored. Or perhaps you will opt to take the hit, put it behind you, and get on with the new vision.

### **Step 7: Build a new month-by-month budget reflecting your changes.**

Allocating your new budget monthly will allow you to review it regularly as the year progresses and determine whether your spending to date is where you expect it to be. Some expenses will be fixed items appearing each month. Others will be one-time or seasonal expenses. Your office should estimate, as best it can, when an expenditure is likely to occur.

#### **Follow the Rules**

When setting up your financial procedures, and prior to making any purchases or commitments, make sure you understand the rules and regulations of your chamber.

House staff should consult the Members' Congressional Handbook, and with the staff of the Committee on House Administration, the Ethics Committee, and the Finance Office.

Senate staff should consult the Senate Manual, and staff of the Senate Rules and Administration Committee, the Ethics Committee, and the Disbursing Office.



*Contact*

## **Establishing Financial Procedures for Your Office**

### **Written Office Policies**

Once the office has a clear financial plan, establish policies and procedures to ensure that the money is spent the way it was intended, and that the financial regulations of the Committee on House Administration and the Senate Rules and Administration Committee are met. These procedures must also promote the fiscal philosophy and financial management practices that you want. There are numerous practical questions that must be addressed concerning how funds are to be handled in your office. Your office manual should expressly address these financial matters, such as spending authority, reimbursements, out-of-pocket expenses, and record keeping.

The particular method that your office uses to meet the accounting and record keeping requirements for a congressional office should also be established in writing. Although the requirements are explained in the *Member's Handbook* and *Senate Manual*, a variety of methods can meet these specifications. Making a considered decision is far superior to developing accounting practices by default, which occurs in many offices. Recent history is littered with stories of Member offices who did not put adequate policies, procedures and spending controls in place, and paid the price. Your budgeting and financial accounting software may guide those decisions.

### The Accounting System

The budget that the financial team has created represents what you *intend* to spend and is the monitoring tool for your overall financial plan. Tracking what you *actually* spend is the practical side of the financial management process.



Contact

By regularly comparing expenditures with budget projections and year-to-date positions, you can regularly evaluate whether your office is where it expected to be, overspending or developing a surplus. The House Finance Office and Senate Disbursing Office also does projections, primarily to ensure your office does not overspend, but you are responsible for ensuring the spending is wise and in accordance with your budget.

Following are some general guidelines to help you develop an accounting system. The House's Congressional Staff Academy (202-226-3800) and the Senate Office of Training and Development (202-224-7628) also offer staff classes. House offices may wish to review and follow the Congressional Staff Academy's suggested courses outlined in the "Financial Administrator Curriculum Guide," available on HouseNet, the House intranet.

**Record Keeping.** Each chamber's intranet offers financial advice, forms, and (with the proper clearances) access to your accounts, so you will need procedures for managing electronic information. You should also maintain a paper backup system for vouchers and receipts. In the Senate, most everything can be processed through FMIS or OTIS electronically. The House Finance Office also offers an online system that allows you to process and see up-to-date reports on your office's finances.

**Payment Processing.** The scrutiny that congressional offices endure is part of day-to-day life on the Hill. You can easily avoid embarrassment by asking in advance whether an expenditure will be allowed (consult the appropriate offices noted on the previous page). Make sure that all of your staff understand

(1) who in the office can approve expenditures (typically only a few members of your financial team), and (2) office rules on travel spending (e.g., per diem amounts, reimbursement policies).



*Caution*

### Sharing an Office Financial Specialist

Some offices have found that the staffer with responsibility for the office finances also tends to have other titles and duties (e.g., Office Manager, Scheduler), and that using part-time, specialized employees to handle the financial administration instead frees up full-time staff to concentrate on these other tasks.

Because of this, most House offices and some Senate offices take this approach for their routine office expense processing. Often one part-time staffer will be shared among several offices.

Shared employees, like staffers, have varying levels of expertise. Many, but not all, have extensive experience and often have excellent contacts in the House Finance or Senate Disbursing Offices. They may also be able to suggest spending alternatives or creative options to stretch the dollars a little further.

Check references when hiring and once shared employees are onboard, confirm that they are complying with the regulations of your chamber and are filing any necessary disclosure forms.

**You also should be sensitive to how your allowable expenditures will be listed in the House’s Statement of Disbursements or the Secretary of the Senate’s Report.** Offices should learn the standard budget categories and common expenditure language to avoid using language that may give the “appearance of impropriety.” For example, one new House Member opened a district office and served refreshments to constituents. He submitted a voucher describing the expense as “new office celebration.” A House Finance Office employee commented that it “sounded like the staff getting together for beer and pizza.” She suggested alternative language that noted the constituent benefits of the expense and didn’t raise any unnecessary red flags.

This example also highlights the importance of establishing a good working relationship with the Finance and Disbursing Offices staff. In addition to providing advice on budget categories and expenditure language, they can be

valuable resources in explaining the requirements of the system, estimating the “turnaround time” for vouchers, suggesting fine-tuning procedures, and resolving discrepancies.

Finally, it is important to establish a standard operating procedure for staffers to follow when they are requesting reimbursement or submitting a bill for payment. Staff should know in advance what supporting documentation is required, what the deadlines for submission are, what form their requests should take, and any other procedures they may need to follow. The *Member’s Congressional Handbook* and *Senate Manual* can supply the details of how to prepare the vouchers accurately, but the financial team must establish the office routine and policy.

**Reconciliation.** Every month, the House Finance and Senate Disbursing Offices will send your office a financial statement to help ensure that your numbers match the official numbers. Both chambers’ intranets also post the status of vouchers overnight so that you could reconcile daily if you wanted to. Your office will have to decide how often to perform the task of reconciliation.

The monthly statements will have a detailed listing of expenditures made the prior month, sorted by category, expenditures to date, and balance available. Vouchers that arrive at the Finance or Disbursing Office too late in the month to be processed in time for inclusion on the current month’s statement will obviously not appear that month.

The statements have also begun to include funds that have been committed, but have not yet been paid (i.e., district rent, payroll, franking, etc.). Keep in mind that the forecasting on these statements is limited and is not a substitute for your own budget projections and planning. For example, these monthly statements would not reflect that your office is planning a series of town halls in August, so you expect your expenditures on travel and communications to increase that month.

**Auditing.** A number of audits are built into the congressional system. For example, the House Finance Office processes each voucher under the guidance of the Committee on House Administration. In the Senate, the Disbursing Office and the Committee on Rules and Administration ensure each voucher meets that chamber’s regulations.

Your financial team could also create a system that conducts periodic checks on your office accounting system to ensure that all regulations are being

met, your financial wishes are being respected, and the system is not being abused by the record keeper or any other staff member. Some guidelines for conducting your internal audit are:

1. Have someone other than the record keeper perform it.
2. Do not announce in advance when the audit will take place (the best way to get a true picture of the system).
3. Perform it at a time of month that would not interfere with your normal voucher and payroll processing.
4. Review a random sample of transactions (e.g., every 20th transaction).
5. Do not give the perception that the audit is any reflection of the record keeper's work. It is a good business practice to audit the books, regardless of the experience of your record keeper.



*Idea*

### Monthly Financial Review

Drafting a budget is one thing; sticking to it is another. Doing so requires the dedicated efforts of the Member, Chief of Staff, and the Administrative Director/Office Manager. But like all plans, budgets are living documents and can only support your efforts if they are evaluated regularly. If prepared correctly, they will provide the necessary flexibility to respond to changes in priorities, workload, or political climate. Periodic review also helps ensure you have stayed within your allowance and that resources are available to meet new challenges. We recommend you conduct such a review monthly.

Earlier, we emphasized the importance of re-examining your goals and strategies as part of your annual budgeting process. We urge you to compare your goals and your spending activities regularly throughout the year. This will help ensure your strategies and goals are achieved. Regular financial review provides an opportunity to decide if the staff needs to devote more energy toward meeting one goal or whether another priority has superseded it. Your financial team can determine when this review should be conducted. Requests for new expenditures or funding for projects to address new or existing goals can be discussed during these sessions. The Member should be advised of any major variances between the projected and actual financial positions. Incorporate options for adjustments into your financial plans. Revise the plan and the budget as necessary over the year, keeping accurate records of the changes and the decisions underlying them. These records will prove valuable when producing next year's budget.

## Tips for House and Senate Offices

Your staff can adopt cost-saving measures and prudent financial policies to maximize your limited resources and allow your office greater flexibility in matching your resources to your goals. We compiled the following cost-saving tips from congressional offices, but always make sure your actions fall within House or Senate regulations. The applicability of any suggestion in this section will depend on the style, mission, goals, and systems of each office.

### Equipment, Supplies, and Services

- Weigh the expense of leasing against the possible early obsolescence of purchased equipment.
- House offices are not required to buy maintenance contracts for their computer system or other equipment, but they should weigh the cost savings of forgoing a contract against potentially large repair costs in the future. Conversely, weigh the cost of repairing equipment (parts and labor) against the cost of replacing it (NOTE: Members may be held personally liable for lost or broken equipment).
- Consider how much down time is acceptable to your office *before* it happens. If the answer is none, you may want a higher level of maintenance and support or to keep a back-up computer on hand.
- Select technology and services that best meet staff needs and skills. Advanced tools are a waste of money if they are unused. If you lack staff expertise, invest in training or consider canceling the service.
- Design your workspaces to minimize duplicate equipment (i.e., share printers) and design the workday to allow the maximum use of computers (i.e., have interns work different shifts and share workstations).
- Ask the House and Senate technical support offices to conduct a technology consultation before purchasing a new computer system or upgrading the equipment you have (on the House side, the CAO will remove any IT equipment that does not meet minimum standards, and ensure you have at least 10 work stations in DC on Day One).
- Have staff keep a list of potential end-of-year purchases to review and evaluate against your goals for the next year. Consider “paying down” equipment payment plans or purchasing frequently used office supplies in bulk with unexpended office funds.
- Maintain your office’s constituent database. You will save yourself time if it contains standardized addresses and no duplicate records.

- In the House, develop a good working relationship with CAO First Call.
- Set aside money for an end-of-year office move in DC (after the election). One House office suggests a minimum of \$5,000.
- In the House, buy stationery in small quantities. There is little cost advantage to large orders. Office relocations and committee reassignments are common, so you may need to update letterhead and business cards more often than anticipated.
- Regularly organize your supply closet and gather extra supplies from staff desks — you might be surprised at how much you have on hand.
- Centralize purchasing of office supplies and/or purchase in bulk (if you know you will use it).
- In the Senate, try to use the Senator's main account rather than the Economic Allocation Fund (EAF) for computer equipment purchases in the first few years of the term. Save these funds for later years when other office expenses put pressure on the main account.

### **Communications**

- Respond to all incoming constituent correspondence with email when possible.
- Take every opportunity to gather constituent email addresses. The more you communicate electronically, the more time and money you save.
- Franking-approved emails are considerably less expensive than direct mail and have the potential to reach more constituents.
- Only respond to correspondence that originates in your district/state and refer non-constituent correspondence to the proper Member.
- Desktop publishing software can produce a newsletter for most needs, provided one of your staffers knows how to use it.
- Always obtain several bids on print jobs.
- Postal patron mailings cost less per recipient than other types of outreach mailings and also avoid the cost of entering and maintaining extensive mailing lists. However, postal patrons sacrifice personalization and may be a less attractive option for urban areas with multi-unit housing, as opposed to single-unit dwellings.
- Obtain accurate postal patron counts from the Postal Service, which could save thousands of dollars in unnecessary printing costs.

- Consider substitutes to mass mailings for constituent outreach. Digital advertising, inserts in your local newspaper, radio spots, email, or posting information on your website can be cheaper than large mailings (though may still be subject to franking rules).
- Reduce the annual cost of outreach communications by replacing printed proactive pieces with telephone town hall meetings and digital ads.
- Hold regular telephone town hall meetings to keep constituents informed, rather than in-person town halls, when the Member is in DC.

### **Telecommunications**

- Telephone bills are a month behind so be sure to set aside money for the last month of the year.
- Conference calling and video conferencing may reduce the number of trips a Member must make to the district/state.
- Always check for special government rates when installing or purchasing new products or services.
- Check into alternative and cheaper calling plans for your office cell phones.
- Assess your plans and bills for inefficiencies such as unused phone lines or devices.

### **Travel**

- Consider longer and less frequent Member trips to the district/state.
- Always check for government discount rates for air travel, car rental, and lodging; often the savings can be substantial. (In some cases, though, the excursion rate is even cheaper.)
- Use airline frequent flyer programs to accumulate credits toward future official travel.
- Staff who volunteer to stay with family or friends in the district/state can save the office hotel room costs.
- For district/state travel, a single long-term car lease may be cheaper than repeatedly renting cars every time the Member or staff need to travel.
- House offices that are considering leasing a vehicle should discuss options with the Committee on House Administration and the House Administrative Counsel.



- In some cases, a daily car rental with unlimited miles may be less expensive than reimbursing staff for mileage in their own cars.
- Careful coordination of trips and events will reduce the amount of mileage expense that must be reimbursed.
- Be careful not to mix official and political travel; when in doubt, use political funds, since you can supplement official funds with political for travel, but in no situation can official funds go toward political travel (see Chapter 16 – Managing Ethics – and always consult the Ethics Committee with questions).
- Establish a maximum per diem meal allowance for staff on official travel.

### Cutback Management

For several years, House and Senate offices experienced reduced or stagnant office budgets, resulting in a greater need to explore innovative and cost-saving strategies.

To assist offices, CMF conducted research with senior staff and published a report with comprehensive recommendations that remain relevant for today's congressional environment. This report and related materials are available for download at <https://www.congressfoundation.org/resources-by-topic/940-managing-the-2012-budget-cuts-in-house-offices>.

### Publications and Subscriptions

- Monitor subscriptions for duplication, value, and use. Consider online subscriptions whenever possible.
- Use the CRS reading room for periodicals.

### Personnel

- Use part-time employees as appropriate.
- Shared employees can provide more expertise and be more cost-effective than hiring a permanent staffer.
- Since the House is on a legislative year, not a calendar year, don't forget to set aside funds for January 1 and 2.
- If you have leadership or committee funds, use those resources to complement rather than duplicate the strengths and weaknesses of your personal office.

### District Offices (for House Offices)

- Moving a district office can cost a significant amount, so be sure to set aside enough money to cover all relocation costs.
- Sharing space with state and local officials can save rent and supply costs; offices may accept space in a government owned building, but may not solicit it for free, and are encouraged to maintain a lease agreement.



Contact

### State Offices (for Senate Offices)

- Carefully consider your equipment and furniture needs. In particular, discuss your options in detail with GSA so you make informed, wise decisions and don't incur unnecessary or unexpected costs; sometimes GSA may be able to provide it at no cost.
- If you want cable TV, the Senate Sergeant at Arms will pay for this service if written into your lease. However, if it is not part of the lease, your office will be responsible for payment out of your budget. Contact the Sergeant at Arms' State Office Operations (202-228-STAT) for details.

## Conclusion

Every Member of Congress can, and will, spend official resources with or without a formal budget. Members will employ staff; run district/state offices; buy equipment, furniture and office supplies; visit their district/state; and correspond with their constituents. But offices that budget wisely make spending choices that not only keep their offices functioning, but that also contribute to achieving their office goals.

These Members allocate their resources strategically and track their outlays during the year to catch troubling spending patterns before they have a negative impact. When they prepare next year's budget, these Members do not simply update and tweak current spending, but they examine the underlying rationale for it, asking themselves whether circumstances or office priorities have changed, and whether spending priorities should change as well. These are the Members who substantially increase their chances of having successful congressional careers.



## Chapter Summary

The DO's and DON'Ts of

# 12

CHAPTER

## Budgeting and Financial Management

### *Do...*

- **Use your strategic plan as a blueprint for making budget choices.** Make financial decisions and allocate resources with your strategic goals in mind.
- **Follow the seven-step approach to updating your budget:**
  - Note any changes to your strategic plan.
  - Brainstorm to identify what resources it will take to accomplish priorities.
  - Analyze how you actually spent last year's budget.
  - Note any rule changes affecting the budget.
  - Identify expenses that are flexible or long-term commitments.
  - Review and justify major allocations in your current budget.
  - Create a new month-by-month budget.
- **Make sure you understand the rules and regulations of your chamber.** Review the requisite materials and contact the appropriate institutional staff when setting up your financial procedures and prior to making any purchases or commitments.

### *Don't...*

- **Succumb to common budgeting pitfalls** by spending on non-priorities; overspending; spending taxpayer's money in a way that invites media scrutiny.
- **Overlook the importance of developing an accounting system** to track what you actually spend. The House and Senate offer classes to help staff develop this system.
- **Fail to write down established budget policies and procedures.** Your office policy manual should address spending authority, reimbursements, out-of-pocket expenditures and record keeping.

