

GSA Spending Spree—We Were Wrong

Written by Nick Sanders

Wednesday, 09 May 2012 00:00

“When I’m wrong, I say I’m wrong.”

– Dr. Jake Houseman, from the movie *Dirty Dancing*

We were proud of [the story](#) we posted on the GSA spending spree, which (infamously) included a 2010 “conference” in Las Vegas that led to the resignation of the GSA Administrator as well as a tarnished image for the entire General Services Administration.

We were proud that we were able to link the GAO reports regarding excessive Industrial Funding Fee (IFF) payments to the excessive spending, and we were proud that we were the first to point out the connection and to understand that it was contractors’ payments that had been used to fund the lavish living of the GSA folks (and not taxpayer funds). And we were proud that Francine McKenna showed an interest in our story and posted it on her popular blogsite [re: The Auditors](#). And then Francine cross-linked to it in her Forbes online blog and we were tickled pink.

We were less tickled pink, and certainly far less proud of our work, when folks more knowledgeable than we were about how GSA operated pointed out the fundamental flaws in our investigative reporting. We learned that GSA is a complex organization, not only managed by Region, but also by product/service. For example, we learned that GSA provides a “Federal Acquisition Service” as well as a “Public Buildings Service.” It certainly appears that the Federal Acquisition Service manages the MAS programs that receive the IFF payments from contractors, while the Public Buildings Service manages the Federal Buildings Fund, which receives payments from renters and lessors of GSA-managed buildings.

And Mr. Neely, the focus of much of the ire directed at GSA’s spending habits, was a Region 9 Public Buildings Commissioner. As several commenters asserted, the excess IFF profits only accrued to the benefit of FAS but not to PBS, and Mr. Neely spent only PBS funds, and therefore he did not spend the IFF profits. We got that part entirely wrong.

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We are chagrined that we missed the mark by such a wide margin. In particular, we offer a heartfelt apology to Francine McKenna, who trusted that we knew what we talking about. We let her down.

Things we got right—

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GSA receives payments from contractors and from other agencies, which act to offset the need for direct appropriations from Congress and minimizes the use of taxpayer funds.

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GSA's IFF program has been criticized for nearly a decade for generating revenue excessive to the agency's needs.

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GSA's IFF program profits have been retained in reserves and have not been transferred to the Treasury, which would have reduced the current budget pressures (to a limited extent).

We hope the things we got right will not be overshadowed by the things we got wrong. Nonetheless, we apologize for our errors.