

Statement of Senator Susan M. Collins

“Moving from Scandal to Strategy: The Future of the General Services Administration”

Committee on Homeland Security and Governmental Affairs
September 12, 2012

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Mr. Chairman, thank you for holding this oversight hearing on the General Services Administration (GSA), the agency that is the landlord for federal agencies and is supposed to be the federal government’s leader in procurement and administrative services. Let me share with you the following excerpt from a Fortune Magazine article that describes some of the problems at GSA:

“The new Administrator claims there have been improvements in GSA.... GSA is, nevertheless, the most durable mess in Washington.... The story involves great U.S. corporations and marginal operators... Chicago politicians; Washington influence-peddlers and fixers..., and, above all, timeserving bureaucrats who are ... just job holders, glowing with contempt for the U.S. taxpayer. Happily, the cast also includes some honest, capable, GSA employees ... harried, half underground, and hoping for better days.”

I, too, am hoping for better days, but my hope is tempered by the fact that these words were written in 1955, yet here we are again....

In April of this year, we learned about the inexcusable waste of taxpayer money at the 2010 Western Regions Conference – where GSA employees spent more than \$800,000 for a Las Vegas conference and eight off-site planning meetings in advance of the real meeting.

The Inspector General has found that GSA violated numerous contracting regulations and policies, including the Federal Travel Regulation, in connection with this conference. The IG also said this situation raises “special concern” because GSA – as the federal government’s manager of acquisition policies – should be a “model” in contracting and managing travel and conference planning. He has underscored that “the absence of Agency financial control and top-down accountability allowed the 2010 [Las Vegas conference] expenditures to occur unchecked.”

But that’s not all. Since then, our Committee has uncovered:

- A 2012 leadership conference in Napa Valley costing \$40,000 *before* accounting for travel costs;

- \$300,000 in relocation compensation for an employee who left the agency after one year;
- Five- to six-day trips to Hawaii for a one-hour ribbon cutting ceremony; and,
- Questionable monetary awards and bonuses for some of the very people involved in the conference.

GSA employees knew this was wrong. One admitted to the IG, “I never tell my friends what I spend...because they’re all out of work...and they would say are you kidding me?” Undoubtedly, that is the reaction of taxpayers footing the bill.

All this tells me that there isn’t just an inexcusable lack of financial controls at GSA. There is also a culture problem.

After the Las Vegas conference scandal broke, some tried to claim that the problem was isolated to the Western Regions or even only Region 9 based in San Francisco. But additional facts suggest otherwise.

We have read press reports about GSA spending \$20,000 for cooking classes for employees in Kansas City for teambuilding exercises. GSA also threw a one-day award celebration in November 2010 at a cost of nearly \$269,000. At this event, GSA employees received drumsticks so that they could all drum together. The cost of this drumming exercise with each employee having their own GSA-purchased drumsticks? Almost \$30,000.

In light of these continuing revelations, this Committee has sought explanations from the IG, the Acting Administrator, and all 11 Regional Administrators. Their responses highlighted the importance of the Top-to-Bottom review undertaken by the new Administrator, and the urgent need to implement organizational change and improve accountability.

The Regional Administrators were not able to answer basic questions about budgets and spending in their own regions. They reported that, the Public Building Service and the Federal Acquisition Service “operate with separate budgets and with separate reporting structures.” In fact, no one at the agency has been able to provide detailed information on conference spending and related contracts within the regions, because there was no system to track such basic information.

Consequently, the top leadership in each region had little to no authority over the regional activities and spending of PBS and FAS. This convoluted configuration makes no sense and does not promote accountability – and is likely a key reason for the excessive spending at the Las Vegas conference.

GSA also has an extremely generous award policy that appears to have little correlation with excellent performance by recipients. For example, we have learned that 50 people involved in planning the Las Vegas conference

received awards totaling \$35,500. And what was the outstanding performance for which these employees were being rewarded? For most, it was solely their role in planning for that conference.

An employee who led the Las Vegas conference planning received an award of \$16,500 – and this award was given even *after* GSA leadership was informed of the IG’s initial findings related to the scandal. Other executives involved in the conference received similarly generous awards ranging from \$15,800 to a head-shaking total of \$54,640. This was not just related to officials who planned the WRC. One FAS executive received awards totaling \$79,000!

This is outrageous and particularly so in the midst of a bad economy and high unemployment. I appreciate that the Acting Administrator recognized this problem during the course of the Top-to-Bottom review – finding there are “clear deficiencies in the area of performance awards” – and has frozen awards pending further review.

The Top-to-Bottom Review must result in lasting reform. Not one more dollar at this agency can afford to be wasted. The time for patiently hoping for better days is over. I am encouraged by Acting Administrator Tangherlini’s actions so far, but aggressive congressional oversight must continue – because, to quote from that 1955 article, GSA seems to be “the most durable mess in Washington.”