

## Ensuring NAHMA Members Receive the Latest News and Analysis of Breaking Issues in Affordable Housing

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## Federal Agency Conference Spending and Attendance Limitations

### Background

On April 2, 2012, the Inspector General (IG) of the General Services Administration<sup>1</sup> (GSA) released an investigative report on the agency's 2010 Western Regions Conference. The report revealed that the agency had spent \$823,000 at a luxury hotel in Las Vegas, NV for 300 west coast employees. The IG announced that many expenses were questionable and some did not follow the proper agency regulatory contracting and spending rules. Furthermore, the IG discovered that the GSA paid for a number of unauthorized and impermissible perks for managers and their family members.

Within the \$823,000 spent, the GSA spent almost \$137,000 on pre-conference activities alone, which included a number of scouting visits, off-site meetings, and a "dry run" of the conference. The GSA spent money on refreshment breaks during the planning meetings, which is an "impermissible cost" according to the IG. Also, the cost of catered meals at those meetings exceeded per diem limits.

The conference itself cost over \$686,000. Itemized conference costs included: \$5600 for three unauthorized in-room receptions, \$58,808 for "audio visual services;" a "networking reception" that cost \$95 per person; \$147,000 for airfare and lodging; a \$75,000 "bicycle building project" designed as a "team-building exercise." Many of these expenses violated agency contracting and per diem regulations. In some cases, GSA fully or partially covered the food costs of contractors and non-government employees attending the event. In addition, the GSA staff in charge of planning the conference received bonuses at the conclusion of the event.

Public outrage over the GSA's improper use of tax payer dollars was immediate. The head of GSA resigned right before the report's release. The Obama Administration fired or suspended a number of senior GSA officials. Congress held a number of oversight hearings to discuss the

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<sup>1</sup> The General Services Administration (GSA) manages all federal real estate and does most of the purchasing for the U.S. government. The GSA supplies products and communications for U.S. government offices, provides transportation and office space to federal employees, and develops government-wide cost-minimizing policies, and other management tasks.

excessive and impermissible expenditures, featuring testimony from Acting General Services Administration chief Dan Tangherlini.

The conference scandal has also prompted further investigation into the GSA budget, where more improper spending at the agency was discovered.

In response to the scandal, GSA has cancelled 35 of its scheduled conferences, which the GSA has estimated will generate \$1 million in savings. A number of other Federal agencies, such as the IRS and Department of Justice, have also cancelled their conferences.

A copy of the GSA Western Regions Conference Report can be found here:

<http://www.washingtonpost.com/r/2010-2019/WashingtonPost/2012/04/03/National-Politics/Graphics/GSAreport040212.pdf>.

## **Summary**

The Federal government has been quick to condemn the excessive spending and improper actions that occurred at the GSA's 2010 Las Vegas conference. To that end, Congress has put forward a number of legislative proposals aimed at curtailing government spending and limiting travel for conferences. The Obama Administration has also issued a memo to Federal agencies to reduce travel and limit conference expenses.

## **Congressional Response**

### *Coburn/Issa Amendment*

On April 24, the Senate passed S. 1789, the 21st Century Postal Service Act, which contained an amendment—sponsored by Senator Tom Coburn (R-OK) and co-sponsored by Sen. Pat Toomey (R-PA) and Sen. Ron Johnson (R-WI)—that would restrict spending on federal conference and federal employee travel. That same legislative language was included by Representative Darrell Issa (R-CA) in H.R. 2146, the Digital Accountability and Transparency Act (DATA), which was passed by the House on April 25. Although the stated intent of the language is to prevent wasteful spending on government sponsored conferences, the actual language would prevent many federal employees from attending and participating in private conferences as well.

The legislative language in H.R. 2146 and S. 1789 would:

- Change the definition of a federal agency conference to include private meetings held by a nonprofit or for-profit organization where government employees are invited;
- Include anything related to travel and lodging in conference costs, even something as small as cab fare or public transportation fare;
- Limit federal employees' abilities to attend:
  - More than one conference sponsored by a private organization until the next fiscal year;
  - and

- Meetings for government projects at other agencies or public interest forums; and
- Could require non-governmental conference organizers to publicly disclose meeting expenses for private conferences, as well as all conference materials.

Although NAHMA supports Congressional efforts to improve accountability and transparency in government spending, we believe this legislative language would have serious unintended consequences. If the legislative language is enacted into law, it would severely limit federal agency attendance at NAHMA and AHMA meetings. At the very least, the provisions would limit federal agency employee attendance to one NAHMA or AHMA conference a year. If the legislative language is interpreted narrowly by the federal government, it could limit agency attendance at NAHMA and the AHMAs' conferences to one federal agency employee once a year. Furthermore, the language could also require NAHMA and the AHMAs to publically disclose the cost of the conference event that a federal agency employee attended.

NAHMA believes that limiting federal agency attendance at non-government conferences would essentially shut down the communication between federal agency staff and private organizations which is necessary to create constructive, effective, and transparent private-public partnerships. Likewise, requiring public disclosure of a private organization's conference costs will discourage future participation by agency staff because the disclosure may be misinterpreted as an "expensive party." As a result, NAHMA opposes the Coburn/Issa amendments as written.

Sen. Mark Warner (D-VA) has introduced his own version of the DATA Act, S. 1222, in the Senate. At this time, the bill does not contain the Coburn/Issa federal agency conference limitation language. However, Senator Warner has publically stated that he will examine the conference limitation language and could include similar provisions in his bill. NAHMA has reached out to Sen. Warner's staff to relay our concerns about the Coburn/Issa language as written in H.R. 2146.

NAHMA and a number of other trade associations—including the American Society for Association Executives (ASAE)—have spoken with staff members on the House Oversight and Government Reform Committee<sup>2</sup> and Rep. Issa's personal staff. We have relayed our concerns about the federal agency conference limitation language as written. Currently, Rep. Issa reportedly does not plan to include the federal agency conference limitation language in his version of the postal reform bill. At this time, NAHMA is unsure if Rep. Issa's staff will revise the legislative language or try to include the language on another legislative vehicle. NAHMA has reached out to Rep. Issa's staff for additional information.

NAHMA has also met with Democratic and Republican staff from the Senate Homeland Security and Government Affairs Committee<sup>3</sup> to discuss our concerns with the Coburn/Issa provisions. The Democratic staff stated that Sen. Coburn may offer the federal agency conference limitation legislative language on any moving bills on the Senate floor, including

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<sup>2</sup> Government oversight and reform bills, including the DATA Act and postal reform, are considered through regular process by the House Oversight and Government Reform Committee. Rep. Issa is the Chairman of this Committee. Rep. Elijah Cummings (D-MD) is the Ranking Member.

<sup>3</sup> Government oversight bills, including S. 1222, Sen. Warner's DATA Act, are considered through regular process by the Senate Homeland Security and Government Affairs Committee. Sens. Joe Lieberman (I-CT) and Susan Collins (R-ME) are the Chair and Ranking Member of this Committee, respectively.

appropriations bills. The Democratic staff also reported that Committee Chairman Joe Lieberman (I-CT) opposes the Coburn/Issa legislative provisions as written, and would work against any attempts to add the language as is to moving bills both in the Committee and on the Senate floor.

NAHMA's discussion with the Republican Committee staff was much more concerning. The staff did not believe the legislative language could be narrowly interpreted to limit federal agency employee attendance to one employee at one association conference each year. They continued to defend the Coburn/Issa language as written as a response to the GSA scandal and would not acknowledge the likely negative impact on the private sector. The staff also would not commit to work on modifying the troublesome provisions in other legislative vehicles.

NAHMA, ASAE, and other trade associations are currently working to educate Members of Congress on the likely negative impacts of the Coburn/Issa federal agency conference limitation provisions if they are included in any moving legislative vehicles.

For more information on the Coburn/Issa legislative provisions, please visit:  
[http://www.nahma.org/content/grassroots\\_conferences.html](http://www.nahma.org/content/grassroots_conferences.html).

Nevertheless, the Coburn/Issa amendment is not the only legislative response that Congress has considered.

### *Appropriations*

Several moving appropriations bills (H.R. 5326, S. 2323: FY 2013 Commerce, Justice, and Sciences Appropriations Act; S. 2322: FY 2013 T-HUD Appropriations Act; and S. 2375: FY 2013 Agriculture Appropriations Act) contain provisions relating to Federal conferences.

First, each bill contains a provision that would require agencies receiving appropriations from said bill to submit detailed reports to its Inspector General (or equivalent senior ethics official) on conferences that individually totaled over \$20,000 for each quarter.

Next, the bills would also limit agencies receiving appropriations from said bill from sending over 50 employees from a single agency to an international conference unless the relevant agency reports to the House and Senate Appropriations Committees at least 5 days in advance that the attendance of more employees is important to the national interest.

Finally, any grants or contract funding provided under the appropriations bills may not be used to pay for a banquet or conference unless the event is directly and programmatically related to the purpose for which the grant or contract was awarded; e.g., a banquet or conference held in connection with planning, training, assessment, review, or other routine purposes related to a project funded by the grant or contract.

## Obama Administration Response

In response to the GSA scandal and as a follow up to Executive Order 13589 “Promoting Efficient Spending,”<sup>4</sup> the White House released Memo 12-12 titled “Promoting Efficient Spending to Support Agency Operations” on May 11, 2012.

The memo increases the administrative savings required by Executive Order 13589 in FY 2013—20 percent below the FY 2010 administrative cost levels—by requiring each agency to spend at least 30 percent less on travel expenses in FY 2013 than FY 2010. Agencies must maintain this reduced level of spending on travel expenses through FY 2016. The memo also encourages agencies to increase employee sharing of rental cars and taxis, when appropriate, in order to reduce travel costs. Federal agencies must report their proposals to reduce travel spending to the Office of Management and Budget (OMB) within 90 days. Furthermore, the memo requires agencies to include descriptions of how they will reduce reliance on travel in their FY 2014 budget submission to OMB.

The memo encourages Federal agencies to focus on exercising discretion and reducing their expenses related to “conference sponsorship, conference hosting, or attendance of Federal employees at conferences sponsored or hosted by non-Federal entities.” To that end, the memo:

- Mandates senior level review of all planned conferences where the net conference expenses by the agency will exceed \$100,000 for a single conference;
- Requires senior level approval of all future agency net expenses in excess of \$100,000 for a single conference;
- Requires agencies to ensure that all conference expenses and activities comply with both the Federal Travel Regulation and the Federal Acquisition Regulation requirements on lodging, food and beverages, per diem reimbursement, and contracting of goods and services;
- Encourages agencies to “ensure that conference attendance and expenses are limited to only the levels required to carry out the mission of the conference”;
- Prohibits net conference spending in excess of \$500,000 for a single conference, unless an agency receives a waiver; and
- Report publicly on all agency conference expenses in excess of \$100,000.

The memo also urged agencies to sell off excess property and improve the management of government owned-vehicles.

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<sup>4</sup> In Executive Order 13589, the President directed each agency to reduce its combined costs in a variety of administrative categories by not less than 20 percent in FY 2013 from FY 2010 levels. Agencies have since developed plans for achieving these cuts, and the President's FY 2013 Budget has identified \$8 billion in reduced costs as a result of the Executive Order.

Sen. Lieberman publically supports the Obama Administration's memo to control and reduce agency spending on travel and conferences. However, NAHMA is very concerned that the memo's requirements will be not enough to allay the concerns of Members of Congress, particularly Sen. Coburn. We believe that he will continue to push his own conference limitations provisions in the Senate as amendments to moving bills.

A copy of the Obama Administration's memo may be found here:

<http://www.whitehouse.gov/sites/default/files/omb/memoranda/2012/m-12-12.pdf>.

### **Issues of Concern to NAHMA**

NAHMA is extremely concerned about the Coburn/Issa legislative federal agency conference limitation provisions in S. 1789 and H.R. 2146. While the legislative provisions are well-intentioned, we feel the inclusion of private conferences is an overreaction to the GSA scandal and inappropriately punishes associations and other non-governmental organizations, who were not involved in any way with the event. Without modifications, the provisions would effectively cut off communication between the federal agencies and the parties they regulate by limiting federal employee attendance at private meetings.

Private conferences—like NAHMA's three yearly membership meetings and the regional AHMA annual membership conferences—provide an extremely useful and important venue for bringing federal agency employees and industry stakeholders together and helping to facilitate critical information exchanges on important regulatory issues. In fact, NAHMA invites agency staff from HUD, USDA-RD and Treasury-IRS to our Winter and Fall Meetings in Washington, DC so that they can provide regulatory compliance information directly to the apartment owners and management agents who participate in federal affordable multifamily housing programs. These discussions make it easier for NAHMA members to understand and comply with federal laws and regulations.

In addition, the conversations that occur during NAHMA membership meetings and other private conferences help develop and maintain public-private partnerships to deal with ongoing regulatory issues outside of these meetings. We believe that these interactions help create informed policymakers. Taxpayer interests are best served when an industry is efficiently regulated so that the costs and burdens of regulations, as well as opportunities for waste, fraud, and abuse, are minimized.

Furthermore, the substantive discussions at NAHMA conferences provide the opportunity for agency staff to solicit and receive feedback from industry stakeholders about improving the effectiveness and efficiency of government programs and reducing program costs. These exchanges also give agency staff a better understanding of the day-to-day impact of policy decisions. Without these types of exchanges, federal government officials would be making decisions in a vacuum without meaningful input from the impacted stakeholders.

In fact, exchanges between NAHMA members and agency officials at our private conferences often result in improved federal housing policies. For example, in August 2011, HUD released burdensome guidance on bedbug infestations in HUD-assisted and HUD-insured apartment buildings. The guidance was written in a way that was interpreted by some local courts as

superseding the landlord/tenant lease agreements. Likewise, the guidance made it more difficult for owners and agents to prevent and treat repeat infestations which resulted directly from tenants' noncompliance with treatment protocols. The NAHMA membership conference provided owners and agents with the opportunity to discuss the real impact of this guidance on their properties' operations. These exchanges gave agency staff a deeper understanding of the owners' and agents' concerns. They also helped HUD write improved, pragmatic, and workable bedbug guidance which was released in April 2012.

As a result, NAHMA has asked Members of Congress to oppose the Coburn/Issa conference limitation language as written if it is offered as an amendment to moving legislation or included in a conferenced bill. Furthermore, if the legislative language is included in a moving bill we have asked Congress to modify the language so that it does not impact federal agency employee attendance at non-government, privately funded conferences.

NAHMA and other trade associations, including ASAE, specifically support modifying the definition of "conference" to only cover a meeting "sponsored by one or more agencies." In addition, we also support striking Section 4 from the legislative language, which limits any agency from expending funds on "more than a single conference sponsored or organized by an organization during any fiscal year, unless the agency is the primary sponsor and organizer of the conference." These changes will **not** dilute the language's stated goal of appropriately limiting spending on conferences sponsored by federal agencies and paid for with taxpayers' money. Instead, these changes **will** allow NAHMA, regional AHMAs, and other associations to continue necessary and vital communications with agency staff regarding federal policies, rules, and regulations.

### **Positive Aspects**

The Obama Administration's May 11, 2012 memo and the legislative provisions currently in the FY 2013 Agriculture, Commerce, Justice and Science, and Transportation-HUD appropriations bills are preferable solutions to curbing excessive spending on federal government conferences and travel. We feel that these approaches adequately address the concerns raised by the GSA scandal while improving the accountability and transparency in federal government spending.

Furthermore, the memo and the other legislative proposals do **not** limit federal agency employee attendance and participation at non-government financed conferences. This means that employees could continue to attend private conferences—like the NAHMA and regional AHMA yearly membership meetings—as long as they follow the proper procedures and protocol, which allows them to maintain communication with the parties they regulate.

Nevertheless, the memo's proposal to cut federal agency travel budgets 30 percent below the FY 2010 spending level is substantial and may inhibit agencies from doing their jobs, particularly program oversight and inspections.

### **NAHMA's Position**

NAHMA believes that enacting legislation that restricts knowledge-sharing between the government and private organizations is counterproductive to Congress's goals of reducing

burdensome regulations, strengthening the economy, and creating jobs. As a result, we oppose the Coburn/Issa conference limitation provisions in S. 1789, as passed by the Senate, and H.R. 2146, as passed by the House.

Instead, we urge Congress to support enacting federal agency conference spending and travel limitations that do not restrict federal agency employee's abilities to attend non-government, private conferences, like those hosted by NAHMA and the regional AHMAs. The Coburn/Issa legislative language can be fixed by removing privately-sponsored events from the definition of conferences and striking the section that limits agency attendance to one meeting per organization per fiscal year.

To that end, NAHMA urges our members to take action to educate their Congressional Representatives on this issue. **Please ask your Representatives to oppose the Coburn/Issa conference limitation language included in S. 1789 and H.R. 2146 if it is offered as written as an amendment to moving legislation or included in a conferenced bill. If the legislative language is included in a moving bill, please urge your Representatives to ask the leadership of their respective chamber (House/Senate) to modify the language so that it does not impact federal agency employee attendance at non-government, privately funded conferences.**

**Please ask your Representative to support the following modifications to the Coburn/Issa legislative language:**

- **Changing definition of “conference” to only cover a meeting “sponsored by one or more agencies”; and**
- **Striking Section 4 from the legislative language, which limits any agency from expending funds on “more than a single conference sponsored or organized by an organization during any fiscal year, unless the agency is the primary sponsor and organizer of the conference.”**

Tell your Representatives that these changes will allow associations and private organizations to continue their mutually beneficial engagement with federal government agencies while ensuring federal accountability and transparency.

For information on contacting your Representatives, please visit:

- House— <http://www.house.gov/writerep/>
- Senate— [http://www.senate.gov/general/contact\\_information/senators\\_cfm.cfm](http://www.senate.gov/general/contact_information/senators_cfm.cfm)

For talking points about the federal agency conference limitations, including a phone script and model letters to use when contacting your Congressional members, please visit: [http://www.nahma.org/content/grassroots\\_conferences.html](http://www.nahma.org/content/grassroots_conferences.html).

For more information on contacting your Representatives and for additional information on affordable housing issues, please visit: <http://www.nahma.org/content/grassroots.html>.