

September 10, 2015
9 a.m. – Rayburn 2154

Congressman Gerald E. Connolly (VA-11)
Committee on Oversight and Government Reform:
“GSA: Army Fee Assistance”

Chairman Chaffetz and Ranking Member Cummings, I want to thank you for holding today’s hearing on the string of shockingly bad decisions made by the U.S. Army and the General Service Administration that have resulted in an unnecessary financial strain and emotional hardship being placed on thousands of military families participating in the Army’s subsidized child-care program. A change in program management that was originally intended to save taxpayer money may now actually cost more and has created new problems where none previously existed. My colleagues have heard me say before that I will not defend the indefensible. Even worse, it is precisely this sort of outrageous situation that fuels public frustration with the federal government.

I appreciate the bipartisan nature of this investigation given our shared interest in ensuring our military families receive the benefits they have earned. The Fee Assistance program was authorized by Congress in the National Defense Authorization Act for Fiscal Year 2000 and helps subsidize private, off-post child care for military families when on-post care is unavailable. Each branch of the military operates its own assistance program, and until last year, the same private-sector company administered the program for all the branches.

Let me briefly recap the chain of events that prompted this Committee’s investigation. Starting in 2011, the Army began discussing with the GSA the possibility of the GSA taking over the entire Fee Assistance program. Since 2003, the GSA has been managing the program for child care centers located in federal buildings, involving about 200 families and approximately 46 child care centers. The GSA claimed it could administer the program for half the cost of the private-sector company, saving \$4 million annually. Despite no analysis being provided to support such claims, the Army forged ahead in transferring the program to the GSA in October 2014. At that time, the GSA took responsibility for a program assisting 8,000 families and more than 3,000 child care providers – though the most recent figures show the program now serving 9,000 families and 6,000 providers.

To say the GSA was unprepared is an understatement. Despite advance notice of the program’s requirements, the GSA failed to ramp up staff and modernize its IT infrastructure to handle the sharp increase in applications, invoices, and basic inquiries. Staff was soon overwhelmed and a backlog of parent requests and provider payments began to grow. As of last month, GSA reports

it had a backlog of more than 11,000 phone calls, e-mails, and other inquiries. That is in addition to the more than 8,400 unprocessed provider invoices.

During its management of the system, the private-sector firm reported fewer than a half-dozen instances of minor backlogs thanks in part to custom software developed with the Army to operate the system more efficiently – software Army and GSA chose not to use despite the Army retaining ownership of it. In light of these challenges, the Army has spent an additional \$4.4 million to allow the GSA to hire additional contract personnel and update its IT systems. So the potential savings the GSA claimed it could produce has now evaporated, and, in fact, the Army has now spent more on program than it did before.

To its credit, the GSA did recognize it had a problem on its hands and proactively engaged its Office of Inspector General to audit the program, but thus far the GSA has made only minimal progress in addressing the root cause of these problems. I commend the OIG for its work on this issue, which unfortunately shows GSA managed to create additional self-inflicted wounds in trying to respond to the backlog. For example, in an effort to reducing the backlog more quickly, the GSA Chief Information Officer granted “special exceptions” for additional contractors being brought on board to begin work without having completed the required background investigations, in violation of agency policy. That exposed the Personally-Identifiable Information of program participants. Issues were later identified with three contractors, who are no longer working on the program. Thankfully there is no evidence of what might be considered a breach of that P-I-I, but clearly the sensitive personal information of those military families was exposed. While GSA has since remedied the background issue with its contractors, the OIG reports there was a second instance of “unwarranted access” to the P-I-I of program participants when more personnel than necessary within the GSA were granted access to that sensitive information. Further, I am deeply troubled by the OIG’s finding that thousands of phone calls and e-mails from parents and providers were simply deleted because staff did not have time to respond to all of them. As my colleagues know all too well, constituent service is a basic, core mission of working for the government; not just a nice thing to do. Those military families, our shared constituents, deserve better.

Mr. Chairman, both the Army and the GSA have stumbled at every turn in their management of the Fee Assistance program. I hope our witnesses have come prepared to explain why this change was necessary in the first place and what steps the two agencies are taking to remedy this situation. We must demand answers for those military families here with us today and those still waiting for a response.