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Here Is Your New Federal Credit Card.



Here Is Your New Purchase Limit.

By BILL MARSH

THE government buys everything from warships to paper clips, the latter being an example of a "micropurchase."

Before this month, micropurchasing with government-issued credit cards meant anything up to \$2,500 on a single shopping trip, with certain purchases relating to homeland security allowed to reach \$15,000 domestically and \$25,000 abroad.

On Sept. 8, the definition of "micro" was stretched, by quite a bit. When Congress approved \$51.8 billion in Katrina relief, the ceiling on individual purchases with the cards ballooned to \$250,000. Overall credit limits can be much greater.

The thought of individual employees able to charge up to a quarter-million dollars per trip with only the plastic in their wallets, directly payable by Uncle Sam, has government watchdogs agog.

"I am astounded," said Danielle Brian, the executive director of the Project on Government Oversight, a nonpartisan group that monitors waste and fraud. "This is theoretically a fiscally conservative Republican Congress. I don't get it."

Last week, the Office of Management and Budget issued guidelines for the newly generous cards, to rein in possible misuse. "This guidance helps make sure that adequate management controls are in place to ensure that taxpayers' dollars are spent efficiently and responsibly," said David H. Safavian, the Office of Federal Procurement Policy administrator.

The last few years have produced a series of blistering reports on waste and fraud in various federal agencies, much of it via purchase cards.

An audit by the Department of Homeland Security, the Federal Emergency Management Agency's parent, found that FEMA granted almost \$31 million in relief to Miami-Dade County after Hurricane Frances passed by last year, even though the area experienced minimal damage, akin to that from a thunderstorm.

FEMA gave thousands in rental assistance to residents even though they did not qualify because they had insurance, their homes were not damaged, or they didn't ask for the aid.

The agency provided money to replace or repair furniture, televisions and appliances based on the value of a fully furnished room, not actual damages. It didn't check applicants' claims for accuracy; inspections, if any, were often rushed.

In 2002, testimony to Congress by a procurement administrator listed many problems with cards:

- 1,116 employees retained active purchase and travel cards after they left their jobs.
- 6,533 cardholders were able to spend up to \$100,000 a month; 40 had a credit limit of \$9,999,999.
- A Defense Department report found more than \$4 million in unjustifiable purchases, including some at antique shops and jewelry stores.

THE cards came into being in 1989 to streamline micropurchases by government workers, transforming reams of paperwork into quick electronic transactions.

An archived 1990's Web site touting the proposed changes gave an example of a government worker who would benefit from speedier shopping with her card: a forest ranger needing 75 shovels in time for fire season.

Now, suddenly, the credit limit is approaching the average price of an American home.

A few senators, notably Charles E. Grassley, the Iowa Republican and chairman of the Senate Finance Committee, are alarmed at the spike in purchasing power, even with the O.M.B. guidelines.

Mr. Grassley has called the quarter-million-dollar upper limit outrageous and has proposed reducing it to \$50,000, unless there is written approval from a supervisor. The new law would also require audits of the largest purchases and impose a six-month limit on the credit increase, after which the amounts would revert to their pre-Katrina limits. The law passed on Sept. 8 has no expiration date.

There were about 325,000 such cards in 2003, used for \$16 billion in purchases. Their circulation peaked in 2000, when the number of federal workers with cards matched the population of New Orleans: about 500,000.

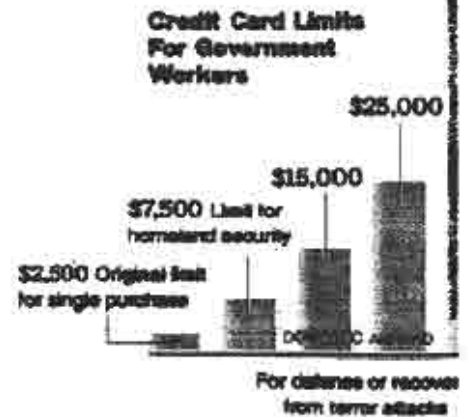
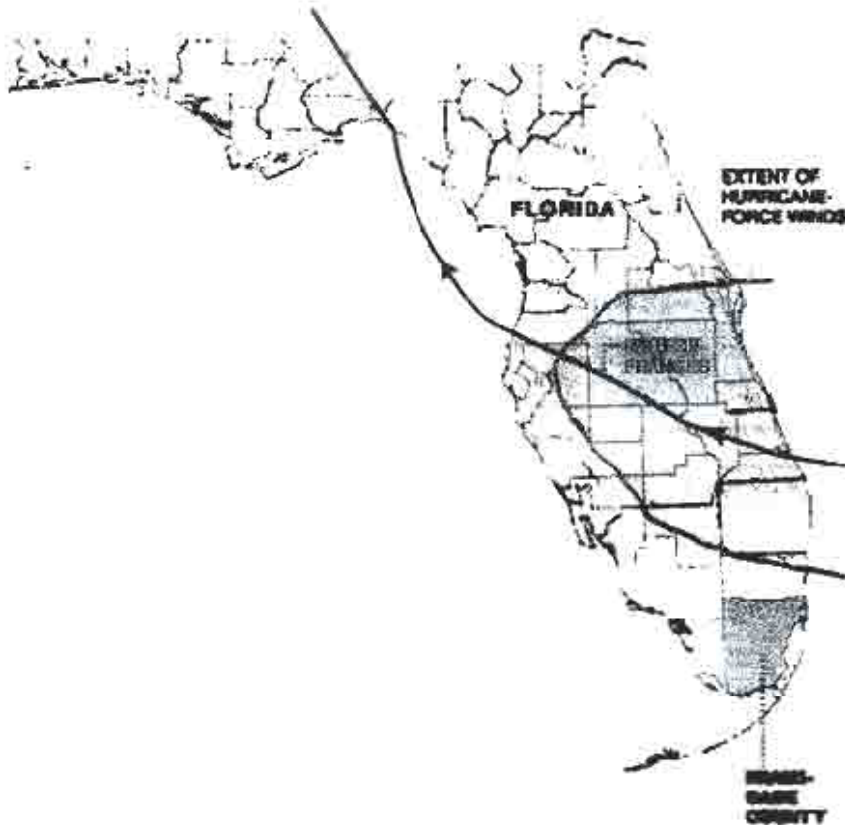
Or more. Some government estimates have the cards peaking at about 700,000 — a discrepancy that probably can't be resolved, said Ms. Brian of the Project on Government Oversight: No one fully kept track of how many cards were issued.

Here Is Your New Federal Credit Card.



Here Is Your New Purchase Limit.

\$250,000
New purchase limit



Before this month, government-issued credit cards allowed anything up to \$2,500 on a single shopping trip, with certain limits of \$15,000 domestically and \$25,000 abroad. On Sept. 8, the ceiling on individual purchases with the cards ballooned to \$25,000.

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