



Written by [Brian Koenig](#) on April 3, 2012

GSA Chief Resigns After IG Report Shows Excessive Spending

Following a scathing exposé that uncovered details on a lavish government conference in Las Vegas, the head of the General Services Administration (GSA) resigned, while two top deputies were fired and four managers were placed on administrative leave. GSA chief Martha Johnson (left) admitted in her resignation letter to a “significant misstep” at the federal agency — which handles real estate for the government — and as a result, she acknowledged, “taxpayer dollars were squandered.”



The resignation transpired as GSA Inspector General Brian Miller issued a damning report that documented exorbitant costs for the \$823,000 Las Vegas training conference, including \$130,000 in travel expenses and a \$2,000 party in a top official’s hotel suite. The report also revealed that event organizers vastly exceeded federal limits on conference spending.

"As the agency Congress has entrusted with developing the rules followed by other federal agencies for conferences, GSA has a special responsibility to set an example, and that did not occur here," Miller wrote. The agency "followed neither federal procurement laws nor its own policy on conference spending."

The Inspector General noted that managers waved off warnings from employees to tone down the expenses, which [included](#):

... \$5,600 for three semi-private catered in-room parties and \$44 per person daily breakfasts; \$75,000 for a "team-building" exercise — the goal was to build a bicycle; \$146,000 on catered food and drinks; and \$6,325 on commemorative coins in velvet boxes to reward all participants for their work on stimulus projects. The \$31,208 "networking" reception featured a \$19-per-person artisanal cheese display and \$7,000 of sushi. At the conference’s closing-night dinner, employees received "yearbooks" with their pictures, at a cost of \$8,130.

Moreover, the agency violated rules that place restrictions on the use of event contractors. One violation, for instance, involved event planners pledging the hotel an additional \$40,000 in catering fees in exchange for reducing its room costs to meet the federal guidelines for lodging expenses. Miller’s disclosure also found a slew of "redundant and wasteful" measures, including the hiring of outside organizers when the GSA already employed event planning workers.

Congressional lawmakers were quick to excoriate the White House for such wasteful spending



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practices. Sen. Joseph Lieberman (I-Conn.) branded the fiasco as "a stupid and infuriating waste of taxpayer dollars." Rep. Darrell Issa (R-Calif.) echoed Mr. Lieberman, asserting that the episode reflects the "waste that exists in a bloated federal government."

Sen. Susan Collins (R-Maine), a chief member of the Senate Homeland Security and Governmental Affairs Committee, called the conference a "junket." "It is never appropriate for an agency to fund lavish conferences that waste tax dollars," she [asserted](#). "This is especially true at a time when American families are struggling to put food on their own tables and the U.S. government is piling up debt at an historic pace."

Surprisingly, even some of Washington's biggest spenders questioned the financial extravagance of the conference. "Las Vegas is the best place in the world to hold a convention, and it's understandable why people want to have business meetings here," Senate Majority Leader Harry Reid (D-Nev.) [averred](#). "However, this situation demonstrates a complete lack of common sense."

But this is not the first time the GSA has indulged in excessive spending. For example, earlier this year the agency decided to move forward with a plan to build a \$322-million courthouse in Los Angeles, despite allegations from top lawmakers that the new building is unnecessary.

According to Rep. Jeff Denham (R-Calif.), Chairman of the House Transportation and Infrastructure subcommittee on public buildings, the request for a 600,000-square-foot courthouse was superfluous, because there is more than enough space in existing LA courthouses. "GSA knows this project is unnecessary, which is why they are making a mad dash to spend the money now," Mr. Denham [charged](#). Rep. John Mica, Chairman of the Transportation and Infrastructure Committee, echoed Denham, calling the project "idiotic" and a gross misuse of taxpayer dollars.

Another costly GSA venture included a "green upgrade" project designed to make a federal building in Roanoke, Virginia more energy efficient. Writing for *The Roanoke Times* in an [August 2011 article](#), Rep. Bob Goodlatte (R-Va.) purported how wasteful projects launched by federal agencies like the GSA are burying the nation in debt — and consequently, burying American taxpayers in debt:

The General Services Administration is a good example. One particularly egregious waste of taxpayer dollars is here in Roanoke. In 2009, it was announced that nearly \$51 million of taxpayers' money would be spent to make the Poff Federal Building more energy efficient. The project will replace the building's roof and glass walls, refurbish the restrooms, and install a new heating and cooling system and other green upgrades. It has failed to be the shovel-ready project that we heard so much about as a part of the stimulus debate.

Rep. Goodlatte said he received "numerous inquiries from constituents concerned about the excessive price tag," so he called for an investigation. But despite his aggressive efforts, including a request for a comprehensive cost-benefit analysis, he was blunted by agency officials. Similar to the extravagant Las Vegas conference that transpired under Johnson's watch, the GSA appeared to violate federal rules in bidding the Roanoke project:

Perhaps most alarming is the fact that GSA's inspector general audited the project and found that the agency illegally disclosed the maximum contract amount, in violation of federal procurement laws, giving bidders that information and depriving taxpayers of a fair process to determine the true cost of the project. We'll never know how many millions of dollars the taxpayers would have saved if GSA hadn't told contractors how much to bid.

President Obama recruited Ms. Johnson to run the GSA in June 2009, after the Senate stalled eight



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months for her confirmation. In a February 2010 interview, Johnson said she intended to reverse the scandalous years of the Bush administration, and run the GSA as ethically as possible.

Ethics "is a big issue for me," she said, adding that "it's right and it's good business" to be a "responsible steward of taxpayer dollars" because "they're trusting you with their pocketbooks."

The Bush administration asked Lurita Doan, the GSA chief at the time, to resign in April 2008 due to [allegations](#) of conflicts of interest and the purported use of government properties for partisan gain. And ironically, Johnson was *supposed* to be the fiscally-responsible alternative to Doan.



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