

# Congress of the United States

## House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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June 21, 2017

The Honorable Mick Mulvaney  
Director  
The Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dear Director Mulvaney:

We are writing to ask you to reconsider a recent directive from your office that could eliminate several “good government” approval and reporting requirements that were adopted in response to our Committee’s bipartisan oversight efforts to curb wasteful spending on agency conferences. These measures were implemented to protect the American taxpayers, and we urge you to keep them in place.

For example, our Committee held a hearing to examine excessive, wasteful, and improper spending for a conference held in Las Vegas in 2010 by the General Services Administration (GSA). That conference cost approximately \$823,000 and included a clown, a mind reader, a \$31,000 reception, and a \$75,000 bicycle-building team exercise.<sup>1</sup>

The senior executive at GSA who hosted the conference became the poster child for these abuses when he was photographed in a hot tub with a glass of wine. He pled guilty to fraud and filing false claims, and he received a three-month prison sentence, three years’ probation, and \$10,000 in restitution and fines.<sup>2</sup>

The Committee held similar hearings to examine wasteful spending on conferences held by the Department of Veterans Affairs in 2011 that cost approximately \$6 million and the Internal Revenue Service in 2010 that cost approximately \$4 million.<sup>3</sup>

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<sup>1</sup> House Committee on Oversight and Government Reform, *Addressing GSA’s Culture of Wasteful Spending*, 112th Cong. (Apr. 16, 2012) (H. Rept. 112-173).

<sup>2</sup> *Judge Sentences Former GSA Official Jeff Neely to 3 Months in Jail*, Federal News Radio (July 1, 2015) (online at [www.federalnewsradio.com/management/2015/07/judge-sentences-former-gsa-official-neely-3-months-jail/](http://www.federalnewsradio.com/management/2015/07/judge-sentences-former-gsa-official-neely-3-months-jail/)).

<sup>3</sup> House Committee on Oversight and Government Reform, *A Culture of Mismanagement and Wasteful Conference Spending at the Department of Veterans Affairs*, 113th Cong. (Oct. 30, 2013) (H. Rept. 113-68); House Committee on Oversight and Government Reform, *Collected and Wasted: The IRS Spending Culture and Conference Abuses*, 113th Cong. (June 6, 2013) (H. Rept. 113-79).

In response to the bipartisan oversight work conducted by our Committee, both administrative and legislative reforms were put in place.

For example, on May 11, 2012, the Office of Management and Budget (OMB) issued Memorandum M-12-12, which required the Deputy Secretary of an agency to approve any conference that would cost more than \$100,000. The Memorandum prohibited conferences that would cost more than \$500,000, but allowed the agency to waive this prohibition in exceptional circumstances. The Memorandum also required agencies to post information on their websites each year on conferences that cost more than \$100,000 and any waivers for conferences that cost more than \$500,000.<sup>4</sup>

On November 25, 2016, OMB issued Memorandum M-17-08, which substantially reiterated these requirements.<sup>5</sup>

Congress also passed provisions to curb this type of wasteful spending on agency conferences. The Consolidated Appropriations Act for Fiscal Year 2017 requires agencies to submit annual reports on conferences that cost more than \$100,000 describing the purpose of the conference; the number of participants; the costs of food, beverages, audio-visual services, and travel; and the contracts awarded. It also requires agencies to submit quarterly reports specifying the date, location, and number of employees attending any conference funded by appropriations that cost more than \$20,000.<sup>6</sup>

On June 15, 2017, you issued a Memorandum to the heads of all executive departments and agencies that could reverse the progress we have made to restrain excessive spending and could reduce the transparency needed to protect against waste, fraud, and abuse. Specifically, your Memorandum states:

OMB proposes to amend in part Memoranda M-12-12 and M-17-08, following the enactment of appropriations legislation for FY 2018 that repeals section 523 of division H and section 739 of division E of the Consolidated Appropriations Act, 2017 (Public Law 115-31), consistent with the President's Budget for FY 2018. If the proposed appropriations language is enacted, then agencies may forego the conference approval process and public reporting requirements imposed by these memoranda.<sup>7</sup>

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<sup>4</sup> Memorandum from Acting Director Jeffrey D. Zients, Office of Management and Budget, to Heads of Executive Departments and Agencies, *Promoting Efficient Spending to Support Agency Operations* (May 11, 2012) (online at [www.obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2012/m-12-12\\_0.pdf](http://www.obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2012/m-12-12_0.pdf)).

<sup>5</sup> Memorandum from Director Shaun Donovan, Office of Management and Budget, to Heads of Executive Departments and Agencies, *Amending OMB Memorandum M-12-12, Promoting Efficient Spending to Support Agency Operations* (Nov. 25, 2016) (online at [www.obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2017/m-17-08.pdf](http://www.obamawhitehouse.archives.gov/sites/default/files/omb/memoranda/2017/m-17-08.pdf)).

<sup>6</sup> Pub. L. No. 115-31 (2017) (Section 739 of Division E).

<sup>7</sup> Memorandum from Director Mick Mulvaney, Office of Management and Budget, to Heads of Executive Departments and Agencies, *Reducing Burden for Federal Agencies by Rescinding and Modifying OMB Memoranda* (June 15, 2017) (online at [www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-26.pdf](http://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-26.pdf)).

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We believe that both Congress and the Executive Branch should retain these important requirements. For these reasons, we request that you withdraw your proposal and instead work with us to keep these critical safeguards in place to ensure that federal agencies are good stewards of taxpayer funds. Thank you for your consideration of this request.

Sincerely,



Elijah E. Cummings  
Ranking Member



Matt Cartwright  
Member of Congress

cc: The Honorable Trey Gowdy, Chairman