



United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-270137

November 30, 1995

The Honorable Rick A. Lazio
Chairman, Subcommittee on
Housing and Community
Opportunity
Committee on Banking and
Financial Services
House of Representatives

Dear Mr. Chairman:

In April 1995, you asked us to obtain information on the Department of Housing and Urban Development's (HUD) "Standing Up for Communities" information forums. In May 1995, we briefed your staff on the results of our work and provided you with copies of the information that we had obtained. This report formalizes the information previously provided and includes additional information that was subsequently requested by your office. Specifically, this report includes information on (1) whether the section of the U.S. Code dealing with lobbying by federal employees applies to statements made by the Secretary of HUD, (2) the federal costs incurred by officials of HUD and HUD's Public Housing Authorities for holding and attending these forums, (3) town meetings held by HUD's Secretary's Representatives, and (4) how the forums were developed and what materials were provided at the forums.

In summary, (1) according to the Department of Justice, the U.S. Code exempts lobbying activities of Cabinet members; (2) HUD reported costs of about \$29,000 related to the forums, and the cost incurred by the Public Housing Authorities is unknown; (3) the town meetings were held during the same period as the forums and, according to HUD, were held to seek opinions on HUD's reorganization plans; and (4) the forums evolved from the Secretary of HUD's weekly meetings with his Assistant Secretaries and General Counsel, and the materials provided at the forums included information on HUD's reorganization and consolidation plans and the impact of the proposed budget rescission.

GAO/RCED-96-17R HUD's Information Forums

155906

BACKGROUND

HUD held eight forums from March 20 through April 10, 1995, in Atlanta, Detroit, Chicago, New York City, Boston, Seattle, Los Angeles, and Washington, D.C. The Secretary of HUD spoke at all the forums; other speakers included Assistant Secretaries, the Secretary's Representatives, HUD's service providers and constituent groups, representatives from tenant and advocacy organizations, state and local political officials, and members of the clergy. After the speeches, a series of discussion groups took place.

According to HUD, the primary purpose of the forums and discussion groups was to inform the public about HUD's "blueprint" for reorganizing and consolidating the various departmental programs. The Secretary also discussed the effect of a proposed budget rescission on HUD's programs and consolidation.

APPLICATION OF THE U.S. CODE
TO THE SECRETARY'S STATEMENTS

Your office asked whether an article in the March 1995 newsletter of HUD's New York office violated the section of the U.S. Code dealing with lobbying by federal officials. The newsletter, which is distributed to HUD employees and to Public Housing Authorities, described the speech made by the Secretary at the forum held in New York City. The newsletter stated that the Secretary urged those present and others to make their concerns known to their elected officials.

Under section 1913 of title 18 of the U.S. Code, no money appropriated by the Congress should pay for such items as services, advertisements, or written material intended to influence a Member of Congress's position concerning legislation or an appropriation. The section further states that violations of this provision can result in criminal penalties including a fine and/or imprisonment for up to 1 year and removal from federal employment.

The Justice Department is responsible for enforcing this criminal provision. Under the Justice Department's interpretation, section 1913 restricts the use of appropriated funds for large-scale, "grass roots," high-expenditure campaigns urging private recipients to contact Members of Congress about pending legislative matters on behalf of an administration's position. However, the section does not limit lobbying activities undertaken by

B-270137

the President, the President's aides and assistants within the Executive Office of the President, the Vice President, and Cabinet members within their areas of responsibility.

In response to a May 1995 request from HUD's Office of Inspector General, the Justice Department's Public Integrity Section concluded that the Secretary's participation in the forums did not violate federal criminal law.

We asked the Justice Department's Public Integrity Section if the newsletter article was "grass roots" lobbying in violation of section 1913. An attorney of that section advised us that the article was a "regurgitation" of the Secretary's exempt statement rather than a separate appeal to contact Members of Congress. Therefore, the attorney said that the author of the newsletter was not subject to prosecution under section 1913.

FEDERAL COSTS FOR OFFICIALS
OF HUD AND PUBLIC HOUSING AUTHORITIES TO
HOLD AND ATTEND THE FORUMS

According to HUD's travel vouchers and documentation, as of late August 1995, the cost of the forums amounted to about \$29,130. The cost included about \$18,940 in travel costs for the Secretary and other key HUD officials. The remaining \$10,190 was spent to purchase or rent facilities, equipment, and services. In addition, the Director, Office of Federal Housing Enterprise Oversight, attended the New York forum at a cost of about \$275. The Office, an independent entity within HUD, ensures that Fannie Mae and Freddie Mac are adequately capitalized and operating safely.

Over 180 employees from HUD's Atlanta Regional Office signed the attendance sheets at the Atlanta forum. (Attendance sheets were used only at the Atlanta and Chicago forums.) No HUD employees signed the attendance sheets at the Chicago forum.

Also, about 90 people representing 21 Public Housing Authorities attended the Atlanta forum, and 6 people representing 2 Housing Authorities attended the Chicago forum. A HUD official told us that HUD does not know if the Housing Authorities incurred any costs for the attendance of their employees at the forums because reports submitted by the Authorities to HUD do not break down travel expenses into trips taken by individual employees or trips to individual events. Specifically, 24 C.F.R.

sections 990.101 through 990.325 only require that Housing Authorities report aggregate administrative expenses, including travel, to HUD in an operating budget. As agreed with your office, we did not seek to obtain information from those Housing Authorities that had staff attending the forums.

TOWN MEETINGS HELD BY
HUD'S SECRETARY'S REPRESENTATIVES

In addition to the information forums, your office asked that we obtain information on town meetings held by HUD'S Secretary's Representatives. These town meetings were held during the same period in which the forums took place. The Secretary's Representatives held at least 12 town meetings, many of which were advertised as including discussions of HUD's reinvention and the proposed budget rescission. (See enc. I.) These town meetings took place from March 30 through April 25, 1995.

HUD's General Counsel said that these town meetings were initiated to seek opinions regarding the development of a reorganized HUD, to design methods for improving customer service and communication, and to explore the transition of decision-making authority to empower HUD's field staff to make front-line decisions. These meetings continued as HUD moved from the reinvention planning stage to its implementation phase.

DEVELOPMENT OF THE FORUMS AND
MATERIALS USED AT THE FORUMS

According to the Secretary of HUD, the forums evolved from discussions in one of his weekly meetings with his Assistant Secretaries and General Counsel as a method of informing the public of HUD's reinvention initiatives. In developing the forums, he received input from the Assistant Secretaries on where the forums should be held, what information should be disseminated, and who among the HUD staff should attend. Notification to the participants and attendees was communicated through the appropriate Office of the Secretary's Representatives where the specific forum was to be held.

Discussions at the forums primarily involved HUD's reorganization. However, according to the Secretary of HUD, because of prior requests from organizations or local officials, information was provided at the discussion groups on the proposed budget rescission. This included information addressing questions on the anticipated impact

the proposed budget rescissions would have on HUD's programs and consolidation. At the forums, HUD also disseminated its brochure entitled "From Reinvention to Action: 15 Ways the New HUD Helps People." This brochure outlines some of the ways that HUD's comprehensive plan to reinvent the Department and its programs, as sent to the Congress in March 1995, would help people.

SCOPE AND METHODOLOGY

To gather information on whether the section of the U.S. Code dealing with lobbying by federal officials applies to statements made by the Secretary of HUD, we reviewed the applicable code provision and the Justice Department's decisions and guidelines interpreting the provision. We also discussed the interpretation of the code with an attorney of the Justice Department and spoke with officials of HUD's New York State Office. To obtain cost information, we obtained travel vouchers and documentation on rental or purchase costs for applicable facility, equipment, and services from HUD's headquarters and the Office of Federal Housing Enterprise Oversight. We did not verify the data included on the vouchers. To gather information on the town meetings, we obtained documentation from HUD on the purposes of, and speakers at, these town meetings and contacted HUD officials. To gather information on how the forums were developed and what materials were provided, we contacted officials of HUD headquarters. We also reviewed video tapes of three forums. We conducted our review from April through November 1995 in accordance with generally accepted government auditing standards.

AGENCY COMMENTS

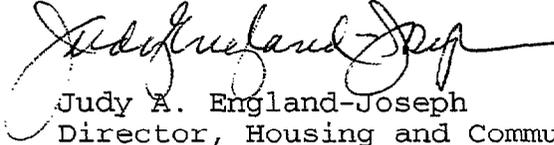
On October 19, 1995, we provided the draft report to HUD officials for their review and comment. On November 14, 1995, HUD's Associate General Counsel, Office of Human Resources, informed us that HUD had no comment.

- - - - -

B-270137

This report concludes our work on this assignment.
If you or your staff have any questions about this report,
please call me at (202) 512-7631.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Judy A. England-Joseph".

Judy A. England-Joseph
Director, Housing and Community
Development Issues

TOWN MEETINGS HELD BY HUD'S SECRETARY'S REPRESENTATIVES DURING THE
SAME TIME THAT THE INFORMATION FORUMS WERE HELD

Date	Secretary's Representative for	Location	Advertised topics
04/04/95	Mid-Atlantic Region	Dover, Del.	HUD's proposals for communities
04/06/95		Richmond, Va.	HUD's proposals
04/17/95		Annapolis, Md.	Not available
04/25/95		Pittsburgh, Pa.	HUD's proposals
04/17/95	Midwest Region	Rockford, Ill.	Reinvention & proposed rescission
03/30/95	Southwest Region	Houston, Tex.	Reinvention
04/04/95		Albuquerque, N.M.	Reinvention & proposed rescission
04/12/95		Austin, Tex.	Reinvention & proposed rescission
04/13/95		Dallas, Tex.	Reinvention & proposed rescission
04/18/95		New Orleans, La.	Reinvention & proposed rescission
03/31/95	Great Plains Region	Topeka, Kans.	Reinvention

(385480)

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000
or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

**United States
General Accounting Office
Washington, D.C. 20548-0001**

<p>Bulk Rate Postage & Fees Paid GAO Permit No. G100</p>

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
