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TRACKING HEARING #2: GSA STIMULUS FUNDS - UP, OUT, AND CREATING JOBS

(111–29)

HEARING

BEFORE THE

SUBCOMMITTEE ON
ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND
EMERGENCY MANAGEMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

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May 1, 2009

SUMMARY OF SUBJECT MATTER

To: Members of the Subcommittee on Economic Development, Public Buildings, and Emergency Management

From: Subcommittee on Economic Development, Public Buildings, and Emergency Management Staff

Subject: Hearing on GSA's Implementation of Recovery Act Funds

PURPOSE OF THE HEARING

On Tuesday, May 5, 2009, at 2:00 p.m., in room 2167 of the Rayburn House Office Building, the Subcommittee will meet to receive testimony from the U.S. General Services Administration (GSA), the GSA Inspector General, and the U.S. Social Security Administration. The panel will provide testimony on the plans of GSA to execute projects funded by the American Recovery and Reinvestment Act ("Recovery Act") of 2009 (P.L.111-5).

BACKGROUND

The Subcommittee on Economic Development, Public Buildings, and Emergency Management has jurisdiction over all of GSA's real property activity through the Property Act of 1949, the Public Buildings Act of 1959, and the Cooperative Use Act of 1976. These three Acts are now codified as Title 40 of the United States Code. The Public Buildings Service (PBS) is responsible for the construction, repair, maintenance, alteration, and operation of United States courthouses and public buildings of the Federal Government. Additionally, PBS leases privately owned space for Federal use. With a work force of approximately 6,000 employees, PBS owns, operates, maintains, and repairs existing Federal buildings, and plans for the construction of new Federal buildings, including courthouses.

GSA owns more than 1,600 Federal buildings totaling 181 million square feet of space, which provide office space for 470,000 Federal workers. It also provides space in Federal buildings

for child-care. The inventory ranges from 2,500 square-foot border crossing stations along the northern border, to 1 million square-foot U.S. courthouses located in major metropolitan areas.

THE AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

In the Recovery Act, Congress appropriated $5.5 billion for GSA to construct and renovate federal facilities and to convert existing federal buildings to more energy efficient buildings. On March 31, 2009, GSA released a comprehensive list of capital projects they intended to move forward with for Congressional review. The project list includes projects in all 50 states, the District of Columbia, and two U.S. territories.

Projects listed include the construction of 17 Federal buildings, U.S. courthouses, land port of entries, and converting existing Federal buildings into high-performance green Federal buildings. GSA will be constructing and renovating buildings previously authorized by Congress. On the exterior, modernization projects include green roofs, photovoltaic roofs, cool membrane roofs, and insulating roofs with conventional insulation. In the interior, modernization projects will address lighting, water conservation, heating, ventilation, and air conditioning retrofitting and replacement, and building systems tune-ups.

Some of the largest projects include:

A. Construction

- Department of Homeland Security, Washington, DC: $450 million;
- U.S. Courthouse, Austin, TX: $116 million;
- U.S. Land Port of Entry, Nogales, AZ: $199 million; and
- U.S. Courthouse, Billings, MT: $80 million.

B. Modernization

- IRS Center, Andover, MA: $117 million;
- Peter Rodino Federal Building, Newark, NJ: $146 million;
- Degatau & Courthouse, San Juan, PR: $99 million;
- A. J. Celebrezze Federal Building, Cleveland, OH: $121 million;
- Edith Green-Wyndell Wyatt Federal Building, Portland, OR: $133 million;
- Byron Rogers Federal Building Denver, CO: $167 million; and
- 1800 F Street NW, Washington, DC: $161 million.

GSA has established a Project Management Office (PMO) to administer the Recovery Act funds. The PMO is expected to work in concert with the PBS to quickly obligate the funds. In addition to creating jobs, the Recovery Act funds have the dual purpose of addressing a backlog of capital and maintenance actions necessary to manage the GSA capital asset portfolio and meet the energy goals of the Energy Independence and Security Act (P.L. 110-140) for public buildings.

The purpose of the hearing is to examine the process of how GSA plans to execute the Recovery Act and how any of the streamlining measures that occur in the execution of Recovery Act can be used in future GSA operations. We anticipate that there will be significant demand on GSA

personnel to implement the stimulus proposal and GSA will be operating with essentially the same amount of personnel in the agency before the Recovery Act became public law.

WITNESSES

William Guerin
Project Management Office Executive
U.S. General Services Administration

Brian Miller
Inspector General
U.S. General Services Administration

Shapour Ebadi
St. Elizabeth's Project Executive
U.S. General Services Administration

Michael Gallagher
Assistant Deputy Commissioner
Budget, Finance, and Management
Social Security Administration

TRACKING HEARING #2: GSA STIMULUS FUNDS - UP, OUT, AND CREATING JOBS

Tuesday, May 5, 2009,

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS AND EMERGENCY MANAGEMENT,
Committee on Transportation and Infrastructure,
WASHINGTON, DC.

The Subcommittee met, pursuant to call, at 2:18 p.m., in Room 2165, Rayburn House Office Building, Hon. Eleanor Holmes Norton [chairwoman of the Subcommittee] presiding.

Ms. NORTON. I apologize to the committee for my tardiness in starting this committee hearing. I was detained off campus where I was speaking. I do not know what is happening in D.C.—you have to detour to get back to the office—but I will find out.

The American Recovery and Reinvestment Act, signed into law on February 17, 2009, provided $5.55 billion for the General Services Administration. I am especially pleased to be chairing the Subcommittee on Economic Development, Public Buildings and Emergency Management at a time when Congress has provided unprecedented funds for repair and rehabilitation to the GSA: $4.5 billion to convert federally owned GSA buildings into high-performance green buildings; another $300 million for border stations and land ports of entry; and an additional $750 million for repair, alteration and construction of other Federal buildings and courthouses, of which $450 million is allocated to the new Department of Homeland Security Headquarters project located on the old St. Elizabeth's west campus in the District of Columbia.

This second tracking hearing on GSA's progress on the creation of jobs and on the repair and rehabilitation of Federal buildings follows the Full Committee hearing last week, featuring all of the Subcommittees, entitled ″Recovery Act: 10-Week Progress Report for Transportation and Infrastructure Programs.″

The Transportation and Infrastructure Committee is requiring that all funds be obligated by September 30, 2010, with the remainder available until September 30, 2011. Note that word ″available.″ Move it or lose it. However, GSA stands out among Federal agencies because this agency does not distribute its funds to States or localities, but itself is fully accountable as a Federal agency for the necessary job creation, work and timelines on Federal buildings.

Moreover, because the GSA funds will be spent on Federal structures, taxpayers will get an additional bang for the Federal buck with energy savings that are central to all of these GSA projects.

So important is GSA's dual role as a Federal agency, for which the administration and the Congress is also accountable, that the White House announced the GSA projects and locations itself. Thus, this Subcommittee has a particularly important oversight role to ensure that the GSA and the Federal Government lead by example and quickly create jobs. Consequently, I intend to frequently convene hearings to track the progress in obligating funds and in creating jobs to help GSA spot issues early. The GSA project list, now online, covers all 50 States, the District of Columbia and the territories.

I urge Members of the Subcommittee and other Members of Congress to personally monitor job creation in their districts and States.

Today, I am releasing the 22 projects in my district that include six high-performance green buildings, full and partial building modernizations, and 16 other high-performance green building projects.

Because the District of Columbia is the seat of the Federal Government, with most of its prime land off the local tax rolls to be used for Federal office space, the District ranks number one in government projects in need of work, with Texas ranked number two. However, GSA prepared its list of potential projects based entirely on its backlog of repairs needed to maintain its own large inventory throughout the Nation.

The Committee insisted, our Subcommittee insisted, that all projects contain a significant energy saving component, and GSA refined its list to incorporate energy efficiencies and new technologies along with contract timelines. As a result of GSA's projects, we expect to move Federal Government procurement to a lead position for energy-efficient buildings, allowing taxpayers to receive the rewards of lower energy costs.

The congressional focus on the repair of existing Federal buildings will also preserve the valuable federally owned inventory for occupancy and for other vital needs. Importantly, providing jobs that stimulate the economy is the primary purpose of the stimulus bill. Our Subcommittee staff has worked closely with GSA to assure that its Recovery Act projects can be implemented quickly while providing many jobs at a variety of skill levels.

Because of its proven twin effects on stimulating the economy and on putting people to work quickly, infrastructure is at the heart of the Recovery Act itself. It was therefore impossible to avoid the reality that the training deficit in construction jobs among some Americans could produce disputes when federally funded jobs go to the already trained, mostly white male workforce. However, these workers, these construction workers, have faced a long period of unemployment and have one of the highest unemployment rates in the country. Considering the steep rise in unemployment for minorities, women and the like, however, the last thing the country needs is racial, ethnic, or other group tension.

We have taken some steps to avoid this division among workers and allied minorities and women. Consistent training has been the major barrier for minorities and women in construction since the Federal Government ceased funding a large management-labor training program in 1980, resulting in too few journeyman appren-

tices and other trained workers for many of the trades. However, today's unprecedented amount of stimulus funds committed to infrastructure and job creation is a call to action to avoid missing this opportunity by mounting well-designed pre-apprenticeship and apprenticeship training that can lead to high-paying journeymen jobs.

If we are vigilant, the economic crisis which has created the worst of times can create new opportunities. We have gotten off to a good start in this Recovery Act with $3 million for on-the-job pre-apprentice and apprenticeship training in the GSA section of the bill and $20 million for training in the highway section.

The training money in the GSA section raises several issues, because the amount is so small, about where and how much money can be efficiently spent to produce the intended results. Both sections of the bill are woefully insufficient for the training, and I intend to introduce a bill for mandatory training in the upcoming highways and transit reauthorization bill.

A good amount of money has been available in the transportation bill for a decade—with one-half of 1 percent of State highway dollars available for training programs. However, only 17 States have chosen to spend some of their funds for training, leaving minorities and women untrained, and abdicating the responsibility of the State and Federal Governments to prevent discrimination when Federal dollars are used.

In the interim, when acting administrator Paul Prouty testified at last week's hearing, I suggested that GSA consider working with the Department of Transportation to devise the most effective way to allocate these funds on a nationwide basis. Both agencies have too little funds for the training necessary, but together they may be able to avoid a duplication of efforts and may be able to perhaps achieve some economies of scale.

At today's hearing, we will hear in greater detail from GSA about how it expects to obligate funds to create jobs, to ensure quality construction, and to create and adhere to the necessary timetables. GSA Inspector General Brian Miller has already acknowledged that the rapid spending of government funds creates considerable risks. We have learned that lesson in the post-Katrina period as well as with spending associated with the Iraqi war. We will also hear from a GSA customer, the Social Security Administration, that will benefit from these funds.

I want to thank today's witnesses, and I very much look forward to their testimony.

May I ask now if the Ranking Member has any opening remarks?

Mr. DIAZ-BALART. Thank you, Madam Chairwoman. Let me first thank you for holding this oversight hearing today on GSA's Recovery Act funds.

It seems that Congress is now in the position of having put the cart before the horse by, frankly, passing legislation that contains no oversight and yet demanding, after the money is spent or has been out the door, to have some oversight, which is why this is such an important hearing.

We recently saw the consequences of, frankly, hastily enacted legislation, significant and expensive legislation without oversight

and with the ongoing scandals that we continue to read about and see regarding and resulting from the TARP money.

That is why, again, I want to thank the Chairwoman for holding this hearing today—to allow us some opportunity for oversight of the funds for the GSA projects.

As the Chairwoman said, the Recovery Act included $5.5 billion for the GSA Federal Building Fund. Considering this huge investment, we know that the potential is there for waste, frankly. The Chairwoman, herself, just talked about that. The Federal real property has been on the GAO's high-risk list since 2003, and according to the GAO, longstanding problems in the Federal real property area have multibillion-dollar cost implications to the taxpayer, obviously, and to GSA. So the workload for GSA, with regard to Federal buildings, has tripled now under this legislation, creating, obviously, more potential for problems with mismanagement, with waste and with cost overruns.

So the last thing, obviously, that American taxpayers need or want to see are projects that are started and then all of a sudden finished because they are too costly, or because there is not enough money, or because the money is misspent, or because they are coming back to Congress for more money because those funds were not sufficient for the projects that were started. Again, we need to make sure that the money is well spent, and that is why I want to thank the Chairwoman for this hearing.

At a hearing in January, the GAO recommended three guiding principles for GSA projects funded under this Recovery Act: Number one, it was to create well-defined goals based on identified areas of interest. Number two, it was to incorporate performance and accountability into funding decisions. Number three, it was to employ the best tools and approaches to emphasize return on investment.

Here lies a bit of the problem. None of these practical suggestions to help avoid risk in spending of taxpayers' money was incorporated into the bill, which is, I think, too bad.

Now, however, I am interested in knowing, again, under the employment of these principles, if that is the objective of GSA—to make sure that we do not have the problems that we could have. So, while the stated purpose of the Recovery Act was to stimulate jobs, the bill also set aside $4.5 billion of the $5.5 billion to convert GSA facilities to high-performance green buildings, as identified in section 401 of the Energy Independence and Security Act.

So, obviously, we all recognize that energy conservation and independence is an important goal. It is a very important goal. However, it is also important to realize that this was a stimulus bill. Ensuring tax dollars included in the bill are there to create jobs has to be the primary goal, and I think it is, but it has to be the primary goal of GSA. Unfortunately, and we had this conversation last week, we have yet to see the number of jobs that are going to be created by those funded projects, and I am hoping those will be forthcoming.

In addition, among the requirements of the Energy Act are reducing energy, water and material resources use, improving indoor environmental quality, including acoustic environments, and considering the indoor and outdoor effects of the building.

Again, that is part of the act, so therein lies part of the challenge: create jobs or do this other part that is also required. I for one think, obviously, that the purpose of this bill is to create jobs and to create them immediately.

I am pleased that the Chairwoman is holding this oversight hearing. She is very committed to doing this, and I want to thank her for that. I do remain concerned there is still the tremendous potential for mismanagement and for waste, and the number of jobs that these projects will create has yet to be demonstrated.

So, while many of the projects may be worthy—and frankly, even some of them very necessary—we must ensure that such large commitments of taxpayer dollars are properly used, that the money is properly managed and, obviously, that the priority that Congress was hoping for, which is job creation, continues to be priority number one.

So I look forward to hearing from all of you. I really thank you all for being here and for spending your time with us today. Once again, I will end by thanking the Chairwoman for having what is a very important oversight meeting. Thank you.

Ms. NORTON. Thank you very much.

Mr. Diaz-Balart, it was a pleasure to go to Florida with you last Friday and to learn so much. I think that we will prepare the entire country for the coming hurricane season.

I am pleased to recognize Ms. Edwards of Maryland.

Ms. EDWARDS. Thank you, Madam Chairwoman, and thank you to the panel this morning.

I am excited to be here and to hear the progress that is being made in GSA. I just want to take a moment and recognize, along with you, that I know that you have the capacity at GSA to do not just the job creation that we envisioned under the Recovery and Reinvestment Act, but also to make sure that we are building buildings for the future and that we are transforming buildings for the future.

I note that I see, with the GSA team, a fellow who was deeply involved in moving forward the amazing green building at the Food and Drug Administration, which is in my district, and I would like to see those kinds of buildings with Federal funds—Federal buildings—all across the country because, in the long run, it will save us a ton of money.

I know that in the Recovery and Reinvestment Act, Madam Chairwoman, part of what we recognize is that we want to create jobs in the short term and that we want to create opportunities and savings for the taxpayers in the future. And so I look forward to hearing that aspect of what you all have in mind and to working with you over these next several months and years to make sure that we can do what the Chairwoman has in mind as well, and that is to create job opportunities for the thousands and thousands of people out there who could be trained up to engage in productive, economic activity in support of the mission of GSA and in support of the taxpayer, if we could just get them the skills base to do that. So thank you for being here today.

Madam Chairwoman, thank you very much for holding this important oversight hearing.

I would say in conclusion that while there may not be direct oversight authority as we move forward with looking at the expenditure in the American Recovery and Reinvestment Act, Congress always has broad authority to look at the way taxpayer dollars are spent, and that is exactly what we are doing here today. Thank you.

Ms. NORTON. Thank you very much, Ms. Edwards. May I congratulate you on your performance at Shakespeare last night where you were typecast as an environmental activist.

Mr. Cao, do you have any opening remarks?

Mr. CAO. Thank you, Madam Chairwoman.

I would like to thank the members of the panel for being here today. I am very much interested in the recovery process of the Second Congressional District. I know that there are various projects in the district that are presently being used—the stimulus money being used—in connection with several of the projects down there in the district. I am interested in hearing about those projects and about how taxpayer money is being used to renovate or to improve some of those projects down there.

I would just like to thank Mr. Brian Miller personally for being a member of the Department of Justice Hurricane Katrina Task Force because, right after Katrina, we faced a tremendous crime issue in the district. Your help, along with others, was very appreciated, and I hope that you can continue to assist us in that area, if possible.

So, with that, thank you very much, Madam Chairwoman.

Ms. NORTON. Thank you, Mr. Cao.

I am just playing tic-tac-toe with my Ranking Member here. No, we were listening to you, but we were having a side conversation.

Meanwhile, we are very pleased to welcome today's witnesses: William Guerin, who is the Project Management Office Executive for this project, who is accompanied by Dawud Abdur-Rahman, who is the Development Director for the largest of the projects—the headquarters of the Department of Homeland Security; Brian Miller, the Inspector General for GSA; and Michael Gallagher, the Assistant Deputy Commissioner of Budget, Finance and Management at the Social Security Administration.

TESTIMONY OF WILLIAM GUERIN, PROJECT MANAGEMENT OFFICE EXECUTIVE, U.S. GENERAL SERVICES ADMINISTRATION, ACCOMPANIED BY DAWUD ABDUR-RAHMAN, DEVELOPMENT DIRECTOR, HEADQUARTERS, DEPARTMENT OF HOMELAND SECURITY; BRIAN MILLER, INSPECTOR GENERAL, U.S. GENERAL SERVICES ADMINISTRATION; SHAPOUR EBADI, ST. ELIZABETH'S PROJECT EXECUTIVE, U.S. GENERAL SERVICES ADMINISTRATION; AND MICHAEL GALLAGHER, ASSISTANT DEPUTY COMMISSIONER, BUDGET, FINANCE AND MANAGEMENT, SOCIAL SECURITY ADMINISTRATION

Ms. NORTON. Let us begin in the order I have just indicated.

Mr. GUERIN. Good afternoon, Madam Chair, Ranking Member Diaz-Balart, Mr. Cao, and Ms. Edwards. Thank you very much for inviting us to participate on the panel today.

My name is William Guerin, and I am the recovery executive in our newly established Recovery Program Management Office in GSA's Public Building Service.

The funds Congress provided us through the American Recovery and Reinvestment Act are a sound investment. First, these funds will stimulate growth in the construction and real estate sectors. Second, it will help us reduce energy consumption and improve the environmental performance of our inventory. Third, it is an investment in the existing infrastructure. We recognize that this is not business as usual.

To better implement our part of the Recovery Act, we created a program management office. The PMO is nationally managed and is regionally executed. At the national level, we are staffed with a combination of in-house experts, high-performing employees, and industry hires. The PMO is further supported by contract and consultant resources. I was recently named as the recovery executive to lead this Office. In addition, an executive steering committee, headed by our Deputy Commissioner, advises the PMO. The steering committee developed a nationwide program strategy and helped set priorities. They will approve any changes to the project list and will address national customer concerns.

In terms of project execution, we have an aggressive schedule. We are streamlining our business processes and approaches to meet that schedule. For example, we created three zone committees. The zones are geographically based to monitor projects at the regional level. Each zone is led by a zone executive who assists in tracking and in monitoring our projects. They will be able to shift support resources to projects and to regions as needed. In effect, the PMO serves as an early warning system for projects that are not meeting anticipated targets, and we just appointed our three zone executives last week.

Since enactment of the Recovery Act, we have moved quickly. On March 31, we delivered a list of 254 projects to Congress. These projects fall into three categories: new construction, including $1 billion invested in 17 projects; full and partial building modernizations, investing $3.2 billion in 43 projects; and limited scope, high-performance green building projects where we have invested $807 million to repair and to enhance building infrastructure systems in more than 194 projects.

To date, we have awarded close to $100 million, and we currently have a number of solicitations on the street. We expect to award at least another $100 million in recovery projects by early June. Of the $5.5 billion we received, our goal is to obligate $1 billion by August 1st and another $1 billion by the end of the calendar year. We have target dates for project awards in each quarter to ensure we obligate $5 billion by the end of fiscal year 2010 and an additional $550 million by the end of 2011.

As described previously in our written statement, we use criteria in selecting projects for our spend plan that would put people back to work quickly and that will transform our Federal buildings into high-performance green buildings. For many of the common high-performance green building elements, we have developed standard scopes of work. These standard scopes of work will be shared nationwide and with other agencies engaged in Recovery Act work. In

addition, we are using regional and national contracts to support our reporting and tracking efforts and program management activities.

Finally, pre-apprenticeship and apprenticeship programs will be an integral part of our Recovery Act projects. These programs will be established as contractual requirements for our building projects. The programs will be modeled after GSA's successful program in the National Capital Region, through which at least 840 people at 15 projects have been trained and employed since the program's inception in 2002.

Joining me today is Dawud Abdur-Rahman, the Development Director for the DHS headquarters at St. Elizabeth's.

Madam Chair, Ranking Member Diaz-Balart and Members of the Subcommittee, this concludes my prepared statement. I have briefly described our activities as part of the American Recovery and Reinvestment Act. We look forward to working with you and with Members of the Subcommittee as we engage in this important work.

We have just appointed our three zone executives, who fill out our whole team in the central office. I will be pleased to answer any questions that you or other Members of the Subcommittee may have.

Ms. NORTON. Mr. Abdur-Rahman, do you have any statement at this time?

Mr. ABDUR-RAHMAN. No, Madam Chair, I do not.

Ms. NORTON. Well then, will you be prepared then to answer questions later?

Mr. ABDUR-RAHMAN. Yes.

Ms. NORTON. We are glad to have you here.

Mr. Miller.

Mr. MILLER. Thank you, Madam Chair. Good afternoon.

Madam Chair, Ranking Member Diaz-Balart, Members of the Committee, thank you for inviting me to testify at this important hearing.

These Recovery Act projects are monumental. Fifty years from now, people will be talking about how these Recovery Act projects have transformed the way government delivers services to the American people. It is important that we get these right. Thank you for having this hearing.

As you know, GSA's normal construction budget for building projects is about $1.3 billion a year. The Recovery Act provides GSA with an additional $5.55 billion in construction funding and $300 million for acquisition of energy-efficient vehicles. The increase in construction funding alone is four times GSA's typical construction budget for a single year. The Recovery Act requires GSA to obligate the majority of those funds within a 20-month period. In addition to funds going directly to GSA, significant additional amounts will flow through GSA from other agencies. These additional amounts include, for example, $620 million from DHS, $90 million from State, and possibly $500 million from the Social Security Administration.

The bottom line is that GSA is being asked to spend and to manage five times more than it normally does in a significantly shortened time frame.

The Office of Inspector General has been meeting regularly with the agency both to monitor Recovery Act activities and to ensure that we have a clear understanding of the agency's plans. This postworking relationship exists partly due to the efforts of Acting Administrator Paul Prouty, and I commend him for his collegiality. We have also developed strategies to conduct more timely reviews in recognition of the needs of the agency to act quickly on Recovery Act projects.

The mantra from the movie ″Field of Dreams″ is, if you build it, they will come. Well, GSA is building it now. However, some of those who will come are criminals, fraudsters and cheats. If contracting for Hurricane Katrina and the war in Iraq taught us anything, it was that the quick government spending of large amounts of money creates considerable risks.

To address these risks and to meet the time frames set out in the Recovery Act, we have developed new ways to respond quickly. We have adopted a quick response approach, using auditors and investigators to rapidly follow up on Recovery Act complaints and referrals, including those forwarded to us by the Recovery Accountability and Transparency Board. We have established a core team of auditors, and we will be using a streamlined approach to performing reviews.

The amount of funds and the short time frame will create significant challenges for GSA. I would like to highlight what I see as four of those challenges.

First, I believe that the most critical challenge will be the need for additional qualified personnel, especially contracting officers and project managers. Because GSA may not be able to hire sufficiently qualified new employees to meet this need, GSA is considering hiring contractors to fill the immediate void and to assist with the increased workload.

This blended workforce, however, will create a second challenge; namely, the additional risks related to security, conflicts of interest, and to the management of contractors.

The third challenge, based on problems identified in the past, will be managing projects to prevent cost escalations beyond approved funding, resolving claims, and avoiding project delays.

A fourth challenge will be managing unbudgeted customer needs.

As it struggles to meet these challenges, GSA is like a single-engine freight train that suddenly must carry four times its normal load with the addition of more freight cars. The anticipated addition of even more cars to that train, as agencies start turning over their project funding to GSA, will put even more strain on the GSA engine. If it hits a hill or a bump, the engine may quickly fry and burn out.

Thank you for your attention. I will be happy to answer any questions.

Ms. NORTON. Thank you, Mr. Miller, for your testimony.

Mr. Gallagher.

Mr. GALLAGHER. Madam Chair, Ranking Member Diaz-Balart and Members of the Subcommittee, good afternoon. I am Michael Gallagher, Assistant Deputy Commissioner for Social Security's Office of Budget, Finance and Management.

On behalf of Commissioner Michael Astrue, I thank you for the opportunity to discuss our partnership with the General Services Administration to construct a new data center using $500 million appropriated to us in the Recovery Act. This new center will replace our aging, 30-year-old National Computer Center. In addition to being state of the art, the new facility will incorporate green building technology and will use new energy-efficient equipment and processes.

To ensure the project is completed on time, on budget, and in full compliance with the Recovery Act requirements, we and GSA have assigned our best and most experienced project managers. We look forward to this important collaboration, and I would like to thank GSA for its leadership in this vital project.

Our current data center is the technological heart of the agency, housing critical computer operations and essential data for prompt and accurate benefit payments to tens of millions of Americans. Let me put this work into context:

Last fiscal year, we paid over $650 billion to more than 52 million Americans. We currently process an all-time high of over 75 million business transactions per day. To support our disability workload, we store nearly 370 million imaged health records to which we add 2 million more records each week. To manage benefits annually, we exchange over 1 billion data files with Federal and State governments and businesses. Given the nature and volume of these workloads, it is clear that the successful construction of the new data center is essential for us to continue serving the American people.

With the Recovery Act funding, we at GSA will ensure that the new data center will be operational as our current facility nears the end of its functional life. I am pleased to report to you that we and GSA are moving aggressively to build this new facility. GSA has already hired a construction management firm for this project, and it has hit the ground running. In addition, we and GSA are formulating specific requirements to construct a state-of-the-art data center that meets industry standards, developing the site selection criteria and developing a detailed construction plan. Now, GSA is primarily responsible for executing these steps. Nevertheless, we will provide input and oversight throughout the process to ensure the facility is designed to meet our requirements.

Our key milestones for this project are acquiring the site in the second quarter of fiscal year 2010, awarding the design-build contract in the second quarter of fiscal year 2011, and completing construction in the first quarter of fiscal year 2014.

GSA is working closely with us and industry experts to review procurement options so that we can expedite this project without compromising quality or accepting undue risks or added costs. Our joint efforts will meet all of the accountability and transparency objectives set forth by the administration and by the Congress when these funds were appropriated.

Again, we thank the Congress for this important appropriation, and we extend our appreciation to GSA for working so diligently with us to construct the new data center. Thank you for the opportunity to speak with you today, and I look forward to answering your questions.

Ms. NORTON. Thank you very much, Mr. Gallagher.

Mr. Miller, on page 2 of your testimony, you testify as to some facts that speak for themselves when you say that the increase in construction funding alone is four times GSA's typical construction budget in a single year. The Recovery Act requires GSA to obligate the majority of those funds in a 20-month period. This Subcommittee is well-acquainted with the problems of timing at GSA. It is one of the banes of our existence. So we have two issues here I would like to raise with you.

One is, given what you know and what, I must assure you, this Subcommittee knows about the pruning of the agency with staff, such as to hire staff, there is sometimes legendary inefficiency. There is the need to spend these funds quickly to produce quality work without conflicts of interest.

Sir, can you testify here today that you think the agency is capable of meeting these standards?

Mr. MILLER. Madam Chair, that is an excellent question.

The role of an inspector general is to review what the agency is doing, and we are reviewing the agency's planning process and what they plan to do to try to meet these goals, and we will continue to do that. Perhaps Mr. Guerin might want to address this question more directly.

Ms. NORTON. Well, he will tell me "yes," you see. That is why we found you to tell us the truth.

Believe me, we have a great admiration for GSA. If my remarks sound jaundiced, I want you to know the very fact that Mr. Gallagher and the other agencies, by the way, have handed over money to GSA to do their work, when they could, I guess, have hired a contractor or something, speaks to the high regard in which the GSA is held.

We also have seen the agency—the ″pruning″ of staff is quite a polite word for what has happened to this agency over the last several years. Yet, even if it were fully staffed as it were, let us say, when I came to Congress a century ago, it would have been a lot to put on the agency to say: Do this. Do it fast. Do it well. Do it so the IG salutes you.

I don't expect you to deprecate the agency ahead of time, but I have to ask you, sir:

I know in your testimony on page 5 that you speak, as you have just in answer to my question about a quick response approach, about using auditors and investigators to ″rapidly follow up on Recovery Act complaints and referrals.″

Now, the Subcommittee is far more interested in pre-audits and in understanding the terrible time constraints you are under that keep an agency which is known for slow work—maybe in order to make sure they get it right—but to keep the agency from making mistakes while the train is running, as you say, four times the rate it usually does.

Are you prepared to do pre-audits or something of that nature to help GSA weather this extraordinary storm we have put upon it and insist that it do?

Mr. MILLER. Madam Chair, we are prepared to do that. We are not relying on the old yellow book audit standard. They take too long. Traditional audits take too long. We are adopting a more

rapid approach, akin to the critical point evaluations that you may be familiar with or may not be familiar with, and we hope to review these projects early, very early, and establish points at which we will get feedback back to the agency. We will provide reviews to the agency quickly so that they can change direction if they are going in the wrong direction, or if they have a mistaken assumption, we will be able to inform them. We are attempting to——

Ms. NORTON. Do you have the staff to do that, Mr. Miller? We funded you as well. All of the Stimulus Act funds have these extra funds, and we realize we are putting the burden on you as well. Do you have the funds to do not only the ″oh, gotcha″ stuff that IGs, of course, do so well but also the ″here is how not to get you″?

Mr. MILLER. Well, we could use more auditors and investigators. We are reassigning——

Ms. NORTON. How big is your office, and how many additional auditors and investigators have you been authorized to hire?

Mr. MILLER. We have about 300 total individuals in the office, a little more than that.

Ms. NORTON. Now, I know you do a lot of work with GSA contracts aside from the Public Building Service. I am interested in the Public Building Service's auditors and contractors because that is where this money, I think, is going. How many are in that service now, and how many additional have you been authorized to hire?

Mr. MILLER. We have seven FTEs who are funded by the Recovery Act.

Ms. NORTON. Seven?

Mr. MILLER. Seven. We are reassigning other auditors from other projects. As you have noted, we have statutorily required audits in other areas that we have to perform, not the least of which is a review of customer service centers that we are required by statute to do with the Department of Defense IG on the acquisition side.

Ms. NORTON. Is this staff all together? So that is separate work, as far as I am concerned, the Department of Defense work.

Mr. MILLER. I agree.

Ms. NORTON. So, given the fact that Public Building Service is the largest part of GSA, I am looking for how much of your staff is devoted to PBS work.

Mr. MILLER. Well, under the act, we were funded seven additional FTE, seven additional slots.

Ms. NORTON. Are most of those other auditors not doing PBS work?

Mr. MILLER. Most of those will go to Public Building Service work.

Ms. NORTON. Okay.

Mr. MILLER. There is additional money in the Recovery Act for fleet—the energy efficient vehicles—so we will be looking at those, too. The only reason I mention the other——

Ms. NORTON. Does the GSA have authority over the fleet vehicles as well?

Mr. MILLER. Yes, it does. The only reason I mentioned the work with the DOD IG is that we are trying to move our resources to marshal them to look at Recovery Act funds so that we can spot

issues early, as you said. But we do have limits, and we are stretched thin, so we do need auditors and investigators.

Ms. NORTON. Now, I am very concerned about another issue you testified about, concerning the need for more staff, bringing on more staff quickly. I am also on another Committee where the entire Federal Government is legendary for how long it takes people to get on staff. So some of the best and the brightest say, ″Later. I bet I can get hired tomorrow at some big private firm.″

Let me disaggregate this. When it comes to what is mentioned on page 7 of your testimony—security, conflicts of interest, the managing of contractors—when my staff heard me earlier ask a question about how many retirees, they said, ″Oh, Congresswoman, I thought you wanted new employees,″ you know, ″to get more jobs.″ I do, but I am desperate, and I would assume that retirees, if you could get them, would already meet the security, conflict-of-interest and other such requirements.

What percentage of these new people are going to be retirees? Do you expect them to be retirees? Maybe I should also ask this of Mr. Guerin. What percentage will be contractors?

Now, I am assuming that a contractor who is working on government work will have to go through certain kinds of conflicts of interest and security doors that others would have to go through only briefly. So I need to know how many of each kind of employee we are likely to get working on this matter, because it has a lot to do with how quickly we get going. I also assume that if you are a contractor, you need to be trained. God help us if we got a whole new training module to get into. So I want to get down into personnel really quickly, since nothing gets done in this world unless you have got the best people who work on overtime and then some to get it done.

Mr. MILLER. Madam Chair, thank you for asking that.

We are trying to hire retired annuitants. We have several auditors who have a great deal of experience, who have retired from GSA, who would be willing to work for us again, and we would love to hire them again. Also, we were hoping to pick up some retired auditors from DCAA. We are currently working with OPM to obtain the authority to hire retired annuitants.

Ms. NORTON. Do you think we will be able to get more retirees than contractors or not, Mr. Miller?

Mr. MILLER. Well, from my office, we are hoping to get more retirees.

Ms. NORTON. How about you, Mr. Guerin?

Mr. GUERIN. Congresswoman, we have identified upwards of 20 annuitants who could potentially come back to work for us. Just in reaching out recently, not everybody is interested in coming back, of course, and they are concerned about losing so many of their retirement funds as part of that process, but we are actively——

Ms. NORTON. Is that still the law here? Let me ask you: Is it still impossible for an annuitant? I thought we made some changes in that.

Mr. GUERIN. I think they reduced the annuity for people who are coming back. That is my understanding, Congresswoman.

Ms. NORTON. Mr. Miller, do you know?

Mr. MILLER. Madam Chair, we are working with OPM to obtain that authority. Currently, my office does not have that authority, and I understand that GSA does not have the authority to hire retired annuitants without their waiving their retirements.

Ms. NORTON. Oh, have mercy. Do you mean they have not instantly done that?

Mr. MILLER. They have not. We are working with OPM, and we are optimistic that they will do it shortly.

Ms. NORTON. Moan. Moan. Moan. Well, that is something—neither office has it. Do you know how many agencies have it? I am on the Oversight and Reform Committee, and here I am under the illusion that we have already understood how important that is, quite apart from the stimulus funds in certain circumstances, and GSA has needed it for a long time. Do you know how many offices have this? Do most offices have it?

Mr. MILLER. Madam Chair, I have been trying to get this authority very quickly because we have about 10 to 15 retired annuitants who would come to work for us. I have talked to other IGs, and a few of the other IGs have the authority already, but it is a process.

Ms. NORTON. You know, I want to say to the staff director, while I sent you out of the room to fetch my good friend whom I knew had some questions, we have just learned that GSA, including the IG, has no authority to hire retired annuitants as some agencies do. By the close of business tomorrow, would staff let me know if GSA has that authority or not. This is crippling. We have already had to pull Mr. Guerin, and everybody else from GSA, from everything else they were doing just to get started.

I am going to go to the Ranking Member, and I then want to go to Ms. Edwards, who I know has been waiting. Forgive me for going on so long.

Mr. DIAZ-BALART. Thank you. By the way, it was not a century. I just want to defend you here.

Ms. NORTON. Thank you very much. Just don't tell them how long it has been.

Mr. DIAZ-BALART. Right. Right. Thank you, Madam Chairwoman.

Mr. Guerin, one of the things—and I have mentioned this before in other hearings, but the Recovery Act includes money for Federal buildings and for U.S. courthouses. In addition, the Recovery Act authorizes GSA to initiate design, construction, repair, alteration, and other projects through existing authorities of the administrator.

Now, GSA has an existing authority to acquire properties. This is to strategically acquire property, you know; for example, to help save stalled buildings that may be out there that would create jobs. Obviously, it would help the neighborhood, and it would help the whole area, but it would also create jobs. These are buildings, you know, that were starting to go up and that are now dead, frankly. And there are a bunch of them out there, unfortunately, throughout the entire country. You know, GSA's purchase opportunity program in the 1980s did a heck of a good job in creating opportunities for the taxpayer to save money precisely by doing that, and so I am hoping that you are looking at that. Are you? If not, why not?

Here we have an opportunity to create jobs. Also, here we have an opportunity to, in the short and long term, help the taxpayer

in a really substantial way while creating jobs. It is not something where you have to reinvent the wheel. It was done by GSA in the 1980s. Where are you?

Mr. GUERIN. We do have the authority.

Mr. DIAZ-BALART. And you were successful in the 1980s.

Mr. GUERIN. Yes, and we are continuing to look at using that authority judiciously where we can afford to do that with projects. We are not doing that through the Recovery Act. We looked at those projects. Again, as you said, the new construction program was an opportunity for us to complete Federal buildings, and we thought the legislation was written in a way that that was the target of the legislation—to take care of our Federal building program. We have quite a backlog of Federal buildings—courthouses and land ports of entry. So we looked at that.

We also included a couple of projects that were going to be lease projects but that are now being converted to Federal buildings, including in Billings, in Bakersfield, and an FBI building in San Juan. I believe there is one other one, Congressman. So we converted several leases to ownership specifically for that purpose.

Mr. DIAZ-BALART. Which saves a lot of money for the taxpayer in the long term?

Mr. GUERIN. Yes.

Mr. DIAZ-BALART. That should free up some money for you. The bottom line is you have projects in the pipeline. Now you are going to be able to do them. Is that going to free up some money for you?

Mr. GUERIN. It does not free up money in the Recovery Act, but in the future years, obviously, we will not be leasing those buildings. So, in future years, it will allow us to use our leasing money more effectively.

Mr. DIAZ-BALART. Right. So it does free up money in future years?

Mr. GUERIN. Yes.

Mr. DIAZ-BALART. All right. I am trying to be brief, Madam Chairwoman. I know we were called for votes.

Can you elaborate a little bit on your position? What is it, Project Management Office Executive?

Mr. GUERIN. For the Program Management Office, yes.

Mr. DIAZ-BALART. Can you elaborate a little bit about your structure and what that is and how that works and about what you will be doing?

Mr. GUERIN. Yes. The Program Management Office is set up in a three-tiered program. We have regional executives in each of our 11 regions, focused primarily—or entirely, I should say—on the Recovery Act projects in each of the regions. So those people are able to reach into the organization, are able to make sure that information is flowing properly and are able to make sure people are in the right positions to do the work that they need to do to support the Recovery Act.

They are reviewing staffing. Congresswoman Norton was talking about staffing earlier. They are making sure that they understand what the staffing requirements are in the regions and are making sure that we have the resources we need—I think I am feedbacking here—to make sure the Recovery Act goes well.

Then we have a second tier, which are zone executives. I announced in my opening comments that we have just recently selected those three people. The zone executives are specifically the first line of defense to ensure that the projects are being reviewed and tracked properly, and they are to make sure that resources across regions are being shared, where necessary, so that we have opportunities to use our few GSA resources more effectively. If someone in one region is not being used to his full extent, we can swap those resources across regions, and those zone executives are designed to do that.

They are looking at variants. They are looking at resources. They are looking at sharing, and they are particularly looking at lessons learned. So where we have an opportunity to learn a lesson and share something good to accelerate the program, we can do that quickly and effectively through the zone executives.

Then in the central office, under my direct purview, is a group of people who are specifically there to provide the tracking and reporting function that Congress requires and that OMB certainly requires through the program. We have a series of stakeholders who are quite interested in everything that we do, and we are making sure that we have the reporting functions set up to both track projects, to make sure that they are happening appropriately, to jump in where we need to to save projects that are getting themselves in trouble, to revamp the list where necessary if a project starts to go haywire and it will not recover. We need to be able to jump on that right away and be able to shift the funds to a different source, to a different project, to make sure that those funds get spent wisely. Then, finally, they are there to provide that reporting function that I described.

Mr. DIAZ-BALART. Thank you.

I have a number of questions, but our time is limited, and I know that Ms. Edwards probably has a question, too.

So, if I may, I will ask Mr. Miller a couple of questions again, even though I have a lot more than that.

Are you going to be able to also review the number of jobs created by the projects among the things that you are looking at? Because, obviously, this is supposed to be for that purpose.

Mr. MILLER. Well, Congressman, most of the GSA projects are building projects. That is the majority of the projects. We will be focusing on those projects and on, particularly, the challenges that I laid out in my testimony. So we will be looking at the effectiveness of the project as well, but certainly, we would be happy to include that as one of the items that we look at.

Mr. DIAZ-BALART. Again, I have a number of other questions, but as Madam Chairwoman has reminded me, we have votes, and we have one more person who wants to ask questions. Thank you. Thank you, Madam Chairwoman.

Ms. NORTON. Again, I apologize because it looks like we have one 15-minute vote and two 5's in this set of votes, for those who can vote. I will remain for the remaining questions.

Ms. Edwards.

Ms. EDWARDS. Thank you, Madam Chairwoman, and thank you to the Ranking Member as well.

I sat here and I listened to the testimony, and I have to tell you that the one thing that jumped out at me, Mr. Miller, is that in your testimony—and it is clear from our legislation we have quadrupled the amount of money that we are giving to go out to renovate and to build public buildings.

Have we quadrupled the number of investigators and auditors to oversee that money going out?

Mr. MILLER. No, we have not. Thank you for asking. We need more auditors and investigators to make sure that these projects are on track and to get answers back early.

Ms. EDWARDS. Then I just want to be clear, though. Are you unclear as to your authority to hire those people directly rather than contracting them?

Mr. MILLER. OPM has not given us the right to hire retired annuitants—retirees—so we have no authority to hire them without their waiving their retirements.

Ms. EDWARDS. So, just to follow this along, we may have to do something that enables that authority so that we can get people who are qualified and experienced and who can hit the ground running to do the kind of oversight and accountability that we need for the taxpayer; is that correct?

Mr. MILLER. That is correct. I am optimistic that OPM will come through quickly in the near future. We are working with OPM to gain that authority, but we do not have it now.

Ms. EDWARDS. Let me just continue on this line.

My major concern is with the hiring of contractors to do what, I believe, are all of the things that we have to do. Government workers cannot be building roads and buildings, but government workers should surely be able to oversee how taxpayer dollars are being spent. I think that is the most efficient way for us to oversee these funds. I am greatly concerned that, instead, you may have to rely on—and no offense intended—a bunch of hired hands to come in and do the function of government, and that concerns me tremendously.

We have the lessons of Katrina. We have the lessons of Iraq and of Afghanistan. The list is just long and replete with billions of dollars that are spent where contractors are overseeing every single part of the process and where government has no role other than that of writing the check, and the check just gets greater precisely because we have not overseen the funds. So this Member, anyway, is going to be disturbed tremendously if we cannot figure out a way to bring people in who know what they are doing because they have done it before.

Let me just ask this as well. On the question of security, how do we ensure that we are going to get people in who have the right kinds of security clearances to be able to oversee an audit and to be able to investigate in the way that they need to if we have to rely on a set of contractors and sort of a third-party verification of security compliance when we could get that and get it a lot faster if we were able to hire those who had already served in government?

Mr. MILLER. I could not agree more. Hiring contractors compounds the risk.

Ms. EDWARDS. Mr. Guerin, if you have any concerns about this, I would appreciate it if you would put those on the record now for this Subcommittee, because the last thing that we want is to be accused of mismanaging quadruple the amount of money that GSA has ever had before for these functions. We want people back to work. We want public buildings that meet efficiency requirements and that are able to perform for the future, and we do not want to waste taxpayer dollars.

Ms. EDWARDS. And so do you have the assurances that you are going to be able to function in a way that works for the taxpayers, given the resource limitations.

Mr. GUERIN. I will simply say that our biggest concern is around contracting officers. We believe that there are project management professionals in need of work now that will—and frankly I have received, you know, upwards of 50 applications personally, and I know it is happening across the country of people quite qualified looking for work with the Federal Government. And we are able to bring them in temporarily on 4-year contracts, things like that, to support our program, and we will be doing that. We are not looking to staff dramatically in Federal hires, Federal permanent employees, because this is a huge program. But it is a blip in our radar.

We will go back to, I suspect, a typical billion dollar or so a year construction program after the stimulus money has been spent out. But contracting officers are certainly a concern, and we are actively engaged, you know, particularly, you know, chasing annuitants and looking at people that have that kind of very specialized experience and trying to bring them on board as quickly as possible. It is something that, you know, we are actively looking at. Several regions have different ways of doing business.

We are looking at those lessons learned and those great ideas out there to how to use contracting officers more effectively and staff them with the kind of support they need to become much more efficient, I guess is the best word to do the contracting that needs to be done for this, and then in staffing up. But I think that area is a concern for GSA. Otherwise, I think we believe that the people are out there that can help us do the program.

Ms. EDWARDS. Thank you, Madam Chairwoman. And I just look forward to working with you and the Ranking Member so that we can make certain that with the quadrupling of the money that has gone out to GSA that we make sure that it is spent in the most efficient and effective way, and that the Agency and the Inspector General, in particular, has the authority to do what they need to bring on experienced people who know the job to do the job. Thank you very much.

Ms. NORTON. Thank you, Ms. Edwards. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you Madam Chairwoman. I think I have a couple, maybe a minute or so left before I have to run. And I thank you for that. I think Ms. Edwards is right on target. The key is making sure that the resources are there, that you have the flexibility.

Mr. Miller, you highlighted the potential for cost escalations and delays in your testimony obviously. And you also make the point that that is not a new issue. With the workload increase, what can be done differently to minimize those risks?

Mr. MILLER. If I may go back to your earlier question about job creation, I understand now that, according to Office of Management and Budget, they have given the Department of Commerce the responsibility of looking at job creation so that my office will not be looking at that particular aspect. So I am sorry I gave you an incorrect answer before. These are historical problems that GSA faces, the cost escalations, the time delays, and they are well aware of these issues and I assume that Mr. Guerin and others are taking efforts to try and correct them. But we will be keeping our eye on those issues and looking at those issues very carefully.

Mr. DIAZ-BALART. Thank you, Mr. Miller. And again, Madam Chairman, I apologize, but I do have to go vote.

Ms. NORTON. You are excused, sir.

Let me continue then with questions. Mr. Miller, am I correct that if you took on a contractor, the contractor would have to get a security clearance and be checked for, as you said, the fraud makers will come, to be checked for entire background and if so, how long does that take for contractors to be able to do this kind of work with the GSA?

Mr. MILLER. Madam Chairman. You are correct. They would have to go get a security clearance. The exact level of the clearance would depend on the job that they perform. We are trying to expedite those clearances. But, again, it could take——

Ms. NORTON. Is that also through OPM, by the way?

Mr. MILLER. The security clearances?

Ms. NORTON. Yes.

Mr. MILLER. I believe they are. I know at various times our office will help out expediting those clearances. Do you happen to know?

Mr. GUERIN. Some of the clearances that we process go through the Federal Protective Service of DHS.

Ms. NORTON. Then we have got to go to another agency which is backlogged on getting those. If we get some contractors we have got to get in line behind others who are hiring contractors.

Mr. GUERIN. And I am not sure where the security clearances are processed with GSA. I am talking about the HSPD-12 clearances that support our contractors.

Ms. NORTON. And so there is a security clearance. Who does the background check? You do the background check or does OPM do that?

Mr. MILLER. Others do the background check.

Ms. NORTON. You see what I am getting at, especially with contractors. You are not the only one doing stuff.

Mr. MILLER. Madam Chairman, if I could clarify that as the office of Inspector General, we don't plan to hire contractors.

Ms. NORTON. All right. No contractors. This is important. Who are you going to hire, sir?

Mr. MILLER. We are hoping to hire retirees, as well as new auditors and investigators.

Ms. NORTON. But they will have to go through the same kind of—so what percentage of the new—you only have seven. What percentage will be, do you expect to be—and these are temporary employees, Mr. Miller, you know, they last for a couple of years or so.

Mr. MILLER. Yes.

Ms. NORTON. So are you trying to the best of your ability hire all retirees or annuitants of one kind or another? If you hire some new folks you are going to have to lay them so off, probably.

Mr. MILLER. Madam Chairman, we are going to hire as many as we can because the retired annuitants, as long as they have the experience and they are good workers, we want to hire them. We need the help

Ms. NORTON. So there is a preference for annuitants, given the time saving, over brand new employees?

Mr. MILLER. We need both. We would like to hire both.

Ms. NORTON. Why do you need both? If you have got seven annuitants who said I am ready to work tomorrow, why would you need somebody who had to go through the security clearance, background check?

Look, I want more people hired. Guess what? GSA better have this work done on time. And therefore, I want to know why you wouldn't prefer to hire annuitants who would be presumably, short shrifted through this process.

Mr. MILLER. Madam Chairman, we do. And we are trying to hire about 10 to 15 retired annuitants to help us do audits in particular of construction projects. We also, in the same process, would like to hire new employees.

Ms. NORTON. Mr. Miller, are you or are you not giving preference to this work? See, I am not nearly as interested, if you will forgive me, in your overall agency. I am trying to pinpoint and to circumscribe, if you will, the work that has a time frame. And time frames are foreign to the GSA. They don't do anything. If it is supposed to take you 2 months to do something, it will take them a year. So given the time frame that they are accustomed to, which is no time frame, if we have front end problems in hiring, I am going to get to Mr. Guerin in a moment, when I thought your testimony was that, with respect to this work, you were looking for annuitants. And then you spread it to some other folks you would like. And I want to know, are those other folks going to be working on this work as well?

Mr. MILLER. Yes, Madam Chairman. We would like to——

Ms. NORTON. Do you have some other authority? Do you have authority to hire people for the DOD part of your work, for example?

Mr. MILLER. Madam Chair, no we do not.

Ms. NORTON. Do you have any authority to hire anyone except for the public building service work?

Mr. MILLER. Madam Chairman, I would have to check. I don't believe that we have authority outside of the new FTEs.

Ms. NORTON. See, because then I can't understand. There are seven people you told us you could hire. Then you went to 15. Where are these other people coming from? Who funds those?

Mr. MILLER. Madam Chairman, we would—the 10 to 15 would be retirees, and we are seeking authority to hire those. I guess some of the slots, FTEs would be taken by the retired retirees, so we would have to iron out the other.

Ms. NORTON. I just want to know, my question is very simple. Will the auditors, with this grant of money, I don't have the amount before me, will you be able to hire authorities for the GSA grant of money from annuitants who could hit the ground running?

I am not—I am pleased that there may be other employees. But there is a specific amount of money, and I am going to hold you accountable for this amount.

This says, the conference agreement provides $7 million for the GSA administrative Office of Inspector General to be available through September 30th, 2013, for oversight and auditor programs. I want to know about this $7 million. Is it possible that this $7 million can be used exclusively to hire annuitants who can hit the ground running?

Mr. MILLER. Madam Chairman, we will try to do that. Part of the confusion is that with retired annuitants, many of those will work part time, so that two to three retired annuitants will equal one FTE.

Ms. NORTON. Now if that is efficient to do, and it might be because people who work part time often end up working more than their part time hours. Do you believe that you could do it with part-time employees?

Mr. MILLER. We do believe that. And we are seeking the authority to hire those retired retirees.

Ms. NORTON. Thank you very much. Now, I want to ask Mr. Guerin, how many contractors and how many retirees do you plan to hire?

Mr. GUERIN. Congresswoman, we have gone and evaluated that with all of our regional offices to determine the total number of people required, and we think it is somewhere upwards of 150 people. We haven't settled on exactly how many will be contractors, how many will be temporary employees and how many will be GSA.

Ms. NORTON. What is holding you up, Mr. Guerin?

Mr. GUERIN. Simple decision making. We are in the process.

Ms. NORTON. Mr. Guerin, February 17 is when the bill was passed. For at least 6 months ahead of that, you have been preparing for this. And remember what I said to Mr. Miller about time lines. I realize that's a foreign language, but we have got to learn to speak it now. So I don't understand what is the hold up in making the simple decision of how many retirees. For example, the easy decision to make is let's get as many retirees as we can possible find, and anything we can't find has to go to contractors because of the sheer savings in process time.

But Mr. Guerin, let me tell you my disappointment. We had to bring out, in this hearing, that you didn't even have the authority, and let me just say that over and over again, I have found that all that the Agency had to do would be to come to staff and alert staff that it didn't have X, Y and Z and they could have had it.

The new head of OPM, who I don't even think I will have to go to, happens to be a person I know very, very well. He lives in this region, has worked for the Congress and the government his entire professional life, is already off and running to create a new, more efficient OPM. And I don't know, if we hadn't had this hearing, and this is a tracking hearing, we are going to have them very often, how we would have even found out that you did not have the authority, which this stupid Chair assumed you had. It is very troublesome to me.

And Mr. Miller, I want you to take notice. I didn't even know it. It is not raised certainly in Mr. Guerin's testimony. It certainly is raised, the hiring issues are certainly raised in your testimony. So it is—it gives me no sense of confidence in the Agency that you haven't been here before the bill was passed, knowing how short staffed GSA has been for years, to say we don't have the staff. You discussed that with staff and talked about moving people around. But no one has ever said to me, we need some OPM—we need to move OPM to make us an agency. It is extremely disconcerting to hear that only in a hearing. So I have got to ask you, am I going to be left with people combing the fields for some contractors because we haven't even decided that the fastest way to get people on board is to look for some people who left the Agency and may be lured back? I mean, I don't understand your proceeding. And you need to help me out here because you just lowered my confidence several degrees in your ability to even confront the challenge before you.

Can I ask you this?

You heard Mr. Miller say that he believes he will be able to hire annuitants to do his work, maybe he won't, but he sees the efficiency to the government and the time frames. Could I ask you whether you will undertake, beginning when you leave this hearing, to recruit as many annuitants as possible to do this work. And if that is impossible, or if you see some issue there, I would be pleased to hear them because I am only asking this from ignorance, you see. I don't know. Maybe there is a reason why, 1, it shouldn't be attempted and 2, if it were attempted it would not be a good thing. So would you please inform me of whether you are willing to do that in light of the fact that you have had to pull people from all over the Agency just to accomplish what you have done thus far.

Mr. GUERIN. Yes. As I said earlier, we have already identified upwards of a couple of dozen people that we want to bring back to GSA. And again, I brought up the challenge of the annuity and that I think is what got your concern so immediately.

Ms. NORTON. Would you also, before you go further, would you go down a list of other needs the Agency has, either in legislation, or in moves the administration should take? It would be easier for us if often, to get that to happen sooner than it would for you to go up the ladder because we are a co-equal branch of government. And you see, the reason that you see me pressing this is there is not going to be anyone to blame except us. It is us doing Federal business. So if this doesn't get in on time we are not going to be able to say, you know, Maryland did it or look what—we told Virginia. We are going to have to take responsibility ourselves.

So we have got to stay on top of this since we have got nobody to point to but ourselves. But if we don't even know things, I am left to do what I am doing now. So you already have identified a couple of hundred, although you see that is contrary to your initial answer, in which case I would have gone on. You said you were trying to decide how many contractors. And I recognize you may run out of annuitants, but if there has not even been established a preference for people who can hit the ground running, then I am not sure where the hiring authority is at this point.

Mr. GUERIN. Can I address that? We have two rolling registers out now, one focused on primarily contracting officers, and one primarily focused on project managers. We know we have needs in both of those areas, and so we have identified those and we have put them out and advertised them in three ways. One is permanent hire, one is a temporary hire, and one is contractors.

Ms. NORTON. This is my problem. Guess who is not looking for a job? Somebody who is sitting at home on their pension. We have got people who retired early. Some of them wish they hadn't now. We have got people who retired. Even the people who might want to come back to work are not among those who are looking at your, let's see who is hiring now. So I guess I should ask you who is out recruiting annuitants? Who is looking for annuitants?

Mr. GUERIN. The regions are out recruiting right now. The regional offices are out recruiting. They are the ones who knew the people.

Ms. NORTON. How are you contacting annuitants?

Mr. GUERIN. Directly.

Ms. NORTON. Well, what is all this advertising. I will tell you one thing. If I saw an ad in the paper and I didn't have a job, I would inundate you all, so a lot of folks are going to come in. Just going through those folks to decide who to come, that is a whole big job. Who needs it? We are not going to be sitting up here giving excuses for GSA.

Mr. GUERIN. No, we don't believe there are enough annuitants to staff all of the positions that we have out there. But we are identifying the people.

Ms. NORTON. You will never know if you don't have somebody on the case calling up annuitants. Look, a lot of these people are settled in doing other things. Mr. Miller testified that you can only get some of them part time. Somebody ought to say, hey, look, look at your 401(k). What do we call ours? Whatever we call ours, wouldn't you like to come back for at least part time work? You have got to be aggressively recruiting these people, unless—and let me ask Mr. Miller. How long does it take a contractor, a new person, to get through the system as opposed to an annuitant to get through the system?

Mr. MILLER. Madam Chairman, I don't have the precise time line, but it would be a lot longer.

Ms. NORTON. Yeah. I can't do anything without people. We are stuck on stupid without people. And then you know somebody comes back to us and says Congresswoman, I am sorry we are having trouble contracting people. I asked the staff how long has it been, 90 days since the darn bill was passed, and they were preparing for this long before the bill passed. This is extremely disappointing. How many people have been brought on new at the, to work exclusively on this work, Mr. Guerin?

Mr. GUERIN. I don't have that number, Congresswoman.

Ms. NORTON. I tell you what. This is very, very anxiety raising. By the close of business tomorrow we want to see a personnel chart for the Recovery Act funds alone, including those who have been brought on board, and when. When we say tracking hearings that is what I mean. You know what? Given the fact that some of this only comes out on what I call cross examination, I would say to the

staff I think we have got to be prepared to hold a hearing, even if a brief hearing, every 2 weeks until we are assured that these folks have, I mean, we may have to do them on a Friday or we may have to do them in one of the other rooms until we are assured that they have staff on board and are going, we are going to get so backlogged we won't be able to catch up and it will be on us.

By the close of business tomorrow, I want that staff chart here, please. You need to bring on some people just to help you get on people. I understand how understaffed you are. I should think that would be an incentive to go forward.

Let me ask you about swing space. Is there sufficient swing space already contracted for the full blown building makeovers that are going to take place throughout the United States, Mr. Guerin?

Mr. GUERIN. We have identified the swing space needs for each of those large projects. We have funds available to the program in order to accommodate those swing space.

Ms. NORTON. Are they available?

Mr. GUERIN. We are investigating that right now. I believe they are available. Several of the leases are in the District, and we believe space is available in the District to accommodate those.

Ms. NORTON. Well, I would like by the close of business tomorrow to know what the swing space is in the District and whether swing space will be needed for, in another areas. You know, where are the time lines? Do you have the time lines for the projects?

Mr. GUERIN. Yes.

Ms. NORTON. Could we have those time lines as well?

Mr. GUERIN. Yes.

Ms. NORTON. By the close of business tomorrow.

Could I ask about something that if you had come to us I would have made a priority because it has certainly gotten on our nerves, but only episodically, so-called unbudgeted customer needs. We have seen GSA's work held up. I don't know why this wasn't an incentive because the Agency had needs that were not budgeted with GSA. As you know, I am in the process of also doing hearings to reauthorize the GSA. That is a fancy word to say reform its statute in the hope that it will reform the Agency itself. But one of the things I would like to do is to make sure that, for example, things like moving funds, GSA has the authority, so the Agency which then has to go and find it in its budget, which, of course, is a disincentive, doesn't hold up the works where we could end up paying for space. How many times have I seen that occur? Just because GSA doesn't have the funds to move the Agency into the space that is then finished.

Now, most of your, I mean, the buildings you do are all level 4s. Any reason why you—are there any similar unbudgeted customer needs that are the kinds that are mentioned on page 8 of Mr.—of the kind I just said, moving needs for example, of the kind that are also mentioned in passing on page 8 of Mr. Miller's testimony?

Agency funds. And I have the Social Security administrator here, and I am going to see if there are any such funds related to work that the Social Security Administration has asked you to do. Go ahead.

Mr. GUERIN. Before I answer that question, Congresswoman, I just want to the clarify something. GSA has requested and received

a waiver for our contracting officers from OMB regarding the annuitant, the retirement payments, so we have the authority to hire them without penalty. And we are seeking——

Ms. NORTON. Say that again. You have received the authority.

Mr. GUERIN. Yes. We asked for a waiver from OPM and they granted a waiver for 1102s, which are the contracting officers, so we have the ability to bring back our annuitants.

Ms. NORTON. Okay. So contracting officers, including annuitants.

Mr. GUERIN. No, for annuitant contracting officers or previous contracting officers, we are able to bring them in without penalizing them. And we are seeking authority for other positions as well.

Ms. NORTON. Thank you very much. So in other words, you already can and are hiring annuitants.

Mr. GUERIN. Without penalty.

Ms. NORTON. Without penalty.

Mr. GUERIN. Right. And to your question, Congresswoman, the Agency moves, as GSA developed the list, we worked with OMB on the costs associated with moving the tenants in and out of the buildings. Where we had the opportunity and where OMB was able to add money to the 2010 program for those agencies, they accommodated.

Ms. NORTON. That is 2010. Is that connected to the stimulus funds?

Mr. GUERIN. It is connected to getting funding for the agencies in 2010 as appropriate.

Ms. NORTON. You see, this is the kind of inefficiency we have got to do without. You all should not be put to that.

Are any of these funds associated, Mr. Gallagher, with the work you have to do. We call them unbudgeted customer needs because it falls to you to do what you have already delegated. What is it, $500 million to GSA? Are there any other funds you have to delegate or get from your budget in order for them to complete the work that they're doing for you?

Mr. GALLAGHER. Are you speaking just about the computer center?

Ms. NORTON. Yes, sir.

Mr. GALLAGHER. I am not prepared to answer that question. I could have somebody from our staff get back to your staff and answer that question.

Ms. NORTON. Yes, I wish you would because we would like to get ahead of it in case——

Mr. GALLAGHER. We will have someone come back and brief you on that.

[Information follows:]

INSERT FOR THE RECORD FOR PAGE 62, LINE 1470

We are very grateful for the $500 million we received as part of the Recovery Act to build a new National Computer Center. We estimate that we will need another $250 million to complete the project, for information technology (IT) costs after the new data center is built. We have consistently included the IT costs in all discussions regarding the new data center, to ensure there is full understanding both at the Office of Management and Budget (OMB) and in Congress that these expenses remain. We will continue to raise the need for these resources moving forward and plan to include them in future budget requests.

Ms. NORTON. When did you decide to have the GSA perform this work for the Social Security Administration?

Mr. GALLAGHER. Well, under the law, only the General Services Administration can perform this type of real estate function.

Ms. NORTON. Well, I am wondering why this wasn't included in their package. You had to delegate it, you had to give the money over. You had the money. You had to give it over to them.

Mr. GALLAGHER. Yes, we will have to do a reimbursable work authorization back to GSA for this function.

Ms. NORTON. Actually, maybe this was just to keep the funds from going beyond certain amounts for each agency. Maybe that is the reason this occurred. But you are right. You don't have the authority. The reason I am asking questions like this is because we are reauthorizing the bill. We don't want to just step into something. That is not what we want do to.

What are the plans, Mr. Gallagher, for this computer center?

Mr. GALLAGHER. Well, the first step is to get started on this process, we have a construction management firm that has already been contracted by GSA, and so really GSA has the lead on this and we will work with them.

Ms. NORTON. Now, where is it going to be located?

Mr. GALLAGHER. Where is the company located?

Ms. NORTON. Yeah.

Mr. GALLAGHER. Its name is Jacobs Facility. I don't know where it is.

Ms. NORTON. You mean, it is a facility that——

Mr. GALLAGHER. It is a contractor.

Ms. NORTON. No. No. Where is the new facility?

Mr. GALLAGHER. Oh, I am sorry. No decision has been made yet as to where the new facility will be. We are still undergoing really the site selection process on that.

Ms. NORTON. You have to purchase land?

Mr. GALLAGHER. Yes. This will require a purchase of land.

Ms. NORTON. Mr. Guerin, what about the purchase of land here? We don't even know where you are going to be yet.

Mr. GUERIN. Well, we are working with the administration to identify appropriate locations for the project.

Ms. NORTON. We understand it is going to be within, the staff believes it will be within 50 miles of Baltimore.

Mr. GALLAGHER. Somewhere about that. We do know that there are some technology reasons to be close to our current facility. We also need to make sure, there are some technology issues to have that amount of data transferred back and forth. There are also some reasons we want to make sure that we have access of our intellectual capital, our employees, to be able to get back and forth to that facility.

Ms. NORTON. Where is it located now, Mr. Gallagher?

Mr. GALLAGHER. It is in our—Baltimore County. If you wouldn't mind, I would rather not give you the specific location due to its critical nature.

Ms. NORTON. Is it a secure facility?

Mr. GALLAGHER. It is a secure facility, yes, ma'am.

Ms. NORTON. All right. But it is in Baltimore County.

Mr. GALLAGHER. Yes, ma'am.

Ms. NORTON. What is the delineated area, Mr. Guerin, going to be? You said 50 miles, about 50 miles, more or less.

Mr. GALLAGHER. I can tell you. We are still engaged in the process of actually developing the site criteria. One of the ones we have which is the technology driver for some relatively close proximity.

Ms. NORTON. Mr. Guerin, in light of, I can only call it a shameful episode recently experienced, whereby there were gross violations in the delineated area of a facility, unheard of violations which are already on the record, I am going to ask you within 24 hours of the delineated area choice, to submit that information to this Committee and Subcommittee. And I am going to remind you that when there is a delineated area, the rule is that any change in the delineated area must be reported to this Committee as did not occur with the Social Security, HHS facility which caused its cancellation, as I recall. So that is something we will need to know right away, especially since it looks like you will have to purchase land.

How big a facility is this? Any idea, Mr. Gallagher, how big a facility?

Mr. GALLAGHER. Again, we are in the beginning part of the discussion. It is somewhere around 300,000 square feet.

Ms. NORTON. Mr. Gallagher, let me say to you again. You are working with an agency that is overburdened in the first place. And we believe that there are other agencies that will also be required to ask GSA to do the work. So the earlier you get in, this done, because you are a start up, you are essentially starting at the beginning with land purchase, the better off you will be. I am going to have to ask you to get all your basic decisions made within the next 30 days, at the outset. So they won't be able to put it on it. They will do it in a second. They will say oh, you know, what could we do? We were waiting for the Social Security Administration.

Mr. GALLAGHER. We are actually working very closely with region three of GSA and I will tell you we are very pleased with their enthusiasm and how they have reached out.

Ms. NORTON. Oh, they are always enthusiastic. But the site hadn't been selected?

Mr. GALLAGHER. That is correct.

Ms. NORTON. Part of this is—remember, it is 90 days. They are short staffed, and they really are being asked to do everything at one time. So, you know, we are here to do the impossible. But I want to make sure you are not left, since you have to start with land purchase, which makes yours even more difficult than what we have been describing here.

Mr. GALLAGHER. We do expect because there is a considerable amount of work to do, our current plan is we expect to be able to acquire the site in the second quarter of fiscal year 2010.

Ms. NORTON. Well, that, which means that you would have to decide upon the site, acquire it means——

Mr. GALLAGHER. That is correct. Actually set up the requirements for it, go through the competitive process for that. This is actually a GSA function.

Ms. NORTON. Yeah. It does take time. And in light of that I am going to have to ask Mr. Guerin, since you have testified that you are looking for streamlined methods, I think you have used of the

word innovative approaches, to do projects associated with the stimulus. Here is a classic one where you are being asked to do really a very difficult thing which is acquire land and then go forward from there. Could you give us an idea what kinds of innovative approaches to deliver projects you are using, what kinds of, give me an example of what you mean by innovative or streamlining the present process.

Mr. GUERIN. Well, as an example, Congresswoman, you are right. The new design starts with a new site and those kinds of projects are going to be our most challenging because of the time frame involved with all those activities. As an example, in Bakersfield, we are looking to have a design competition to completely streamline the design selection process and get us very quickly to a——

Ms. NORTON. How?

Mr. GUERIN. Design competition eliminates the need to actually go through a formal selection process of the architect. We issue a solicitation and the designers actually provide designs as part of their initial submission to us, so it cuts out quite a bit of the design time associated with getting to a concept, conceptual project. By doing that, we shorten the time dramatically in the design phase and by using design build bridging we can take that quickly to a construction project by using the concepts that are provided, selecting the architect that gets the winning contract, ask them to continue design and starting the design-build process at the same time. So it is an example of substantially compressing the time frame associated with that.

Ms. NORTON. That is. It certainly is. Indeed, as I understand it, Mr. Abdur-Rahman, we are using something of that kind of process for the DHS headquarters?

Mr. ABDUR-RAHMAN. For the Coast Guard headquarters we are using a design build bridging process.

Ms. NORTON. Coast Guard. Thank you for that correction. Go ahead.

Mr. ABDUR-RAHMAN. Yes, we are. Of course with the St. Elizabeth project we own the site so we have the advantage of having the site already. But for the Coast Guard design, which is the first phase of that development, we are using a design build bridging process to accelerate the project.

Ms. NORTON. Are you on time? We had some dates that you delivered to us. Are you on time thus far?

Mr. ABDUR-RAHMAN. Yes, we are on schedule to ultimately have a ward of the Coast Guard headquarters building in September of this year, as well as the construction manager for that project.

Ms. NORTON. So that means we won't be—when will we be obligating funds?

Mr. ABDUR-RAHMAN. Yes, we will be obligating funds beginning this summer. The first part of that development. I was mentioning kind of a larger package which is the Coast Guard, the actual building. But we are going to be starting with abatement and demolition of the buildings that are on the site that the Coast Guard will occupy. That will start this summer, in June.

Ms. NORTON. That is important. So you are testifying that in June the first abatement work and what else, abatement and——

Mr. ABDUR-RAHMAN. Demolition. Demolition of the site that will, the site for the Coast Guard headquarters is currently occupied by buildings that are identified for demolition in the final approved master plan.

Ms. NORTON. Except for acquisition of sites, you, of course, have perhaps the most challenging work to do since 450, we have got $450 million out of the stimulus package. This is classic old fashioned WPA funding. Those cornerstones down on Pennsylvania Avenue show you that this is what, this is how you do it. Every last one of those buildings on Constitution, Pennsylvania Avenue, were built during the Great Depression. And I think this may be the only one that we are doing, except for the smaller port entry buildings, land port entry buildings in that fashion.

So that is the reason we were able to get this out in stimulus funds. And we got them out largely through the Senate, where there was an understanding of the history of the use of infrastructure building to actually build something. And we got them out, and the reason we are so focused on you, Mr. Abdur-Rahman, is that Congress and particularly the Senate, who was really our helpmate here, showed their belief in building as a way to stimulate jobs.

Now, we have already figured 38,000 jobs. That 38,000 encompasses how many buildings? Where does that figure come from? Is that still a good figure?

Mr. ABDUR-RAHMAN. The figure that you are quoting was from the final environmental impact statement and record decision, and that is a regional number. So the figure I am recalling was about 32,000, I think, jobs, direct employment opportunities.

Ms. NORTON. Over what period of time?

Mr. ABDUR-RAHMAN. Over the development of the project which begins this year and has final occupancy in 2016.

Ms. NORTON. That is a long-term project. How many buildings?

Mr. ABDUR-RAHMAN. We are retaining in terms of adaptive reads, we are retaining 52 of the 62 buildings that contribute to the NHL status, and there will be several--

Ms. NORTON. NHL?

Mr. ABDUR-RAHMAN. National historic landmark status.

Ms. NORTON. That is reuse of buildings?

Mr. ABDUR-RAHMAN. Reuse of buildings.

Ms. NORTON. How many buildings are being reused? That makes a lot of work. How many buildings are being reused?

Mr. ABDUR-RAHMAN. 52.

Ms. NORTON. That is excellent.

Mr. ABDUR-RAHMAN. And then there will be a new building. The Coast Guard headquarters will be a new facility. There will be a national operations center that will be largely an underground facility where DHS will be able to coordinate an organized response to different threats and challenges. And then there will be new facilities on the site for other parts of the DHS program, for Transportation Security Agency, Customs and Border Protection and Immigration and Customs support and FEMA.

Ms. NORTON. I hope you understand, Mr. Guerin, part of my last question, that said I do not believe that you are going to be able to bring on even annuitants fast enough without selling them on

coming back and therefore we need a proactive program. Not here I am advertising for some contractors. You will get thousands. This is a very tough time. We want very special kinds of people, obviously contractors, but to the extent that we can get people who shorten this process, the Committee will be particularly looking to that.

Mr. Miller, you mentioned the old bugaboos of fraud, waste and abuse, and you have earlier testified that it is very difficult to spend government money rapidly, and you mentioned some recent examples, without incurring some fraud.

Now, we are sophisticated about the notion that this guy, there is certain some Ph.D candidate will tell us how much fraud, what is the minimal fraud you can expect in any government contract. Maybe that standard would help us.

But I am worried about GSA more so than other agencies, because of what you have just seen what it looks like almost a start up of an agency for stimulus funds. Got to hire yourself some people. Don't even know yet whether the experienced people, or people who have to go through a long process, got to do four times the amount of work, got to make sure it is quality work because in construction you can tell in a mini second if it is not quality work. You have got to do a competitive process.

My question to you is, how should we look at the possibilities here for fraud, waste and abuse, with a short-staffed agency who essentially has to staff up even to do the stimulus job while keeping its other functions going? How are we going to prevent fraud, waste and abuse, given the considerable handicaps and challenges this agency experiences?

Mr. MILLER. Madam Chairman, I share your concern. We are very concerned about this as well. We are looking, we hope to look at projects very early so that we can spot issues early and spot warning signs, red flags, and hopefully, catch the fraud, waste and abuse.

Ms. NORTON. How about warning signs? Red flags scare me. By that time it is pretty bad.

Mr. MILLER. Yes.

Ms. NORTON. How about warning signs? Give us examples of the kind of warning signs that would be useful to you and to GSA to know of.

Mr. MILLER. Well, some warning signs are, I guess, the keeping of the records. If contracts are being split, if there are equitable adjustments, if there is no record of the contracting officers, technical representative on a contract or a project——

Ms. NORTON. Is there a project director, for example, for Mr. Gallagher's project? That is a separate project.

Mr. Gallagher, do you know if there is yet a separate project—you have seen Mr. Abdur-Rahman is the project manager for a project that at this point has roughly the same amount of money. Is that right? $750 million. You have $500 million. Is there a project manager, Mr. Guerin?

Mr. GUERIN. Yes, there is. Ed Myers in our region three is the project manager for the SSA project.

Ms. NORTON. Very important for a project of this size, both to satisfy the client and the Committee.

I am sorry. Go ahead, Mr. Miller.

Mr. MILLER. If information being reported in multiple locations do not match, for example, if a contract awarded in FPDS is not reported when the obligation is also reported to OMB.

Ms. NORTON. Mr. Miller, is there any percentage? I don't know even if this is feasible. There are some kinds of work that is being done all over the country, same kinds of work, for example, HVAC work, which is going to be very important because of the emphasis on heating, sorry, energy conservation. Is there anything to be said—God knows I am offering no opinion here. I have no idea—about a contractor who be prepared as a matter of scale, both give us a good price and to do the work quickly, even though located in a number of different locations? Or is it best to go region by region with all of the inefficiencies that can come from that process?

Mr. MILLER. Madam Chair, that appears to be a very difficult issue that we would rely on the expertise of the Agency.

Ms. NORTON. Well, what does Mr. Guerin say?

Mr. Guerin, I am offering no view. I have no expertise here. But you are put in a very strange position, even for a well-staffed agency. We have decided that there are so many Federal facilities that it would be impossible to locate this money in just a few of them. So we have tried to work with you to see if there was some objective process for choosing needed work in all 50 states, the territories and the District of Columbia, because all, every single jurisdiction, where there are Federal buildings, has incurred the same lack of funding for GSA projects.

So I am trying to find out whether there are economies of scale for work of the same type, or whether, particularly in light of Mr. Miller's concern about fraud, waste and abuse, who knows, that it is better to go piece by piece, jurisdiction by jurisdiction and I recognize that you have not had this kind of work going on in all 50 States before. But it is conceivable that there could be some contractors for whom, whose record of doing similar work with the GSA has been of such a quality and such a speed that there could be advantages. Do we have any sense of that at this point?

Mr. GUERIN. We do, Congresswoman. We have a series of IDIQ, indefinite quantity contracts that we intend to use for some of——

Ms. NORTON. Give me an example of what that means, please.

Mr. GUERIN. It means we have hired a series of contractors in particular geographic locations that we understand the quality of the work that they have been producing for us.

Ms. NORTON. To do what kind of work?

Mr. GUERIN. To do construction work, to do some design work as well. We have a number of different kinds of contracts that we use to give us the ability to task contracts so we don't have to go out and recompete, reselect, re-educate someone who has not had experience with GSA in the past. And so those people are available to us. And we are increasing the maximum order limitations and the amount of money available to those contracts so we can effectively use them as we move forward. We want to make sure that we take into account our small business goal, so we will push a lot of contracts out to individual contractors and pursue those because we want to make sure that we achieve our small business and set aside program goals as well.

We have a series of programmatic contracts that we are putting out for lighting, for recommissioning that will be national contracts. We will rely on specific experts to make sure that we have a consistent coordinated approach to how we evaluate our projects and how we define the scope of work for these programmatic projects moving forward.

So we have those kinds of things going on where we are absolutely relying on specific expertise to make sure that we get exactly what we want and make sure that we achieve the energy goals that we are trying to achieve.

Ms. NORTON. Is monitoring of this work centralized here or are we relying on the regions?

Mr. GUERIN. Both. We have some contracts that are being managed centrally. And most, most of the contracts being managed regionally. We have experts—obviously, GSA puts its program out through our regional offices, and the vast majority of the work will happen in the regional offices.

Ms. NORTON. Mr. Abdur-Rahman, would you put on the record about small business goals with respect to the DHS project which Mr. Guerin alluded to generally. Have you goals, and how have they been met or not on DHS work done this far at St. Elizabeth's.

Mr. ABDUR-RAHMAN. The goals that were established for the DHS program are 40 percent for small businesses. We are, as I mentioned we are in the early stages of those procurements, so those goals will be included in the request for proposal that are being issued and then we will follow up and report on those as the contracts are awarded and the GCs submit their subcontractors.

Ms. NORTON. Now we understand that in the clearing the land, there have been some goals. Do you have any figures on those goals?

Mr. ABDUR-RAHMAN. Yes. I think what you are referring to is that we have began, we obtained custody and control of this property from the Department of Health and Human Services. We immediately began to stabilize the facilities that were there that were in disrepair and do some repairs. And I don't have the exact figures, but it occurs to me that we spent about $13 million on investing in the site so far and stabilization. All that work has gone to small business so far, to date. And I would like to point out that the solicitation that we are going to be awarding for the abatement and demolition is going to be a small business project also. So that will help our record and increase our objective to make opportunities available to the maximum number extent of small businesses on this project.

Ms. NORTON. Given the speed with which you have got to proceed, Mr. Guerin, how are you going to meet the small business goals? You are piling that in we are piling that in on top of everything else we have piled on your back.

Mr. GUERIN. We are used to it, Congresswoman. We pursue small business contracts regularly. We have a good track record of achieving our goals and we are going to continue to advertise specifically set aside for small business owners to do that. The vast majority of the projects, not the dollar amounts, but the projects are small projects that can be successfully awarded to small businesses and we intend to do that.

Ms. NORTON. Well, Mr. Abdur-Rahman and GSA have been holding forums here for small businesses and I was at the last one, and saw enthusiastic people out learning about the 8A and other processes. Are those forums going to be held around the country in any locations in any other locations, and are any others expected here?

Mr. GUERIN. Yes, Congresswoman, both across the country and in D.C., you will see additional opportunities for small businesses to understand and get to know GSA and get to know what our processes are and participate in our contracts. That is certainly a way that we go out and strive to get as much small business participation as we can through those types of forums that you are referring to.

Mr. MILLER. Madam Chair, would you mind if I took a very brief break?

Ms. NORTON. Yes, sir. Go ahead. How many of these, Mr. Abdur-Rahman, how many of the, you have been having these forums. Have any of these small businessmen been added to the GSA schedule as a result of your forums?

Mr. ABDUR-RAHMAN. I am not aware and I would have to get back to you about whether they have been added to the GSA.

Ms. NORTON. What does it take to get on the GSA schedule?

Mr. ABDUR-RAHMAN. They would need to apply to a solicitation that GSA would issue specifically for GSA schedule.

Ms. NORTON. But how do you get on the schedule?

Mr. ABDUR-RAHMAN. They would, when we have opportunities for schedules we announce those in the Federal business opportunities and when those solicitations are issued then those companies would compete for those. The training that we are having right now is for people to be certified by the Small Business Administration as small or disadvantaged contractors.

And if I have a moment I would like to clarify that. Our goal for construction is 40 percent small business and for the construction manager, 38 percent. And the solicitation that we have out for the abatement and demolition is specifically for small disadvantaged or 8A contractors.

Ms. NORTON. That is for DBEs. How are we getting on the GSA schedule?

Mr. ABDUR-RAHMAN. Yeah.

Ms. NORTON. You are just talking about SBA. That is important. But then there is the all important GSA schedule.

Mr. GUERIN. I think we should get back to you with a specific response on that, Congresswoman.

Ms. NORTON. Are people being trained? What does it take to get on the GSA schedule? What do you have to have in order to qualify to be on the schedule?

Mr. GUERIN. I think we need to get back with a specific answer on exactly how that happens because I don't think Dawud or I are in a position to answer that question exactly.

Ms. NORTON. Would you, within 14 days get back to us. You know it is one thing to be on it and to therefore, compete among those who are already on it. But I would like details of how you get on it. And I would like to know if you are, and may I thank GSA, who will be appearing and offering advice at my small business fair held annually, and may I thank you for always being

there at that fair. And that fair is the 13 of May, next Tuesday. And I know you will be offering a workshop on how to get on the GSA schedule.

So I would like a list of all businesses in the District of Columbia that are on the DHS schedule, for whatever purpose. Then I would like a list of all businesses in the region, National Capitol Region, that are on the DHS schedule. That is public information I am sure.

Mr. GUERIN. I am sure it is.

Ms. NORTON. I am almost through. The purpose of—we would not be engaged in this hearing, and you would not have this money except for one purpose, to create jobs. So as much as we have talked about fraud, waste and abuse, quality of work, how soon it gets out, if we were to list what the purpose of this money is, it would be to create jobs to help us bring out, get out of this structural recession. Any look at what has happened to our country makes it clear that there will be no coming up one sector at a time. All 50 States are down. There is a terrible cobweb. You can't break into it and break somebody out of it. Everything has to happen at one time. That is why we are doing TARP and why we are doing mortgages and why the President does have to do it all at one time or go home; and he ain't going home.

That being the case, the job creation element of this becomes exquisitely important, if I may say so. The most important element of this. Can you tell me how many people have been hired as of this time?

Mr. GUERIN. We have awarded $100 million worth of contracts. Those are several large projects and a series of small studies and design projects. I don't have the exact figure of how many people have been hired.

Ms. NORTON. Are any of those projects underway?

Mr. GUERIN. They are just getting started, Congresswoman.

Ms. NORTON. And how do we track jobs? Because again, that is how we are most accountable, then everything else comes after that. How do we track—do we know when somebody is on the ground working in whatever capacity?

Mr. GUERIN. We have a specific contract clause that is going to be inserted into every contract that we issue through the recovery to ask the contractors to track jobs in a very specific way. They report those jobs directly to a Web site that I don't remember, I believe it is a Congress Web site where all the jobs are tracked and reported, and that will happen across the country. They will feed into a specific Web site.

Ms. NORTON. I know we are early in the obligation, but that, but you are separately tracking jobs. For example, if the contractor is slow getting people on the ground, what happens to that contractor? He has been awarded a contract, but they're sitting on a contract or somehow or the other isn't hiring people even though there a glut of people looking for jobs. What does he do? What do you do?

Mr. GUERIN. We don't anticipate that happening, Congresswoman.

Ms. NORTON. Well, my goodness. I do. I anticipate what you should anticipate, and I anticipate what you shouldn't anticipate.

And I absolutely anticipate that once some of these guys get the job, even though there is every incentive to start, that you will be looking at some people who start up and some people who put in a good bid, but don't start up as quickly. How will you make sure that all these contractors are working quickly?

Mr. GUERIN. We are going to continue to use the processes we used to pick the best contractors. We have source selection processes that we use.

Ms. NORTON. Well, they have already got the contract. Yet you see that contractor A in X jurisdiction has started up and is working quickly. Contractor B is working less quickly, even though he has access to the same work force. What does GSA do? Is there a marker that shows how fast someone ought to be able, given the number of——

Mr. GUERIN. We have very specific information about each of our contracts. A milestone schedule for each of the, not only the design, but the procurement and the construction project, and my office is going to specifically track those things to ensure that the projects are happening on the schedules that they created for us and that we agreed to contractually. And if they do not perform, and again, to get the money out, GSA has to spend the money 5 years and that is a very important aspect of this program.

Ms. NORTON. So what do you do, though, Mr. Miller, if somebody does not, you know, get up off his duff because he is as slow as GSA used to be, shall we say? What do you do? We have already got the contract. Maybe he is hiring some people, but he is not putting the money where the jobs are. You know, he has got this nice little piece of paper in his hand. What, if anything, can the government do, having already awarded him the money, except to say you should be doing better? See, we do not have that luxury this time.

Mr. MILLER. Madam Chair, there are probably a number of remedies available to GSA. A cancellation of the contract comes to mind.

Ms. NORTON. I guess that, though, is really the atom bomb. You know, that is a nuclear matter, and of course the contractor knows that it is nuclear, and he has never seen GSA do that under any circumstances, even when it virtually defaults. So what internal mechanisms would you or, for that matter, Mr. Guerin or any of the rest of you suggest for a contractor who is slow on the draw?

Mr. GUERIN. We also have remedies through the bonding agencies that bond the contractors. We can force them to perform. I think the nuclear bomb, as you referred to it, is there for us, but we have various ways to remedy the contracts before that time. Again, we are going to be tracking it very carefully, and we will know when projects are starting to get off track, and we will use every remedy we have available to us.

Ms. NORTON. I would like to know what those remedies are, I really would. I have no confidence in the ″We will do everything we can″ answers.

Mr. Miller.

Mr. MILLER. The first remedy is for GSA to issue a cure notice, a notice asking the contractor to cure the defect. And that is the very first thing.

Ms. NORTON. And that could include: You are too slow, and we are held accountable for jobs, and we have not got any jobs to show, to speak of?

Mr. MILLER. I would think so, yes.

Mr. GUERIN. And we have liquidated damages, Congresswoman. If they do not perform, there is a contractual penalty that forces them to pay the government for their poor performance.

Ms. NORTON. When is the last time we have ever extracted that from a contractor?

Mr. GUERIN. We extract liquidated damages regularly for slow contractors who do not perform within the contractual time frame. If there is not a good reason and, again, a negotiated reason between GSA and the contractor to——

Ms. NORTON. Is that included in the contract? Do they understand that they do not pay us?

Mr. GUERIN. Yes.

Ms. NORTON. This is so important—sitting on top of government money, not acting, and no penalty for it. I am also looking at this, I will say to the staff, for the reauthorization to perhaps clarify that—about the necessity to do that.

This is a very valuable piece of paper you have in your hand—that is, a government contract—and it is invaluable today.

Mr. Guerin, you testified—I am here, reading from your testimony—″pre-apprentice and apprenticeship programs are an integral part. These programs will be established as contractual requirements—″ that is excellent—″as construction projects.″ Meaning, that is in the RFP?

Mr. GUERIN. Yes.

Ms. NORTON. But then it says, ″The funding provided in the act shall be used for costs of pre-apprentice and apprentice training. The programs will be modeled after a successful GSA program in the National Capital Region through which at least 840 persons at 15 projects...″

The problem with that is, if it is modeled after that, we are going to get the people who already are apprentices or qualified apprentices. All that does is say, make sure we have certified apprentices because of the history, not of GSA, but of the construction industry of simply using apprentices. Sometimes those apprentices are not certified from certified programs, and so we rectified that.

What will we do about the fact that the underemployment has been among people of color and women who are not certified to do anything and who have not been recruited into these programs? Because there has been no formal program of the kind there was up until 1980. And you, of course, have been given almost no money to do it.

The thing that caught me up—I loved the first part of this—is in the RFP, ″but when we were doing exactly what we have been doing here for certified apprenticeship programs, we were not dealing with the pool that the $3 million you have seeks to target.″

That pool of people who already are apprentices, they just have to be in a certified apprenticeship program.

Mr. GUERIN. Right.

Ms. NORTON. I am looking for people who are in the pre-apprentice category, largely women and people of color.

Mr. GUERIN. As soon as we got wind of the potential for funds in the bill, we got to work with DOL to understand their program better and to make sure that we were working with them directly to identify underrepresented areas and areas with economic disadvantages so we could identify with DOL—they are going to help us identify the locations where we can really use the best bang for the buck.

You said it, Congresswoman. We do not have a lot of money on this program, so we want to be very effective in how we spend it. Large contracts. We can have apprenticeship, and we can require pre-apprenticeship as well through the contracts; but where we want to really spend our money is in training those pre-apprentices and in bringing them up to speed to get the job skills that you and I have talked about before to ensure that they understand what it is to hold a job and what it is to have the opportunity, and then move them into the apprenticeship programs that are already ongoing across the country.

Ms. NORTON. Even as we were getting money for this program, we realized we were not going to get enough, and we put you at a terrible disadvantage. We thought it important to get whatever money we could. We anticipate real disputes among people who look at these jobs, and we anticipate litigation. In fact, to be just clear, the 14th Amendment of the United States and Title VI of the 1964 Civil Rights Act is very explicit: You cannot spend money, Federal money or State money, that has discriminatory purposes. If people and various organizations see an overwhelmingly white workforce, it will court litigation. It could slow us up, and we have not given you enough money to proceed.

When I looked closely at it, because of my past experience as head of the EEOC, it was clear to me that the problem is not in construction trades. The problem is in training, and it is not as if—there are, of course, qualified journeymen and journeywomen out here, but compared to the overwhelmingly white male workforce, they pale in numbers. So I expect, frankly, that qualified minority journeymen and apprentices will be easily hired. I really do. I think the States will grab them up even before you get ahold of them.

What I am worried about are people in the street, going up there and counting people and saying: Well, I do not see a single X, Y, Z, and some of that may be bogus. You cannot tell anything, particularly when you are talking about a few million dollars here and a few million dollars there.

I do not have any advice for you. The Secretary of Transportation is such a good friend of ours and was before the Full Committee. They are in the same predicament. They have a lot more money than you. They have only 20 million lousy dollars. The reason you got $3 million is proportionate.

I got a question from the appropriators: If you cannot get as much as you ask for—and I forgot what I asked for—do you believe that it is fair to get a proportionate amount from the transportation funds?

Well, in fairness, how could I say ″no″?

Well, you know, they got too few funds, and we got too few. I do not know if this will work, but I am going to have to ask you again,

and my staff, to meet with them this week because I think we are all now on unplowed ground.

I said to the Secretary of Transportation: You and I are in the construction business.

Maybe there is some way for transportation and GSA money to be pooled so that, for example, you are not in the same place they are or that whatever programs they are using complement yours. I have no idea. All I know is that both of you have so little money that I am going to ask staff if you will—the Secretary has very much agreed to begin to search this out—if you will meet with the appropriate transportation staff and with the appropriate GSA staff just to investigate how to take a tiny bit of money and make it useful to us. And I am at a loss to put this terrible burden on you. I do not even believe there are a lot of folks out here, particularly doing pre-apprenticeship work, whom I would trust.

We are in touch with what we have heard are programs that are better than others. We do not know. DOL is problematic because they work with States. They have done a lousy job. They have done a lousy job of training in the construction trades.

You heard in my opening statement that I said, shucks, there are billions of dollars they could have drawn upon to do training ever since 2000 based on our authorization bills. Only 17 pecked at that money. So it is important to talk to DOL, but I do not think there is good State experience either, because they have chosen to take every living cent and put it on the street with whatever workforce they have.

So this is real start-up stuff, and I want to work with you. I have a vested interest, very much like what is being done on small business. It is very much easier to do, frankly—a smaller number of people, geared to understand the competitive process. Here you are dealing with people in the street who have large unemployment rates, just like the construction workers who will never, ever understand why they are not being employed, but who will understand if there are targeted projects around the country. There may not be in their area, but if there are targeted models around the country from which we can proceed—and listen to me on this—in the next reauthorization bill, my intention is to make these funds mandatory of the States in the next Transportation and Infrastructure reauthorization bill, so that you cannot take billions of dollars if you are the State of X, Y, Z, put 100 percent of it in the ground, and not train a single person in your State. That is an outrage.

The way we did it before was, in good faith, we said you are encouraged to take 0.5 of your funds and put it into training. They said, thank you. Encouraged, we will take that at face value. Zero. That is what most of them said—zero. I have asked the Secretary to get back with me as to how much in each State and to give me a list of what those States were.

That being the state of the art, we want to work closely with you on what amounts to start-up for training because this, interestingly, is not about small business as much as we have worked on that, and you have done a good job on that. This is about jobs. It is not about jobs only for those who are out of work; it is about jobs for those who could not possibly get the jobs to do the work today,

but who can use what amounts to a magical, once-in-a-lifetime opportunity to get a foothold into the construction trades.

Mr. GUERIN. Congresswoman, I just want to let you know that, based on your comments last week at the hearing, we did reach out to DOT, and we have started conversation with them about working together. We would definitely welcome the opportunity to participate in a program where you are bringing DOT and GSA together to look at this issue, because we are very interested in it.

Ms. NORTON. Thank you very much.

At the end of this week, I will get from staff some sense of how those conversations are proceeding, given the great difficulty we see here.

Is there anything else any of the rest of you, any others of you, or any of you, would like to say before we close this hearing?

The hearing is very important to us, as you can see by how long I have kept you in it. I will tell you one thing: I do not intend to offer any excuses. I am not going to say GSA made me do it or that GSA did not do it or that the Social Security Administration did not do for GSA what it should have done. I am going to take responsibility, and that is why I am going to hold your feet to the fire. Expect another tracking hearing within about 2 weeks.

Thank you very much.

[Whereupon, at 4:34 p.m., the Subcommittee was adjourned.]

OPENING STATEMENT OF
THE HONORABLE RUSS CARNAHAN (MO-03)
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

Hearing on
GSA's Implementation of Recovery Act Funds
Tuesday, May 4, 2009
2167 Rayburn House Office Building

Madam Chairwoman Norton and Ranking Member Diaz-Balart, thank you for holding this hearing on GSA's implementation of Recovery Act funds, which will be used to construct and renovate federal facilities and convert existing federal buildings to more energy efficiency buildings.

The Recovery Act is a monumental and transformative piece of legislation that makes a substantial and vital investment in our nation's economy. As part of the Recovery Act, Congress appropriated $5.5 billion for the GSA to construct, repair and modernize our aging federal buildings. The appropriation of these funds to the GSA is timely and necessary because it will modernize our government's infrastructure, enhance energy independence, and create and save jobs. While the quick distribution and subsequent spending of these funds is a priority, the implementation of an efficient and streamlined process is also of great importance.

The GSA is the largest diversified public real estate organization and has been an industry leader in the arena of sustainability for over 30 years. It is only fitting that GSA be at the forefront of the implementation of green construction, energy independence and transparency in government contracts. However, in recognizing our achievements, we must also recognize our challenges. The Recovery Act increases the GSA's budget by approximately four to five times as much as GSA typical budget and sets a obligation time line that is much more aggressive than usual, placing a significant demand on GSA personnel. As a result, it is imperative that the implementation process of the Recovery funds is carefully reviewed and efficiently executed so as to insure maximum productivity, accountability, transparency and compliance with the terms of the Act.

Transparency and oversight are vitally important in spending the Recovery Act funds as the failure of doing so was a partial contributor to our current economic state. The American people have placed great trust in us to spend their money wisely and productively and I commend Chairwoman Norton for recognizing the importance and necessity of government spending accountability by holding this hearing today.

In closing, I want to thank our witnesses for joining us today to share their agency's plan on the GSA's implementation of Recovery Act funds. Finally, I look forward to working with you all and the Committee as we work to reinvest in our public buildings and in our nation's economy.

Tracking Hearing #2: GSA Stimulus Funds—Up, Out, and Creating Jobs

Statement of

Michael Gallagher
Assistant Deputy Commissioner for the Office of Budget, Finance and Management
Social Security Administration

Before the

Subcommittee on Economic Development, Public Buildings and Emergency Management

May 5, 2009

Madam Chair, Ranking Member Diaz-Balart and Members of the Subcommittee:

Good afternoon. I am Michael Gallagher, Assistant Deputy Commissioner for Social Security's Office of Budget, Finance and Management. On behalf of Commissioner Michael Astrue, I thank you for the opportunity to discuss our partnership with the General Services Administration to construct a new data center using 500 million dollars appropriated to us in the Recovery Act. This new center will replace our aging 30-year-old National Computer Center. In addition to being state-of-the-art, the new facility will incorporate green building technology and use new energy efficient equipment and processes.

To ensure the project is completed on time, on budget, and in full compliance with Recovery Act requirements, we and GSA have both assigned experienced project managers. We look forward to this important collaboration, and I would like to thank GSA for its leadership of this vital project.

Our current data center is the technological heart of the agency, housing critical computer operations and essential data for prompt and accurate benefit payments to tens of millions of Americans. Let me put this work into context.

Last fiscal year, we paid over 650 billion dollars to more than 52 million Americans. We currently process an all-time high of over 75 million business transactions per day, and, to support our disability workload, we store nearly 370 million imaged health records to which we add 2 million more records each week. To manage benefits, annually, we exchange over 1 billion data files with federal and state governments and businesses.

Given the nature and volume of these workloads, it is clear that the successful construction of the new data center is essential for us to continue serving the American people. With Recovery Act funding, we and GSA will ensure that the new data center will be operational as our current facility nears the end of its functional life.

I am pleased to report that we and GSA are moving aggressively to build this new facility. We have already hired a construction management firm for this project and it has hit the ground running. In addition, we and GSA are:

- Formulating specific requirements to construct a state-of–the-art data center that meets industry standards;
- Developing the site selection criteria; and
- Developing a detailed construction plan.

GSA is primarily responsible for executing these steps; nevertheless, we will provide input and oversight throughout the process to ensure the facility is designed to meet our requirements.
Our key milestones for this project are:

- Acquiring the site in the 2nd quarter of FY 2010;
- Awarding the design-build contract in the 2nd quarter of FY 2011; and
- Completing construction in the 1st quarter of FY 2014.

GSA is working closely with us and industry experts to review procurement options so that we can expedite this project to the extent possible without compromising quality or accepting undue risks or added costs. Our joint efforts will meet all the accountability and transparency objectives set forth by the Administration and by Congress when these funds were appropriated.

Again, we thank the Congress for this important appropriation and we extend our appreciation to GSA for working so diligently with us to construct a new data center. Thank you for the opportunity to speak with you today. I look forward to answering your questions.

STATEMENT OF

WILLIAM GUERIN
EXECUTIVE

RECOVERY PROGRAM MANAGEMENT OFFICE
OF THE PUBLIC BUILDINGS SERVICE

U.S. GENERAL SERVICES ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT,
PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE

U.S. HOUSE OF REPRESENTATIVES

MAY 5, 2009

Good afternoon, Madam Chair, Ranking Member Diaz-Balart and members of the subcommittee. My name is William Guerin and I am the Recovery Executive in our newly established Recovery Program Management Office in the U.S. General Services Administration (GSA), Public Buildings Service. Thank you for inviting me to appear before you today to discuss GSA's contribution to our nation's economic recovery through the green modernization and construction of our buildings.

GSA's Public Buildings Service (PBS) is one of the largest and most diversified public real estate organizations in the world. Our inventory consists of over 8,600 assets with nearly 354 million square feet of rentable space across all 50 states, 6 territories and the District of Columbia. Our portfolio is composed primarily of office buildings and courthouses, land ports of entry, and warehouses. GSA's and PBS's goal is to manage these assets responsibly while delivering and maintaining superior workplaces at best value to our client agencies and the American taxpayer.

The funds Congress has provided us through the American Recovery and Reinvestment Act (the Recovery Act or ARRA) are a sound investment in several respects. First, the timely obligation of these recovery funds will stimulate job growth in the construction and real estate sectors. Second, the money will help us reduce energy consumption and improve the environmental performance of our inventory. Third, the funds, in large part, will be invested in the existing infrastructure, which will help reduce our backlog of repair and alteration needs, thus increasing the assets' value, prolonging their useful life, and ultimately further conserving our country's resources. Finally, these funds will be invested in government-owned assets for the long-term requirements of our federal customers.

The PMO

Today, I will describe the steps we have taken to carry out PBS's portion of the Recovery Act. We know that this is not business as usual and we are moving forward quickly, but always with careful consideration of our procurement responsibilities and accountability to the taxpayer. In order to successfully implement our part of the Recovery Act, we formed a Program Management Office that is nationally managed and regionally executed. At the national level, the PMO will be centralized in a small, cohesive and nimble organization staffed with experts and supported by high performing associates, industry hires and appropriate contract/consultant resources. I was recently named as the Recovery Executive to lead this office.

The PMO is also supported at the national level by an Executive Steering Committee headed by the Deputy Commissioner. The Executive Steering Committee has developed a nationwide program strategy and priorities. It will approve changes to the project list; and address national customer concerns.

Our strategy is to execute Recovery Act activities on an aggressive schedule using streamlined business process and innovative approaches to project execution, including geographic zonal oversight. We have established three zonal steering committees led by Zone Executives. These Zone Executives will assist in tracking and monitoring project progress at the regional level. More importantly, as they monitor project progress they will be able to shift support resources to projects or regions as needed. The PMO executive will also serve as an "early warning system" for projects that are not meeting anticipated targets.

Since enactment of the ARRA, PBS has moved quickly. On March 31st, we delivered a list of 254 projects to Congress. It includes projects in all 50 states, the District of Columbia, and two U.S. territories. These projects fall into three categories:

1. New Federal construction, where we will invest $1 billion in 17 projects;
2. Full and partial building modernizations, where we will invest $3.2 billion in 43 projects; and
3. Limited-scope, high-performance green building projects. Here, we will invest $807 million to repair and enhance building infrastructure systems in more than 194 projects.

We are mobilizing our project activity and have awarded $92 million towards project work. This includes:

- A $64 million award for the funding of the final renovation phase of the historic Thurgood Marshall U.S. Courthouse in New York City;
- $26.2 million award last week for additional construction on the Peace Arch Land Port of Entry in Blaine, Washington;
- A $1.3 million award last week for design services at the U. S. Customshouse in Philadelphia, Pennsylvania, for exterior repairs and energy efficient systems;
- And three awards last week, totaling over $550,000 for studies associated with new buildings and renovations in Roanoke, Virginia; Billings, Montana; and Bakersfield, California.

We currently have numerous solicitations on the street and expect to award at least another $100 million in Recovery projects by early June.

Of the $5.55 billion PBS received in the Recovery Act, our goal is to obligate $1 billion by August 1st and another $1 billion by the end of the calendar year. We have target dates for project awards in each quarter to ensure we obligate $5 billion by the end of fiscal year 2010 and an additional $550 million by the end of fiscal year 2011, as required by the Recovery Act.

Project Selection Criteria

Our project list was selected from an initial list of existing GSA pipeline projects that could be awarded within two years. The list we developed included detailed information on cost, schedule, energy benefits, and the impact on the repair and alterations backlog for each project. Our repair and alterations backlog was over $7 billion – just for minimum repair with limited consideration of high performance green features.. Our criteria in selecting projects considered both putting people back to work quickly and transforming Federal buildings into high-performance green buildings. Our selection criteria included:

- High -performance features, with an emphasis on energy conservation and renewable energy generation;
- Speed of construction start, with an emphasis on those projects that could begin within 120 days;
- Low risk that the project would fail to be completed on time;
- Condition of the facility;
- Ability to improve the utilization of the building;
- High return on investment;
- Degree to which lease costs would be avoided through the project; and
- Historic significance of the building.

Many of the projects in the new Federal construction and building modernization categories have previously received partial funding for design or for early phases of the project. With ARRA funding, we can quickly start or expand construction on these projects. At the same time, we are identifying ways to improve existing designs on these projects. This includes such improvements as:

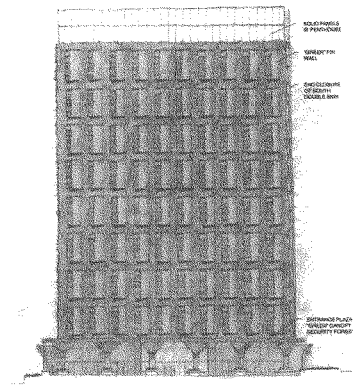
- Adding thicker than required insulation where climatically, it makes sense to;
- Installing variable frequency drives to reduce energy and extend the life of mechanical equipment;
- Converting existing designs for parking structure lighting to LED (light-emitting diode), dramatically lowering energy consumption, while improving safety and visibility and reducing required maintenance. LEDs can last two to three times as long as typical garage or parking lot lights;

- Specifying more efficient windows than originally designed or included in the design. Often, the initial expense and long payback period for high efficiency windows precludes them from being included in building renovations; and
- Specifying dual flush toilets and waterless or low water urinals to save water and reduce demand on aging city sewer systems.

We have also identified high performance green building projects that target repairing, enhancing and tuning-up our building infrastructure. These projects are similar in scope and, therefore, can be rapidly deployed in many buildings concurrently. These projects can significantly improve the energy performance of our buildings and include measures such as:

- Installing intelligent lighting systems that provide daylight and provide controls for occupants to adjust for ambient light versus task light.
- Replacing flat roofs with ENERGY STAR membranes, integrated photovoltaic panels bonded to the membrane, photovoltaic panels, or planted roofs. These options offer benefits ranging from increasing the life of the roof, to producing energy and to reducing the "heat island" effect of a black roof. We expect to install some form of photovoltaic energy generation on 30 of the 59 roofs we are touching.
- Accelerating the installation of advanced meters—required under the Energy Policy Act to be completed by 2012. Advanced meters enable us to better manage buildings by instantaneously providing information on a building's energy use and encouraging immediate operational changes.

An example of the innovative features we will be incorporating into some of the projects on our Recovery Act list is the Edith Green - Wendell Wyatt Federal Building in Portland, Oregon. This is a 1975 building in downtown Portland. As part of this project, GSA will install a new high-performance double glass enclosure over the entire building which will dramatically enhance energy performance and blast resistance. Each of the four facades will have a different treatment relative to the sun's orientation. On the west façade, vegetative "fins" will provide shade, reducing the load on the new high-efficiency HVAC system that will be installed. The re-skinning of this building also upgrades the building for seismic events and will result in additional 2,000 square feet of space per floor. These are just some of the "green" improvements that GSA will make as part of this project. We expect the building to attain a LEED Gold rating.



WEST ELEVATION

Acquisition Support

To streamline the acquisition process, we have developed standard scopes of work for common high-performance green building elements. These standard scopes of work will be shared nationwide and with other agencies engaged in Recovery Act work. In addition, we are using regional and national contracts to support:

- Reporting and tracking;
- Contract management;
- Building tune-up and commissioning;
- Lighting; and
- Roofing

Apprenticeship and Pre-Apprenticeship Programs

Finally, pre-apprenticeship and apprenticeship programs will be an integral part of our Recovery Act projects. These programs will be established as contractual requirements in construction contracts for projects on our Recovery Act list. The funding provided in the Act shall be used for costs of pre-apprentice and apprentice training. The programs will be modeled after a successful GSA program in the National Capital Region through which at least 840 persons at 15 projects have been trained and employed since the program's inception in 2002.

Conclusion

Today, I have described the unprecedented and exciting opportunity that lies before us to contribute to our nation's economic recovery by investing in green technologies and reinvesting in our public buildings. We look forward to working with you and members of the Subcommittee as we engage in this important work.

Madam Chair, Ranking Member Diaz-Balart and members of this subcommittee, this concludes my prepared statement. I will be pleased to answer any questions that you or any other members of this Committee may have.

STATEMENT OF HON. BRIAN D. MILLER

INSPECTOR GENERAL, GENERAL SERVICES ADMINISTRATION

TO

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

UNITED STATES HOUSE OF REPRESENTATIVES

MAY 5, 2009

Contact: **Hon. Brian D. Miller**
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GOOD AFTERNOON, MADAME CHAIR, RANKING MEMBER DIAZ-BALART, MEMBERS, LADIES AND GENTLEMEN. THANK YOU FOR THE OPPORTUNITY TO ADDRESS THE SUBCOMMITTEE, TODAY, REGARDING USES OF STIMULUS FUNDS BY GSA. THESE RECOVERY ACT PROJECTS ARE MONUMENTAL. FIFTY YEARS FROM NOW, PEOPLE WILL BE TALKING ABOUT HOW THESE RECOVERY ACT PROJECTS TRANSFORMED THE WAY GOVERNMENT DELIVERS SERVICES TO THE AMERICAN PEOPLE.

AS YOU KNOW, GSA'S NORMAL CONSTRUCTION BUDGET FOR PUBLIC BUILDINGS SERVICE PROJECTS IS ABOUT $1.3 BILLION A YEAR. THE RECOVERY ACT PROVIDES GSA WITH AN ADDITIONAL $5.55 BILLION IN CONSTRUCTION FUNDING AND $300 MILLION FOR ACQUISITION OF ENERGY EFFICIENT VEHICLES. THE INCREASE IN CONSTRUCTION FUNDING ALONE IS FOUR TIMES GSA'S TYPICAL CONSTRUCTION BUDGET FOR A SINGLE YEAR, AND THE RECOVERY ACT REQUIRES GSA TO OBLIGATE THE MAJORITY OF THOSE FUNDS WITHIN A 20-MONTH PERIOD. IN ADDITION TO FUNDS GOING

DIRECTLY TO GSA, SIGNIFICANT ADDITIONAL AMOUNTS WILL FLOW THROUGH GSA FROM OTHER AGENCIES. THESE ADDITIONAL AMOUNTS INCLUDE, FOR EXAMPLE, $620 MILLION FOR DEPARTMENT OF HOMELAND SECURITY CONSOLIDATION AND LAND PORTS OF ENTRY, $90 MILLION FOR THE STATE DEPARTMENT'S PASSPORT OFFICES AND TRAINING CENTER, AND POSSIBLY $500 MILLION FOR THE SOCIAL SECURITY ADMINSITRATION DATA CENTER. THE BOTTOM LINE IS THAT GSA IS BEING ASKED TO SPEND AND MANAGE FIVE TIMES MORE THAN IT NORMALLY DOES IN A SIGNIFICANTLY SHORTENED TIMEFRAME.

THIS AFTERNOON, I WOULD LIKE TO BRIEFLY ADDRESS THE FOLLOWING: 1) THE OIG RELATIONSHIP WITH GSA ON RECOVERY ACT EFFORTS; 2) STEPS THE OIG IS TAKING TO PROVIDE EFFECTIVE OVERSIGHT; AND 3) CHALLENGES THAT GSA WILL FACE AS RECOVERY ACT EFFORTS MOVE FORWARD.

OIG RELATIONSHIP WITH GSA ON RECOVERY ACT MATTERS.

GSA OIG HAS BEEN MEETING REGULARLY WITH THE AGENCY BOTH TO MONITOR RECOVERY ACT ACTIVITIES AND TO ENSURE WE HAVE A CLEAR UNDERSTANDING OF THE AGENCY'S PLANS. FOR EXAMPLE, WE ATTEND GSA PLANNING AND IMPLEMENTATION MEETINGS TO KEEP CURRENT ON THE PROGRESS OF RECOVERY ACT EFFORTS. THIS POSITIVE WORKING RELATIONSHIP EXISTS PARTLY DUE TO THE EFFORTS OF ACTING ADMINISTRATOR PAUL PROUTY, AND I THANK HIM FOR HIS COLLEGIALITY.

WE HAVE ALSO DEVELOPED STRATEGIES TO CONDUCT MORE TIMELY REVIEWS IN RECOGNITION OF THE NEEDS OF THE AGENCY TO ACT QUICKLY ON RECOVERY ACT PROJECTS, AS I WILL DISCUSS.

EFFECTIVE OVERSIGHT

THE MANTRA FROM THE MOVIE "FIELD OF DREAMS" IS: "IF YOU BUILD IT, THEY WILL COME." WELL, GSA IS BUILDING IT, NOW. HOWEVER, SOME OF THOSE WHO WILL COME ARE THE CRIMINALS, FRAUDSTERS, AND CHEATS. IF

CONTRACTING FOR HURRICANE KATRINA AND THE WAR IN IRAQ TAUGHT US ANYTHING, IT WAS THAT QUICK GOVERNMENT SPENDING OF LARGE AMOUNTS OF MONEY CREATES CONSIDERABLE RISK.

CONGRESS HAD THE FORSIGHT TO INCLUDE IN THE RECOVERY ACT PROVISIONS FOR OVERSIGHT, AND THE OIG HAS DONE SEVERAL THINGS TO PREPARE AND CARRY OUT OUR RESPONSIBILITIES UNDER THE ACT. I WOULD LIKE TO HIGHLIGHT A FEW. AS I MENTIONED, WE ARE WORKING WITH THE AGENCY TO STAY ABREAST OF ITS ACTIVITIES AND IDENTIFYING KEY ISSUES OR RISKS. NEXT, TO ADDRESS THESE RISKS AND MEET THE TIMEFRAMES SET IN THE RECOVERY ACT, WE HAVE DEVELOPED NEW WAYS TO RESPOND QUICKLY. WE HAVE ADOPTED A QUICK RESPONSE APPROACH USING AUDITORS AND INVESTIGATORS TO RAPIDLY FOLLOW UP ON RECOVERY ACT COMPLAINTS AND REFERRALS, INCLUDING ONES FORWARDED BY THE RECOVERY ACCOUNTABILITY AND TRANSPARENCY BOARD.

WE HAVE ESTABLISHED A CORE TEAM OF AUDITORS AND WILL BE USING A STREAMLINED APPROACH TO PERFORMING REVIEWS. BECAUSE TRADITIONAL YELLOW BOOK AUDITS WILL TAKE TOO LONG, WE ALSO ARE TAKING AN AGGRESSIVE APPROACH TO RECOVERY ACT OVERSIGHT. WE PLAN TO REPORT IN REAL TIME ON PROJECTS AS THEY ARE OCCURRING. IN ADDITION, WE WILL EMPLOY VULNERABILITY ASSESSMENTS AND OTHER EVALUATIONS TO ENSURE THAT IMPORTANT ISSUES ARE ADDRESSED EARLY AS PROJECTS MOVE FORWARD.

CHALLENGES FACED BY GSA.

THE AMOUNT OF FUNDS AND SHORT TIMEFRAME WILL CREATE SIGNIFICANT CHALLENGES FOR GSA. I WOULD LIKE TO HIGHLIGHT WHAT I SEE AS FOUR OF THOSE CHALLENGES.

FIRST, I BELIEVE THE MOST CRITICAL CHALLENGE WILL BE THE NEED FOR ADDITIONAL QUALIFIED PERSONNEL, ESPECIALLY CONTRACTING OFFICERS AND PROJECT MANAGERS. BECAUSE GSA MAY NOT BE ABLE TO HIRE SUFFICIENT QUALIFIED NEW EMPLOYEES TO MEET THIS NEED, GSA IS CONSIDERING HIRING CONTRACTORS TO FILL THIS IMMEDIATE VOID AND ASSIST WITH THE INCREASED WORKLOAD.

THIS BLENDED WORKFORCE WILL CREATE A SECOND CHALLENGE, NAMELY THE ADDITIONAL RISKS RELATED TO SECURITY, CONFLICTS OF INTEREST, AND MANAGEMENT OF CONTRACTORS.

A THIRD CHALLENGE, BASED ON PROBLEMS IDENTIFIED IN THE PAST, WILL BE MANAGING PROJECTS TO PREVENT COST ESCALATIONS BEYOND APPROVED FUNDING, RESOLVING CLAIMS, AND AVOIDING PROJECT DELAYS.

A FOURTH CHALLENGE I WOULD LIKE TO MENTION TODAY IS MANAGING UNBUDGETED CUSTOMER NEEDS. BECAUSE OF THE TIMEFRAMES SET BY THE RECOVERY ACT, SOME PROJECTS WILL INVOLVE ITEMS SUCH AS ADDITIONAL TENANT IMPROVEMENTS AND TEMPORARY MOVING COSTS THAT ARE NOT INCLUDED IN ANY AGENCY BUDGET. GSA MUST ANTICIPATE AND PLAN FOR THESE ADDITIONAL COSTS.

AS IT STRUGGLES TO MEET THESE CHALLENGES, GSA IS LIKE A SINGLE-ENGINE FREIGHT TRAIN THAT SUDDENLY MUST CARRY 4 TIMES ITS NORMAL LOAD WITH THE ADDITION OF MORE FREIGHT CARS. THE ANTICIPATED ADDITION OF EVEN MORE CARS TO THAT TRAIN, AS AGENCIES START TURNING OVER PROJECT FUNDING TO GSA, WILL PUT EVEN MORE STRAIN ON THE GSA ENGINE. IT IF HITS A HILL OR A BUMP, THE ENGINE MAY QUICKLY FRY AND BURN OUT.

THANK YOU FOR YOUR ATTENTION. I ASK THAT MY STATEMENT AND WRITTEN MATERIALS BE MADE PART OF THE RECORD. I WOULD BE PLEASED TO RESPOND TO QUESTIONS FROM THE SUBCOMMITTEE.

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STATEMENT OF HON. BRIAN D. MILLER

INSPECTOR GENERAL, GENERAL SERVICES ADMINISTRATION

TO

SUBCOMMITTEE ON ECONOMIC DEVELOPMENT, PUBLIC BUILDINGS, AND EMERGENCY MANAGEMENT

UNITED STATES HOUSE OF REPRESENTATIVES

MAY 5, 2009

Written Portion

Testimony on
Oversight of the American Recovery and Reinvestment Act of 2009
at GSA

The oversight of GSA's implementation of the Recovery Act will require a full range of activities, including contract, financial, and internal audits as well as criminal investigations. The need for oversight will extend beyond the funding period until the projects are completed and claims have been settled. Below we address the OIG relationship with GSA on Recovery Act matters, our plans to ensure effective oversight, and challenges facing GSA.

OIG RELATIONSHIP WITH GSA.

To provide oversight, we have adopted a path that allows the OIG to be available to the agency, but also maintains our independence. We attend the weekly Stimulus meetings held by the Agency, are meeting with key managers on the Recovery Act activities, and attended both PBS's March meeting in Chicago on its approach to implementing the Recovery Act and PBS's April Capital Construction Conference for project management (that included discussion of Recovery Act project issues). We are open to management requests for assistance at these meetings, and we have been in discussion with regional management regarding their need for contract audit assistance

on Architect-Engineering and Construction contracts. As discussed below, in recognition of the agency's need to act quickly, we also have developed prompt methods of review.

OVERSIGHT OF STIMULUS EXPENDITURES

To provide oversight of the Recovery Act funds and GSA's Recovery activities, the GSA OIG will use a multi-faceted approach. We will focus on key issues such as how the agency is addressing its long-standing risks in specific areas and whether activities are complying with regulations and the intended purposes of the Recovery Act. We also will use new, quicker methods to conduct our work. Our audit and investigative efforts will include the following.

Vulnerability Assessments.

We are developing an initial assessment of the vulnerabilities the Agency is facing. As part of this, we have reviewed GSA's responsibilities under the Recovery Act and examined the agency's Recovery spending and program plans, which identify how GSA will meet its responsibilities. We have also assessed these activities in light of the accountability objectives identified by the Office of Management and Budget in its Recovery Act guidance and we have identified issues that may impede the agency in its Recovery Act activities.

This assessment will be used as the basis for identifying how the OIG will approach GSA's Recovery Act programs and projects and then develop targeted oversight initiatives. We will evaluate various aspects of the programs receiving stimulus funding, focusing on management, internal controls, project planning and execution, as well as contracting.

Reviewing Construction Projects.

The overall purpose of our review of construction projects is to answer the question, "Did GSA PBS plan, select, award and administer construction contracts in accordance with the prescribed criteria and Recovery Act mandates?" The purpose can be divided into three distinct phases: 1) Planning; 2) Solicitation/Selection/Award; and 3) Contract Performance.

To accomplish our objectives, we will review selected projects at various points within each phase (Planning, Solicitation/Selection/Award or Performance), taking a snapshot in time to determine if the project meets all prescribed criteria and Recovery Act mandates. Due to time restrictions, reviews will not cover any project completely from inception to completion. Rather, the intent will be to quickly and accurately determine if contracts utilizing Recovery Act funds include standard contracting requirements.

Reporting will be done using Critical Point Evaluations (CPEs) to facilitate fast turnaround times. The CPE will take the form of a summary result of review and, in some cases, may include suggestions to alleviate the issues identified. A series of these memoranda may be compiled at a later date into a summary highlight report. As a result of CPEs, management will be able to address issues on a quick turnaround basis. CPE memoranda and the resulting reports will be issued at the appropriate managerial level with courtesy copies to higher level management. These memoranda will also be posted to and reported through the Recovery.gov website.

Investigative activities.

Our investigative efforts for the Recovery Act will emphasize both preventing and identifying fraud. GSA OIG has established a Quick Response approach that uses auditors and investigators, as appropriate, to efficiently process Recovery Act leads. We have established a central collection point for Recovery Act referrals, complaints and inquiries. Dedicated staff will interview the complainant; collect additional information; evaluate the matter; and determine where the matter should be sent for further investigation. While some matters will fall within the investigative purview of the GSA OIG, others will not, and those will be sent to the appropriate investigative agency.

GSA OIG also will provide proactive fraud prevention briefings targeted to the individuals within GSA who are responsible for the expenditure of Recovery Act funds. GSA OIG will deliver those briefings along with individuals from other federal agencies, including the Department of Justice. In addition, OIG fraud alert memoranda to agency personnel will highlight fraud schemes attempted in other Federal entities to raise awareness levels.

CHALLENGES FACED BY GSA.

GSA's fiscal year 2009 construction budget is approximately $1.4 billion. The Recovery Act adds $5.55 billion, more than four times GSA's typical construction budget for a single year, and the Act requires GSA to obligate the majority of these funds within a 20-month period. Specifically, the Recovery Act provides $750 million for Federal buildings and Courthouses, $300 million for Land Ports of Entry, and $4.5 billion for measures necessary to convert Federal buildings to High-Performance Green Buildings. The Act requires that $5 billion of these funds be obligated by September 30, 2010, and the remainder shall be available until September 30, 2011. The Recovery Act also provides $300 million to improve the fuel efficiency of vehicles in the Federal fleet, to remain available until September 30, 2011.

In addition to this direct funding, GSA will be tasked by customer agencies in meeting their responsibilities under the Recovery Act. GSA will receive additional funding for construction projects allocated to other agencies, including $90 million from the Department of State for passport offices and a training center, $620 million from the Department of Homeland Security for consolidation and land ports of entry, and possibly $500 million from the Social Security Administration for a data center. Likewise,

customer agencies may take advantage of GSA contract vehicles such as multiple award schedule contracts to meet their Recovery Act responsibilities or task GSA to provide other services using Recovery Act funding through programs such as the Assisted Acquisition Program.

In March 2009, GSA submitted its project list. The project list includes funding 17 projects for Federal Buildings, courthouses, and land ports of entry valued at over $1 billion; 43 High Performance Green Building full and partial building modernizations valued at over $3.1 billion; as well as over 190 limited scope High Performance Green Building projects valued at over $800 million. In addition, GSA has also reserved approximately $298 million for small High Performance Green Building projects, $108 million for space rental, and $127 million for building operations. Some of the challenges facing GSA in managing these funds are highlighted below.

Need for Contracting Officers and Project Managers.

One of the most immediate challenges in undertaking these projects is the need for qualified personnel, especially contracting officers and project managers. PBS staffing is geared more toward its normal workload of about $1.3 billion per year. With the additional funding from the Recovery Act, GSA's need for contracting personnel and project managers to handle this workload is critical. In early discussions, PBS has been contemplating several options, including using contractors to supplement GSA's in-house staff. Although this may provide some relief to GSA's contracting and project management staff, agency personnel will still be burdened with the need to administer and oversee these contractors in addition to their other work. In addition, GSA will also have to ensure adequate security and minimize any potential conflict of interest that the contractors may have at either the organization or individual level.

Timely Awarding of Contracts.

To award the construction contracts and expend the funds in a timely fashion, GSA needs to not only ensure it has enough qualified personnel as discussed above, but it also needs to ensure that it thoroughly plans for the projects and the related acquisitions. Managing the design and construction of projects is a very complicated process regardless of project size. The projects that GSA will undertake using the Recovery Act funding vary in their state of readiness. Some projects are currently ongoing and will be able to expend the funds with little extra planning, while some projects are still in the early planning or design phases and will require a high degree of planning to get ready just to make an award. The planning for these projects is necessary to limit problems from arising in the future.

Tracking Funding Deadlines and Requirements.

With regard to tracking and planning the expenditure of the Recovery Act funds, GSA will also be challenged by the normal funding stream of a construction project. According to the Recovery Act, $5 billion of GSA's construction funds need to be obligated by September 30, 2010 and the remainder by September 30, 2011. In addition, the funds expire after five years and cannot be used afterward. However, on a typical large construction project, funds are normally obligated throughout the life of the project, which could be three or more years past the initial award date. On these projects, the funds are obligated when the base contract is awarded and during the construction project as contract modifications due to changes and unforeseen conditions arise. The Recovery Act's deadlines for the obligation and expiration of the funds do not support this funding stream. PBS has been researching its alternatives. However, if this is unresolved, PBS may need to use future funds to augment its Recovery Act projects as the funds cannot be awarded or expended beyond the dates in the Recovery Act.

Completing Projects on Time and Minimizing Cost Overruns.

Historically, GSA has faced a number of issues that could impact its implementation of the Recovery Act. With regard to the construction program, it has had issues with cost escalations, claims, and project delays that have added additional costs to the projects as well as lost revenue. As part of its efforts to address these risks, GSA is establishing a Program Management Office to monitor and oversee all aspects of the construction being performed under the Recovery Act including the adherence to the project budget and schedule. This office is being created from scratch and as such will require high level of management to ensure it operates efficiently and effectively.

Anticipating Unbudgeted Customer Needs.

Customer funding will also be a challenge for GSA. On a typical construction project, customers fund a variety of costs including the costs for above standard tenant improvements and the costs to move into and out of temporary "swing space" for building modernization projects. The need for funding these costs is usually discussed with customer agencies in the early planning stages of a project so that the funding can be incorporated into the budget process. However, as many of the planned Recovery Act projects were not anticipated to occur this quickly, the funding for these costs likely have not been incorporated into the customer agency budgets. As a result, GSA will need to work with customer agencies to determine the source of the funding to move these projects forward.

Reporting Issues.

GSA has a number of reporting requirements under the Recovery Act. One challenge will be tracking, reporting, and reconciling the use of Recovery Act funding on

projects, especially those with multiple funding sources. On some projects, GSA may have not only Recovery Act funding, but also funding from its regular budgetary accounts and customer agency funding as well. According to OMB Guidance (M-09-15), the Recovery Act funding cannot be commingled with the other funding and must be tracked and reported on separately. This necessitates maintaining effective funds management at the project level with careful attention to determining whether the funds can be aligned with project specific tasks or charged against the project using an alternative method.

Another challenge for GSA will be to reconcile its reporting. GSA will be reporting hundreds of contract awards through USAspending.gov, as well as the obligations and outlays related to these contracts. However, the contract dollars being reported will likely always exceed the obligations reported due to multiple funding sources as discussed above and the obligation will likely always exceed the outlays due to timing differences, especially for large, multi-year construction projects. However, other issues can impede the reconciliation of funds. For example, the contract awards related to buildings and construction as well as those for vehicle acquisition are processed in systems that are not integrated with the financial system and in some cases the contracts have not been obligated timely. As a result, a contract could be reported in USAspending.gov although it may not be obligated in the financial system.

Finally, with regard to financial reporting, the FY 2007 financial statements failed to report $276 million of building related contractual obligations, including one construction contract for $188 million, as well as $220 million of contractual obligations for vehicle purchases. GSA will need to ensure it accurately reports on its expenditures of Recovery Act funds in its financial statements.

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