

ARMY FEE ASSISTANCE PROGRAM: PART II

HEARING BEFORE THE SUBCOMMITTEE ON GOVERNMENT OPERATIONS OF THE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM HOUSE OF REPRESENTATIVES ONE HUNDRED FOURTEENTH CONGRESS SECOND SESSION

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ARMY FEE ASSISTANCE PROGRAM: PART II

Wednesday, January 6, 2016

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT OPERATIONS,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, D.C.

The subcommittee met, pursuant to call, at 10:04 a.m., in Room 2154, Rayburn House Office Building, Hon. Mark Meadows [chairman of the subcommittee] presiding.

Present: Representatives Meadows, Jordan, Walberg, Carter, Connolly, Maloney, and Lynch.

Mr. MEADOWS. The Subcommittee on Government Operations will come to order.

Without objection, the chair is authorized to declare a recess at any time.

Good morning. Today's hearing is an opportunity to examine the efforts put forth by the GSA and the Army to fix a problem that should never have occurred in the first place, a problem that obviously was of their own making.

The Army Fee Assistance Program, or the AFA Program, as it's commonly referred to, provides compensation to Army families that must pay for base third-party child care where on-the-base child care is not accessible. Army families rely on this program to help ensure that their children are taken care of so that their servicemember parents can continue to serve our Nation.

In October of 2014, the Army transitioned administrative control of the AFA Program from the private contractor Child Care Aware to the GSA under the auspices of saving \$4 million. Obviously, we love to save money, but during the GSA's administration of this program, it allowed the backlogs to build to more than 25,000 items.

Thousands of phone calls and emails by families were left unanswered. Thousands of these emails and voicemails were deleted by GSA. And let me repeat that for those who may have missed the last part: Those were deleted by GSA.

Thousands of invoices went unpaid, resulting in Army families having to struggle to pay for the necessary childcare services. At the time of the transition, these families had been assured that there would be no disruption in the payments and the transitions would be seamless. Sadly, this turned out to be completely false.

The full committee held a hearing this past September in an effort to get to the bottom of how the management of this program went so wrong. Following that hearing, the GSA and Army began

to make major steps in rectifying the problem faced by Army families under the GSA's administration.

These improvements included reductions or eliminations of long-term backlogs in every major category and a transition away from the GSA's administration back to Child Care Aware of America, the contractor that had successfully managed the program prior to the GSA taking control.

Now, while the work done so far deserves recognition, including the paying completely of the 9,100-plus unpaid invoices that existed, it does not mean that this program is out of the woods yet. GSA still faces a substantial backlog in the family actions category, a crucial first step in the AFA Program participation, and, as of December 21, the family action backlog stood at some 1,600.

This is unacceptable. It's something that we have to address. And with the AFA Program at a new crossroad as it prepares to begin transitioning administrative control back to Child Care Aware in February, it is critical that the GSA work even harder to completely eradicate this backlog.

The Army, the GSA, Child Care Aware are scheduled to begin a roughly 7-month process of transitioning families from GSA administration to Child Care Aware on February 22. Following that transition, CCA families will gradually transition to Child Care Aware based on the State in which they live, and I understand from Ms. Hoehne that that's going to start here in the D.C. metro area.

Although this transition is a welcome and positive step towards getting the AFA Program back on track, it raises additional new and pressing concerns. Already, the transition is experiencing some delays in the rollout, and the structure of how the Fee Assistance Program administration will transition has a potential cause of—possibly causing confusion and hardships for our Army families. It is my hope that today's hearing will help ensure that those hardships and problems for our Army families and the ones that they would experience following the GSA transition will not reoccur and that this new issue can be prevented during the Child Care Aware transition.

I want to thank each of the witnesses for appearing before the subcommittee today, and I look forward to their assistance in ensuring that our Army families in the Fee Assistance Program receive the service that they earned and deserve.

And, with that, I now recognize the ranking member, Mr. Connolly, the ranking member of the Subcommittee on Government Operations, for his opening testimony.

Mr. CONNOLLY. Thank you, Mr. Chairman. And thank you for this followup hearing.

We're looking at GSA's deplorable management of the Army's subsidized childcare program. Thousands of military families were saddled with the unacceptable financial hardships, not to mention the emotional strain, of footing the bill for child care that should and would have been subsidized if not for the string of shockingly bad decisions made by both the Army and the GSA.

Today, we'll receive an update on steps that have been taken over the last few months to remedy this outrage and the effort to transition the program back to the private-sector company that had

been successfully managing the program and continues to successfully manage it for other branches of the armed services.

I appreciate the bipartisan nature of this ongoing investigation and your personal commitment to that, Mr. Chairman, and our shared interest in ensuring our military families receive the benefits that they've earned and the proper stewardship of taxpayer dollars.

To briefly recap, the Fee Assistance Program helps subsidize off-post child care for military families when on-post care is unavailable. Each branch of the military operates its own program, and, until 2014, the same company, Child Care Aware of America, administered it for nearly all of the branches.

The GSA, meanwhile, administered the program for approximately 200 Army families and made the claim that it could administer Army's entire program for half the existing cost, saving \$4 million annually. Despite performing no analysis to support such a claim, the Army forged ahead with that promise. To say that GSA was unprepared for the surge in participation, from 200 to 9,000 families, is an understatement.

The OIG cited serious lack of preparation with respect to both personnel and technology. For example, GSA's cloud storage for email and voicemail was inadequate to handle a 45-fold increase in requests that needed to be processed. Staff was quickly overwhelmed, and a backlog of parent and provider requests began to grow. It included more than 9,100 unpaid provider invoices, averaging \$300 apiece per month, that military families had to cover—military families often not in a financial position to cover that kind of cash flow—more than 5,000 unprocessed family applications and recertifications; more than 7,300 unreturned phone calls; and more than 4,500 unanswered emails.

Following our hearing, the GSA made what can only be described as surprising progress in reducing those backlogs, which, of course, was a precondition for Child Care Aware resuming efficient management of the program.

GSA reports all backlog provider invoices were paid within 30 days, though we would like to know what steps are being taken to address the one in five payments for which errors have been detected. And while the GSA is still working to reduce the backlog of family actions, including recertifications, it has made considerable progress after the Army authorized the suspension of those activities to focus immediate attention on paying out invoices. As of December, GSA reports it has eliminated the phone call and email backlogs.

I'd note the committee has requested the National Archives and Records Administration open an inquiry into the actions of GSA employees who apparently deleted various family communications, though I understand those families have since been contacted.

Mr. Chairman, while I'm pleased to see progress, I'm still troubled by the actions that created the situation in the first place. During our September hearing, we learned the Army had already spent an additional \$4.4 million to allow the GSA to hire more contract personnel and update its IT systems. Have further costs been incurred since then to eliminate those backlogs?

I also want to hear about how we're applying lessons learned as we move forward. The OIG cited GSA for lack of preparation in advance of the program transfer in October 2014. Has the Army certified that Child Care Aware has sufficiently ramped up its personnel and IT services after having to scale down when it lost the program management more than a year ago?

Mr. Chairman, to their credit, both GSA and the Army seem to have recognized the error of transferring management of this program, first by proactively engaging the inspector general and now by transferring the program back to the initial competent contractor. While there are still issues obviously to be resolved, I certainly recognize that progress and commend it and hope it will continue.

Mr. Chairman, I also want to say this is precisely the type of bipartisan oversight for which our subcommittee increasingly has become known, and I am very pleased to collaborate with you in this endeavor today.

Mr. MEADOWS. Well, I thank my good friend, the ranking member, Mr. Connolly, for his kind words and really for working in such a hand-in-glove way to make sure that Army families in this particular situation are taken care of.

I will hold the record open for 5 legislative days for any members who would like to submit a written statement.

Mr. MEADOWS. We will now recognize our panel of witnesses.

I'm pleased to welcome the Honorable Carol Fortine Ochoa, Inspector General of the U.S. General Services Administration; Mr. Gerard Badorrek, Chief Financial Officer of the U.S. General Services Administration; Ms. Stephanie Hoehne, Director of the Family and Morale, Welfare, and Recreation at G9—quite a title there—Installation Management Command of the U.S. Army; and Dr. Lynette Fraga, executive director of Child Care Aware of America.

Welcome to you all.

Pursuant to committee rules, all witnesses will be sworn in before they testify, so if you would please rise and raise your right hand.

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

Okay. Thank you. Please be seated.

Let the record reflect that all witnesses answered in the affirmative.

And in order to allow time for discussion, I would ask that you please limit your oral testimony to 5 minutes. Your entire written statement, however, will be made part of the record.

And, Inspector General Ochoa, you are now recognized for 5 minutes.

WITNESS STATEMENTS

STATEMENT OF THE HON. CAROL FORTINE OCHOA

Ms. OCHOA. Good morning, Chairman Meadows, Ranking Member Connolly, and members of the subcommittee. Thank you for inviting me here today. I appreciate the opportunity to testify about the Office of the Inspector General's ongoing work monitoring the

General Service Administration's administration of the Army childcare subsidy program, or Army Fee Assistance Program.

Since September, my office has been monitoring GSA's metrics for the Army Fee Assistance Program. We released a status report on Monday of this week that notes progress in the following areas:

Our analysis of invoices and data from GSA's invoice system supports GSA's report that by mid-October it had paid 94 percent of the provider invoices that were outstanding at the date of the full committee hearing on this matter in September.

Additionally, GSA call logs reflect that GSA personnel called back the nearly 2,000 telephone numbers corresponding to the unreturned voicemails that were outstanding as of September 2015.

As of December 21, 2015, GSA had decreased its total backlog to approximately 3,100 items from a high of nearly 26,000 items reported in our September report.

Also, the number of program complaints received by the OIG significantly dropped since GSA paid off the backlogged invoices.

Regarding the transition of the program, the interagency agreement between the Army and the GSA was extended to March 2016, with further options to extend the GSA's administration of the program through October 2016. GSA officials told us that on December 23 the Army signed a final contract with Child Care Aware of America for the administration of the program.

In addition, the Army has provided GSA with a transition timeline, which we understand is subject to amendment, that projects the beginning of the transfer to the new contractor on February 22, next month. This transition schedule is lengthy. It consists of seven phases taking place over approximately 8 months, with GSA continuing to manage Army families' accounts until the transfer is complete in October 2016.

Thank you for the opportunity to testify and for this committee's support of inspectors general. I ask that my testimony and the OIG's report be made part of the record, and I'd be happy to answer any questions.

[Prepared statement of Ms. Ochoa follows:]



Statement of the Honorable Carol Fortine Ochoa
Inspector General, General Services Administration

Army Fee Assistance Program: Part II

Hearing before the
Subcommittee on Government Operations
Committee on Oversight and Government Reform
United States House of Representatives

January 6, 2016

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee: Thank you for inviting me here today. I appreciate the opportunity to testify about the Office of Inspector General's (OIG) work monitoring the General Services Administration's (GSA) ongoing administration of the Army childcare subsidy program. The OIG found that GSA has made significant progress in reducing the backlog of family actions, phone calls, emails, and unpaid invoices. In addition, the Army has signed a contract for administration of the program with a new contractor. GSA will continue to have responsibility for the program until the transition is complete, which is currently projected for October 2016.

Background

The Army's childcare subsidy program helps Army families pay for off-post childcare when on-post childcare is unavailable. Beginning in 2003, GSA administered the subsidy program for approximately 200 Army families whose children were enrolled exclusively in federal childcare centers. In April 2014, GSA agreed to expand its administration of the Army program to include Army families enrolled in private childcare centers as well. This added over 9,000 families and 5,000 childcare providers to the program.

On September 8, 2015, we issued the report, *Evaluation of GSA's Administration of the Army Childcare Subsidy Program*. We found that largely as a result of poor planning, GSA struggled to manage the expanded childcare subsidy program effectively and efficiently, and its processes to support Army families enrolled in the program were inadequate. As a result, GSA was overwhelmed with a growing backlog of unprocessed family actions, such as re-certifications of eligibility for the program, childcare provider changes, and additions or removals of enrolled children; unreturned emails; unpaid childcare provider invoices; and unreturned customer phone calls. We reported that by July 31, 2015, GSA's inventory of Army childcare subsidy items requiring action had increased to over 25,900. As a consequence, many Army families were experiencing inadequate customer service and substantial processing delays while GSA attempted to gain control of the program. Army families reported the need for non-Army spouses to

give up jobs and education as childcare became unaffordable, and some families reported collection efforts instituted by their childcare providers.

On September 10, 2015, the Committee on Oversight and Government Reform held a hearing concerning the administration of the Army childcare program by GSA and the Army. At the hearing, GSA Chief Financial Officer (CFO) Gerard Badorrek pledged to improve GSA's management of the program, including by paying the backlog of unpaid provider invoices within 30 days. The Army representative stated that the Army expected to transfer the contract away from GSA to a contractor by the end of the year.

Program Status

Since September, we have been monitoring GSA Army childcare subsidy program metrics. Our *Status Report: Evaluation of GSA's Administration of the Army Childcare Subsidy Program* (Status Report), released on January 4, 2016, notes progress in the following areas:

GSA reported that by October 10, 2015, it had paid 94% of the provider invoices that were outstanding as of September 10, 2015. Our analysis of sampled unpaid invoices and data from GSA's invoice system was consistent with GSA's representation that it had paid most of the backlogged invoices by October 10, 2015.

Additionally, call logs provided by GSA management reflect that GSA personnel called back the nearly 2,000 telephone numbers corresponding to the unreturned voicemails that were outstanding as of September 2015.

In our September 2015 report, we reported that GSA's administration of the Army childcare subsidy program had resulted in a backlog of over 25,900 total items (approximately 5,000 unprocessed family actions, 4,500 unreturned emails, 9,100 unpaid childcare provider invoices, and 7,300 unreturned phone calls). In our January 4, 2016, Status Report, we found that as of December 21, 2015, GSA's backlog had decreased to approximately 3,100 total items (approximately 1,600 unprocessed family actions, 250 unreturned emails, 1,200 unpaid childcare provider invoices, and 60 unreturned phone calls).

Also, the number of program complaints received by the OIG significantly dropped since GSA paid the backlogged invoices. During the time period of October 16, 2015, through December 21, 2015, we received two complaints related to the Army childcare subsidy program, as compared to the 75 complaints we received prior to October 16, 2015.

Migration of Program to New Contractor

The interagency agreement between Army and GSA was extended to March 2016, with further options available to extend GSA's administration of the Army childcare subsidy program through October 2016. GSA officials report that on December 23, 2015, the Army signed a final contract with Child Care Aware of America for the administration of the program.

The Army has provided GSA with a transition timeline, subject to amendment, that projects the beginning of program transfer to the new contractor on February 22, 2016. This transition schedule consists of seven phases, taking place over approximately eight months, with GSA continuing to manage Army families' accounts until the transfer is complete in October 2016.

Thank you for the opportunity to testify and for the Committee's support of Inspectors General. I ask that my testimony and the OIG's report be part of the record.

Mr. MEADOWS. Without objection. Thank you for your testimony. Mr. Badorrek, you're recognized for 5 minutes.

STATEMENT OF GERARD BADORREK

Mr. BADORREK. Thank you.

Good morning, Chairman Meadows, Ranking Member Connolly, and members of the committee. My name is Gerard Badorrek, and I am the Chief Financial Officer of the U.S. General Services Administration. I have been the Chief Financial Officer of GSA since December 29, 2014.

As you know, I was previously before the committee on September 10 to testify about GSA's management of the Army Fee Assistance Program. This program is a top priority at GSA so that Army families receive the customer service they deserve. I thank you for the opportunity to testify before you today about the progress that has been made in this program.

By standardizing work, expanding resources, and fully implementing an improved information technology system, we have now eliminated the significant backlogs of family actions and unpaid invoices.

The number of families enrolled in the program has reached 12,785, an increase of 25 percent since September. As of December 18, the total inventory of family actions was 1,141, excluding 426 recertifications. This total was significantly reduced from over 5,000 at the time of the September hearing.

Out of these 1,141 family actions, all but 35 had been evaluated, and the rest were in process. There are 724 actions, or almost two-thirds of this inventory, that is back with families or providers, awaiting information. The goal was to reduce the inventory to 2,000 or less by the end of the year, and we reached this goal on November 25.

The program also made progress toward providing customer service levels that are aligned with Army-established quality and timeliness standards. We have reduced the backlog of emails and phone calls from approximately 4,000 in September to 299 by December 18 and can respond to most phone calls and emails within 24 hours.

GSA fulfilled its commitment to the committee to clear the invoice backlog by October 10, and valid invoices are typically being processed within 3 to 4 days. In addition, the Army has worked very closely with GSA on policy changes that allowed us to streamline processes, including temporarily modifying payment policies and delaying recertifications. These changes help to reduce the backlog of erred invoices and allowed the program to focus on processing family actions. We are now researching invoice discrepancies and completing recertifications.

In response to concerns about the security of Army families' personal information, GSA reopened free credit monitoring services from the first week of October 2015 until the transition is completed, and 243 families enrolled in identity protection and credit monitoring services.

Shortly after the last hearing, we joined transition planning efforts with the Army and Child Care Aware. We participate in frequent meetings, and we will continue to support family and pro-

vider webinars hosted by the Army. GSA will support the Army and Child Care Aware in transferring family and provider information to ensure that Army families are not negatively affected by the transition.

GSA is committed to ensuring that the AFA Program is staffed appropriately as the program transitions. We have structured contractor and staff resources to accommodate fluctuations in work volumes so that resources can be redeployed as necessary.

The Army has developed a phased transfer of the program, and, as scheduled, GSA provided the childcare providers list to Child Care Aware on December 15. Later this month, GSA is scheduled to transfer a sample of family data to Child Care Aware to complete the data transfer testing. In February, we are scheduled to begin a transfer of completed active families' records. Childcare provider files will also be transferred so that Child Care Aware can pay invoices for transferred families.

We will repeat this process for subsequent phases of the transition. GSA will continue to pay invoices received for families who have not yet been transferred.

We will actively support this transition process until all families and childcare providers have successfully transferred, and we will work with the Army and Child Care Aware throughout each phase of the data transfer to mitigate any disruption to Army families.

Our goal is to continue to support the Army and Army families to the greatest extent possible as the Army Fee Assistance Program transitions. GSA is working diligently to respond to family action requests and to provide a high level of customer service during this transition. We share your concern for the welfare of our military families and appreciate your interest in and oversight of this important program.

I will be happy to answer your questions.

[Prepared statement of Mr. Badorrek follows:]

**STATEMENT OF
MR. GERARD BADORREK
CHIEF FINANCIAL OFFICER
U.S. GENERAL SERVICES ADMINISTRATION
BEFORE THE U.S. HOUSE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON
GOVERNMENT OPERATIONS**

January 6, 2016

Introduction

Good morning Chairman Meadows, Ranking Member Connolly, and members of the Committee. My name is Gerard Badorrek, and I am the Chief Financial Officer of the U.S. General Services Administration (GSA). I have been the Chief Financial Officer of GSA since December 29, 2014. As you know, I was previously before the Committee on September 10, 2015 to testify about GSA's management of the Army Fee Assistance program. This program has been a top priority at GSA and I thank you for the opportunity to testify before you today about the progress that has been made in this program.

Update

I testified previously about the improvements underway at GSA to put this program back on track to provide the level of service that our Army families deserve. GSA has made significant progress regarding family actions including new enrollments, rate changes, provider changes, and adding children. GSA has also made progress toward providing Army families customer service levels aligned with Army established quality and timeliness standards.

By standardizing work, expanding resources, and fully implementing GSA's improved Information Technology system, GSA has eliminated the significant family actions backlog. GSA is now responding to most phone calls and emails within 24 hours, reviewing family requests for enrollment

changes within days and completing these family requests, in most cases, within a few weeks.

As of December 18th, 2015, the current number of enrolled families is 12,785, up from 10,145 when I was last here in September. GSA fulfilled its commitment to the Committee to clear the invoice backlog by October 10, 2015 and valid invoices are typically being processed within three days. The number of valid invoices paid in the 30 days prior to December 18, 2015 was 18,886, up from 8,693 in the 30 days prior to September 14, 2015.

To better facilitate family actions and responses, in coordination with the Army, GSA has also improved communications with Army families and child care providers. Our total inventory of family actions on December 18, 2015 was 1,116, below our target of steady state inventory of 2,000 family actions, excluding recertifications. The majority of these actions require additional information from families or providers. As of December 18, 2015, there are 426 recertifications that are also being processed by the program. At the time of the September 10, 2015 hearing, there were over 5,000 family actions including recertifications that needed to be processed.

In response to concerns about the security of Army families' personal information, GSA originally re-opened free credit monitoring services from the first week of October 2015 until the end of December 2015, which was later extended to the final date the transition is completed. As of December 18, 2015, 243 families have enrolled in identity protection and credit monitoring services.

Transition efforts

GSA is supporting the Army and the newly designated vendor, Child Care Aware of America, in transferring family and provider information to ensure that Army families are not negatively affected by the transition from GSA to Child Care Aware of America. More specifically, GSA has signed an Interagency Agreement (IAA) with the Army, funded through March 31, 2016. This IAA includes additional option periods through October 31, 2016 to ensure flexibility as Child Care Aware of America takes over management of the AFA program.

Shortly after the last hearing, GSA joined transition planning efforts with the Army and Child Care Aware of America. GSA has attended 4 in-person meetings at Child Care Aware of America, and participates in several weekly meetings, including:

- Family and provider transition planning meetings with Army and Child Care Aware of America
- Family and provider communication and customer service transition planning with Army and Child Care Aware of America
- Information Technology internal meetings with GSA's Chief Information Officer staff and the GSA Child Care team, to plan for the data transition to Child Care Aware of America
- Information Technology meetings with GSA and Child Care Aware of America Information Technology staff

In addition, GSA has participated in, and will continue to support family and provider webinars hosted by the Army describing transition next steps.

Transition Staffing

GSA is committed to ensuring that the AFA program is staffed appropriately as the program transitions to Child Care Aware of America. GSA has structured AFA support contracts to accommodate fluctuations in work volumes so that resources can be redeployed as necessary. Additionally, GSA meets with the Army to discuss resourcing to ensure on-the-ground program needs continue to be aligned with planned expenditures.

Transition Data Transfer

The Army has developed a phased transfer of the program and GSA is working to support the transition. Per this schedule, GSA provided the Army Fee Assistance child care providers list to Child Care Aware of America on December 15, 2015 so that Child Care Aware of America could begin setting up any providers who were not currently enrolled with Child Care Aware of America. In mid-January, GSA is scheduled to transfer a sample of family data to Child Care Aware of America to complete the data transfer testing. In February, GSA is scheduled to begin a transfer of completed active families' records for phase one of an anticipated seven phase data transfer. Child care provider files will also be transferred so that Child Care Aware of America can pay invoices for transferred families. GSA will continue to pay invoices received for families who have not yet been transferred to Child Care Aware of America.

Based on Army's current schedule, in early March GSA plans to provide

another data file containing any data transfer reconciliations that the Army, GSA and Child Care Aware of America determines to be necessary. In April, GSA will deliver the family records for phase two to Child Care Aware of America. Since GSA will continue to enroll child care providers for families not yet transferred, child care provider files will be sent with each family data transfer so that Child Care Aware of America can pay invoices for transferred families.

GSA will actively support this transition process until all families and child care providers are successfully transferred to Child Care Aware of America. GSA will work with the Army and Child Care Aware of America throughout each phase of the data transfer to mitigate any disruption to Army families.

Conclusion

GSA's goal is to continue to support the Army and Army families to the greatest extent possible as the Army Fee Assistance program transitions from GSA to Child Care Aware of America. GSA is working diligently to respond to family action requests and to provide a high level of customer service during this transition. We share your concern for the welfare of our military families and appreciate your interest in and oversight of this important program. I will be happy to answer your questions.

Mr. MEADOWS. Thank you for your testimony.
 Ms. Hoehne, you're now recognized for 5 minutes.

STATEMENT OF STEPHANIE L. HOEHNE

Ms. HOEHNE. Good morning, Chairman Meadows, Ranking Member Connolly, and distinguished members of the Government Operations Subcommittee. I am Stephanie Hoehne, the Director of Installation Management Command, G9, Family and Morale, Welfare and Recreation Programs.

Thank you for the invitation to appear before you to provide an update on the administration of the Army Fee Assistance Program and share the measures taken to transition the Fee Assistance Program management from the General Services Administration to a private contractor, Child Care Aware of America.

In September, the committee examined the factors leading to a backlog of unpaid Fee Assistance invoices affecting approximately 9,000 families. We acknowledge the lack of oversight that allowed this type of impact to families, and we are dedicated to putting trust back into the program and making sure that it is on track as we transition the program to Child Care Aware of America.

Since September, we have eliminated the backlog of unpaid invoices and achieved steady state in processing family actions. We have made significant progress in transitioning Army Fee Assistance to Child Care Aware of America. The Army has also increased the level of communication and support to Army families.

Committed to our oversight role, the Army and GSA review output metric reports daily and conduct weekly on-site visits to the GSA offices to validate the reports and GSA operations. The major focus of this oversight has been a combined emphasis on invoice payment and family action processing. In addition, I have directed retraining and a higher level of oversight on contract acquisition and monitoring contract execution.

The timeline for the transition from GSA to Child Care Aware of America was developed jointly after a prolonged, deliberate process of discovery on the part of the contractor to ensure that they were equipped, trained, and ready to manage the workload and to ensure that families were kept well-informed and tracked throughout the transition. We have had the letter contract in effect since October and have now signed the definitive contract, effective December 23, to support the transition in full administration of the program.

The Army anticipates the formal transition of family accounts to Child Care Aware will begin in late February and will consist of seven geographically defined phases. All families residing within a geographic region, defined by States, will be transitioned as a group, averaging about 1,285 people per group.

In addition to transitioning the families already—in addition, the families—to transitioning the families already in the Fee Assistance Program by phase, Child Care Aware of America will immediately, effective 22 February, take on any new families that come into the program, regardless of their location.

This phased approach will also allow GSA to incrementally devote more assets to the annual recertification requirements just reinstated after a 6-month suspension and to reconciling invoice dis-

crepancies. Recall that the 8,800 unpaid invoices cited during previous testimony resulted from discrepancies in what providers billed and what GSA records indicated was owed. Those invoices have been paid, but we still have to settle the accounting.

The formal transition timeline has recovery periods built in. Each phase will be closely monitored. Success will be validated before moving to the next phase. The timeline can be shortened if we encounter no problems in each phase, but we were deliberately conservative in planning because care of the families is the priority driving this effort.

We expect Child Care Aware of America to assume full administration of the Fee Assistance Program no later than October 2016. Although this is not the quick transition that the Army and the GSA would have preferred, it is one that will protect our Army families. We have learned from previous mistakes.

Thank you again for this invitation, and I look forward to taking your questions.

[Prepared statement of Ms. Hoehne follows:]

RECORD VERSION

STATEMENT BY

**MS STEPHANIE L. HOEHNE
DIRECTOR, FAMILY AND MORALE, WELFARE AND RECREATION
U.S. ARMY INSTALLATION MANAGEMENT COMMAND**

BEFORE THE

**COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES**

**SECOND SESSION, 114TH CONGRESS
ON
ADMINISTRATION OF ARMY FEE ASSISTANCE**

JANUARY 6, 2016

**NOT FOR PUBLICATION
UNTIL RELEASED
BY THE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM**

STATEMENT BY

MS. STEPHANIE L. HOEHNE

**DIRECTOR, ARMY FAMILY AND MORALE, WELFARE AND RECREATION
ON ADMINISTRATION OF ARMY FEE ASSISTANCE**

Mr. Chairman and Members of the Committee, thank you for the opportunity to appear before you to provide an update regarding the Army Fee Assistance (AFA) program. I will describe the efforts the Army has made to bring AFA to a sustainable state and share the measures taken to transition the program from the General Services Administration (GSA) to Child Care Aware of America (CCAoA).

ARMY'S COMMITMENT TO FAMILIES

Army Families rely on quality child care as an important part of their support network and a critical enabler for sustained readiness. Army Families have peace of mind both on the battlefield and in garrison knowing their children are in safe, healthy, and secure environments. Army Child and Youth Programs help to minimize the conflict between mission requirements and parental responsibilities. The Army continues to invest in the availability, affordability, quality, and accountability of its child and youth programs to support Army Families who sacrifice every day in defense of our Nation.

BACKGROUND

On September 10, 2015, the House Committee on Oversight and Government Reform (HOCR) held a hearing on the Army Fee Assistance program with witnesses from the Army, GSA, and Family members who participated in the program. The Committee sought to examine the factors leading to a backlog of over 12,000 unpaid fee assistance invoices affecting approximately 9,000 Families. Subsequent to the hearing, and in

an effort to maintain transparency and lines of communication with Congress and key stakeholders, the Army has provided regular updates to the Committee, focused on elimination of the backlog, payment to Army Families, and the transition to CCAoA. Today, I will provide an update on progress in these areas and future plans to ensure this program meets the needs of our Families.

ELIMINATING BACKLOG

Since September, we have eliminated the backlog of unpaid invoices, achieved steady state in processing Family actions, and made significant progress in transitioning AFA to Child Care Aware of America. In addition, the Army also increased the level of communication and support to Army Families. On September 14, 2015, the Army sent out an email notification to all Families reiterating our strong commitment to work with GSA to restore AFA to an effective and efficient program.

The Army and GSA have effectively streamlined the process for provider payments and for approval of Family applications. New business rules temporarily allowed GSA to pay invoices containing error codes to decrease the 8,800 invoice backlog. The application process was revised and a number of application forms were eliminated. The Army suspended the annual recertification requirement, allowing GSA to focus on invoice payments and new Family applications. GSA substantially reduced the backlog of invoice payments by mid-October 2015. After the backlog was eliminated, the business rules were reinstated as GSA was positioned to make timely payments on monthly invoice submissions.

On October 21, 2015, the Army informed Families that GSA had paid the backlogged provider invoices and that Families who had paid the subsidy portion of their child care fees to the provider upfront should

expect providers to credit their accounts. Families were encouraged to contact the Army if reconciliations were not made in a timely manner.

Committed to our oversight role, the Army and GSA review output metric reports daily, and Army conducts weekly on-site visits to GSA to validate the reports and GSA operations. The major focus of this oversight is a combined emphasis on invoice payments and Family action processing. The invoice backlog was eliminated by mid-October. By late November, Family actions reached a sustainable level. In December, Army required GSA to begin recertification, and 1,400 Families were notified to begin this process. Army leadership continues to monitor GSA progress.

TRANSITION FROM GSA TO CCAoA

The Army is taking a deliberate and measured approach in the transition of the AFA program to CCAoA to ensure that service to our Army Families remains the primary focus. The contract transition process included a series of collaborative sessions among Army, GSA, and CCAoA to determine the best approach to transition the program from GSA to CCAoA. The agencies examined expectations, concerns, communications, and priorities that would result in a timely, scalable, efficient, and risk-mitigating solution.

The transition of the Army Fee Assistance program is being executed in three phases: Discovery, Transition, and Full Administration. The Discovery Phase began September 16, 2015, and was completed on November 26, 2015. During this phase, Army and CCAoA determined expectations, concerns, communications, and priorities; identified data to be transferred from GSA to CCAoA and finalized a plan for moving Family accounts to CCAoA. Phase Two, Transition, began on November 27, 2015. In December 2015, CCAoA began reaching out to providers,

via email and phone, to verify if Army Families with active certificates are still in attendance while simultaneously updating the providers' documents. This allows CCAoA to pre-load provider documentation into a database to match provider with Family. CCAoA will test the technology and data transfer, recruit and train staff, and provide on-site validation of their AFA process and systems. Army anticipates the formal transition will begin in late February. This transition will consist of seven geographically defined phases. All Families residing within a geographic region will be transitioned to CCAoA management as a group. With the formal transition, CCAoA will begin management of any Families new to the Fee Assistance program, regardless of their location.

Families will receive email notification with full details seven to fourteen days before their account is processed and moved to CCAoA. As Families transition in groups by state, a recovery period is built in after each group transitions. This will provide time to resolve any issues that may arise during the transition. We expect CCAoA to assume full administration of the Fee Assistance program in October 2016.

As CCAoA takes on phased administration of the Fee Assistance program, GSA can concentrate on reconciling invoice discrepancies and processing annual recertifications.

THE WAY AHEAD

Communication to Families:

To facilitate consistent and effective communication, the Army, CCAoA, and GSA developed a communication plan that includes scheduled communications throughout the transition. These communications will consist of regular emails, website updates, webinars, and a designated Facebook page. There will be an email link embedded

in each communication for Families to contact the Army directly with any questions or concerns.

The initial transition statement was sent to families on December 2, 2015. We informed Families of the transition to CCAoA, the nature of the phased approach, and notification of upcoming webinars that will offer further information and allow them to present their questions and concerns. The initial webinar was held on December 17, 2015 and provided Families with the methodology for transition to include the timelines for each state's transition.

The Facebook page and email notification provide for 2-way communication and are monitored daily. Additionally, the Army is developing customer satisfaction tools to measure the effectiveness of the transitions.

CONCLUSION

As with all Army Soldier and Family Programs, the Fee Assistance program is an investment in our most valuable asset – our people. The Army remains committed to providing Soldiers and Families a quality of life commensurate with their service and sacrifice, while being good stewards of taxpayer dollars. We deeply regret the hardships and inconvenience we caused our Families and are doing everything possible to regain their confidence and ensure mission readiness for our Families. We are confident that the combined efforts of the Army, GSA, and CCAoA will ensure long-term sustainment of the Fee Assistance program and the world-class child care that our Families deserve.

On behalf of the Army, I thank you for your interest in and support of our Soldiers and Families. I look forward to your questions.

Mr. MEADOWS. Thank you for your testimony.

Dr. Fraga—is it “Fraga” or “Fraga”?

Ms. FRAGA. “Fraga.”

Mr. MEADOWS. “Fraga.” Dr. Fraga.

STATEMENT OF LYNETTE M. FRAGA, PH.D.

Ms. FRAGA. Chairman Meadows, Ranking Member Connolly, and members of the subcommittee, good morning and thank you. I am Dr. Lynette Fraga, and I serve as the executive director of Child Care Aware of America. I am here today to provide information and answer your questions about the transition of the Army Fee Assistance Program from the General Services Administration back to Child Care Aware of America.

This charge and responsibility is not only squarely within the nonprofit mission of Child Care Aware of America; it is also very personal. My father is a retired sergeant major who proudly served in the Army for nearly 30 years. I was the spouse of a former Active Duty soldier and reservist, and I have worked, among other professional roles with the Army Child and Youth Services, as the director of a child development center.

Child Care Aware of America, formerly known as the National Association of Child Care Resource and Referral Agencies, aims to accomplish our vision in multiple ways, with one key imperative: to provide excellent personalized customer service to assist families looking for quality child care.

Since 2004, Child Care Aware of America has operated the Navy, Marine, and Air Force Fee Assistance Programs as well as the Exceptional Family Member Fee Assistance Program for the Navy and Air Force since 2008 and 2011 respectively, and we are proud to continue to serve in this capacity.

Through this work, we currently serve nearly 4,000 Navy, Air Force, and Marine families, process payments in 5 days or less, process completed application packages in 10 days or less, and distribute approximately \$3 million in monthly subsidy payments. Most importantly, we build meaningful relationships with both families and childcare providers.

Between 2004 and 2014, Child Care Aware of America operated the Army Fee Assistance Program, ensuring quality providers were available and assisting families in identifying providers that best meet their needs.

In September 2014, the Army Fee Assistance Program was transitioned from Child Care Aware of America to the GSA. After the committee’s hearing in September, we began discussions with the Army regarding transition of the program back to Child Care Aware of America.

These discussions included a discovery period so all involved parties could effectively plan for an informed, deliberate, and orderly transition of all programmatic activities. A phased approach to transition will be employed to ensure we uphold our commitment to high-quality services for military families, communicate with both families and providers effectively, and ensure this transition is as smooth and seamless as possible.

Since initial discussions with the Army, Child Care Aware of America has been developing the required infrastructure to ensure

programmatic success. This includes a family-centered approach, exceptionally trained and experienced staff, and robust work flow and data management systems and protocols.

High-quality customer service is the cornerstone of Child Care Aware of America and critical for the families and providers that participate in the programs that we administer. This includes the use of our very successful family-centered case management approach in working with families and providers. Our family case managers and provider case managers build relationships to help serve Army families and effectively meet their needs.

We have assembled a high-performing team that includes staff who formerly worked on the Army Fee Assistance Program prior to its transition to GSA and leadership with many years of fee assistance and military experience.

Child Care Aware of America has also implemented an in-depth, 80-plus-hour training and mentoring program for new staff, spanning customer service and Fee Assistance Program policy to State-by-State childcare licensing and accreditation standards and supports. The expectation is that our staff are not only experts on the Army Fee Assistance Program but also in the field of childcare resources, armed with information to effectively meet Army family needs for child care.

We have put into place systems and supports to ensure an effective transfer of parents and providers from GSA to Child Care Aware of America. Of paramount importance, we are working diligently to ensure we have the proper level of data protection. Child Care Aware of America is taking steps to ensure all documents containing personally identifiable information are kept strictly confidential and limited to the staff that work on the project. This includes keeping documents in a secure system with permissions only granted to high-level managers and only giving access to employees who have undergone a full, comprehensive background check.

In order to facilitate consistent and effective communication throughout the transition, Child Care Aware of America, the Army, and GSA have developed a multilayered communications plan and schedule. This communication plan includes over 28 communications to parents and providers during the transition period and in multiple formats, including a dedicated Web site, webinars with chat functions, email and phone outreach, social media, and other forms of electronic communication.

Under the terms of our contract with the Army, Child Care Aware of America will accept all new family and provider applications beginning February 22, 2016. For current cases, transition will occur in several phases by State groupings. As Child Care Aware of America assumes processing of applications by phase, GSA will relinquish administration of the program.

We are confident that the full transition will be complete and Child Care Aware of America will be fully operating the program by 28 October 2016. We are excited to continue our tradition of excellence in operating the Army Fee Assistance Program.

In conclusion, I would like to thank the subcommittee for the opportunity to testify today. We appreciate the sacrifices that military families make for our country, and Child Care Aware of America is proud to do our small part to support them in their mission-crit-

ical work. I am immensely proud and appreciative of the military servicemembers in my own family, and you have my personal commitment that we will do whatever it takes to ensure our military families have access to quality and affordable child care.

I'm happy to answer any questions you may have.

[Prepared statement of Ms. Fraga follows:]



TESTIMONY OF DR. LYNETTE M. FRAGA
 EXECUTIVE DIRECTOR
 CHILD CARE AWARE® OF AMERICA
 TO THE COMMITTEE ON OVERSIGHT AND GOVERNMENT
 REFORM
 SUBCOMMITTEE ON GOVERNMENT OPERATIONS
 UNITED STATES HOUSE OF REPRESENTATIVES
 January 6, 2016

Chairman Meadows, Ranking Member Connolly, and Members of the Subcommittee:

Good morning and thank you. I am Dr. Lynette Fraga and I serve as the Executive Director of Child Care Aware® of America. I am here today to provide information and answer your questions about the transition of the Army Fee Assistance Program from the General Services Administration (GSA) back to Child Care Aware® of America. This charge and responsibility is not only squarely within the nonprofit mission of Child Care Aware® of America, it is also very personal. My father is a retired sergeant major who proudly served in the Army for nearly 30 years, I was the spouse of a former Army active duty soldier and Reservist, and I worked, among other professional roles, with Army Child and Youth Services, as a director of a child development center. These personal and professional experiences have afforded me a unique firsthand insight into the very real needs and challenges of Army families and I am committed to effectively delivering the services to them that they so fully deserve.

Child Care Aware® of America, formerly known as the National Association of Child Care Resource and Referral Agencies (NACCRRA), is the nation's leading voice for child care with a mission to advance a child care system that effectively serves all children and families. We aim to accomplish this vision in multiple ways, with one key imperative: to provide excellent personalized customer service to assist families looking for quality child care.

Since 2004, Child Care Aware® of America has operated the Navy, Marine, and Air Force Fee Assistance Programs, as well as the Exceptional Family Member Fee Assistance (EFMP) program for the Navy and Air Force since 2008 and 2011 respectively, and we are proud to continue to serve in this capacity. Through this work, we currently serve nearly 4,000 Navy, Air Force and Marine families; process payments in five days or less, process completed application packages in ten days or less, and distribute approximately \$3,000,000 in monthly subsidy payments. As you can appreciate, through this experience we have been able to refine our processes, achieve economies of scale, and increase our efficiency. Most importantly, we build meaningful relationships with both families and child care providers.



Between 2004 and 2014, Child Care Aware® of America operated the Army Fee Assistance Program – providing child care subsidies to Army families who could not take advantage of child care centers on-post, ensuring quality providers were available, and assisting families in identifying providers that best meet their needs.

In September 2014, the Army Fee Assistance Program was transitioned from Child Care Aware® of America to the GSA.

After the Oversight hearing held on September 10, 2015, Child Care Aware® of America began discussions in earnest with the Army regarding transition of the program back to Child Care Aware® of America. These discussions included a discovery period, so all involved parties could effectively plan for an informed, deliberate, and orderly transition of all programmatic activities. In examining the details of the transition plan, you will find an aggressive strategy to execute all aspects of the program using a phased approach. This approach will allow us to ensure we uphold our commitment to high quality services for military families, communicate with both families and providers effectively, and ensure this transition is as smooth and seamless as possible.

Since initial discussions with Army, Child Care Aware® of America has been developing the required infrastructure to ensure programmatic success to include (1) a family-centered approach; (2) exceptionally trained and experienced staff; and, (3) robust workflow and data management systems and protocols.

Family-Centered Approach

High quality customer service is the cornerstone of Child Care Aware® of America and critical for the families and providers that participate in the programs that we administer. This includes the use of our very successful family-centered case management approach in working with families and providers. Our training ensures Child Care Coordinators (Family Case Managers) and Provider Liaison Specialists (Provider Case Managers) are able to build working relationships to help service the families, are familiar with the special circumstances facing Army families, and are able to resolve customer service challenges and/or recommend the best solution within program guidelines.

Highly Trained and Experienced Staff

Child Care Aware® of America staff understand the complexity and importance of the Army Fee Assistance Program to families. We have assembled a high-performing team that includes staff who formerly worked on the Army Fee Assistance Program prior to its transition to GSA and leadership with many years of fee assistance and military expertise. These individuals are highly qualified and committed to excellence in program redesign and implementation. Additionally, Child Care Aware® of America has implemented an in-depth training and mentoring program



for new staff spanning customer service and Fee Assistance Program policy to state-by-state child care licensing and accreditation standards and supports. The expectation is that our staff are not only experts on the Army Fee Assistance Program, but also in the field of child care resources, armed with information to effectively meet Army family needs for child care. Each staff entrusted to work on the Army Fee Assistance Program undergoes a minimum of 80 hours of training to include handling personal identify information data, quality customer service, Army Fee Assistance Program guidelines, military culture, and unique stressors on military children, just to name a few examples.

The executive management staff overseeing the program is a former Marine Corps Colonel, and the program manager has been leading fee assistance and related efforts for several years with our organization. In fact, over 90% of the leadership team that will be working on the Army contract have experience with military fee assistance.

Workflow and Data Management Systems and Protocols

We have put into place systems and supports to ensure an effective transfer of parents and providers from GSA to Child Care Aware® of America. Of paramount importance - we are working diligently to ensure we have the proper levels of data protection. Ultimately we want to be confident that service member information and their family members' information is not at risk. Our members deserve to be able to trust that their private information *remains* private and secure.

Child Care Aware® of America is continuing to take many steps to ensure all documents containing Personal Identity Information (PII) data are kept strictly confidential and limited to the staff that work directly on the project. This includes keeping documents in a secure, web-based system with permissions only granted to high level managers, and only giving access to employees who have undergone a full comprehensive background check. Child Care Aware® of America's fee assistance platform is undergoing software updates and workflow testing to ensure that it will be ready to handle the volume of family and provider data that will be received, as well as confirm that all business rules are functioning correctly.

Communication

In order to facilitate consistent and effective communication throughout the transition, Child Care Aware® of America, the Army, and GSA have developed a multilayered communication plan and schedule. This communication plan includes over 28 communications to parents and providers during the transition period and in multiple formats to include a dedicated website and webinars with chat functions, email and phone outreach, and social media such as Facebook, Twitter, digital newsletters, press releases, and other forms of electronic communications.



Transition Plan Implementation and Timeline

Looking forward, we are pleased to say, under the terms of our contract with the Army, that Child Care Aware® of America will accept all new family and provider applications beginning February 22, 2016.

For current cases, transition will occur in several phases by state groupings. As Child Care Aware® of America assumes processing of applications by phase, GSA will relinquish administration of the program. We are confident that the full transition will be complete and Child Care Aware® of America will be fully operating the program by 28 October 2016.

We are excited to continue our tradition of excellence in operating the Army Fee Assistance Program. Throughout our tenure operating the program, Child Care Aware® of America received praise from parents as reflected in testimonials we have received over the years. I'd like to share the story of one of those families that speaks to the quality of our work:

"I wanted to take a minute to tell you about [your] child care coordinator, [he] is an outstanding employee and has exceptional customer service. He went over and beyond for our family to ensure our paperwork was approved before the registration dates for my son's school and is always very knowledgeable and understanding. You are lucky to have someone like him on your staff."

In conclusion, I would like to thank the Subcommittee for the opportunity to testify today. We appreciate the sacrifices that military families make for our country and Child Care Aware® of America is proud to do our small part to support them in their mission critical work. I am immensely proud and appreciative of the military service members in my own family, and you have my personal commitment that we will do whatever it takes to ensure our military families have access to quality and affordable child care. Child Care Aware® of America has always been committed to serving Army families and stands prepared to meet their needs – now and in the future. I am happy to answer any questions you may have.

Respectfully,

Lynette M. Fraga

Lynette M. Fraga, Ph.D.

Executive Director

Child Care Aware® of America

Mr. MEADOWS. Thank you.

Thank you all for your testimony.

And before I recognize the gentleman from Georgia, Mr. Carter, for a series of questions, I would just like to say, no matter how we focus on the particular questions during this particular hearing, I don't want to undermine the progress that has been made. And, specifically, it doesn't matter what you think. It really doesn't matter what we think. It matters what people like Captain Dyches think. And so, in talking to her before this hearing, I was able to hear that her particular situation has been solved.

And so, as long as we do that across the board for Army families, that's what really matters. And so I would just like to say, coming out of the full hearing, for those of you that testified before and made commitments and have followed up on those commitments, I thank you.

And we'll go ahead and recognize the gentleman from Georgia, Mr. Carter, for 5 minutes for a series of questions.

Mr. CARTER. Thank you, Mr. Chairman.

And thank all of you for being here. We appreciate your presence here today.

I represent the First Congressional District of Georgia, and we are very blessed to have two Army installations in our district. We have Hunter Army Airfield, and we have Fort Stewart. We care very much about our military and those installations and particularly the families. In fact, we have about 500 families that are participating in the Army Fee Assistance Program. And providing for our military families, as I say, is very important to me and to my staff and to all the citizens of the First Congressional District.

Dr. Fraga, I want to ask you, is Child Care Aware of America ready to take on full administration of this program starting this year? Are you ready?

Ms. FRAGA. Thank you for the question.

We have been working very diligently with the GSA and with the Army to ensure during our discovery period that we were able to unpack any questions, concerns, information that was necessary for us to put forward our recommendation on a timeline in the transition.

We feel that we have worked very hard in addressing the ramp-up of taking back a program such as this. We understand its importance and its urgency, and we also want to ensure we do it right.

We have been very successful in implementing this program in the past, not only for the Army but for the other military services. And we do believe we have created a transition plan that's deliberate, in coordination with the Army and with the GSA, that will reap success on the timeline we've described.

Mr. CARTER. Great.

You're aware, of course, that you may acquire some of the backlog that existed. Now, are you prepared to take on that backlog as well as start administering the program?

Ms. FRAGA. As we have described the transition process in partnership with the GSA and with the Army, we actually are going to be taking on new families and new providers on February 22. And working in collaboration with GSA and with the Army over

the course of the transition in phases, that would not necessarily include taking on a backlog but, rather, ensuring that we are taking on new families and providers and families that have, in phases, been able to take on—that we are going to be able to take on families in phases over time that have been addressed by GSA and their work over time. So we don't—

Mr. CARTER. Okay. So what you're telling me is that you're ready to take on the new families—

Ms. FRAGA. Yes.

Mr. CARTER. —but the backlog, you're not necessarily going to concentrate on that initially.

Ms. FRAGA. The backlog—no, we are not going to be focused on the backlog at the outset.

Mr. CARTER. Will you at any point?

Ms. FRAGA. By phase. So each of the phases—

Mr. CARTER. And those phases are—how much time are we talking about?

Ms. FRAGA. Each phase is approximately 1 month.

Mr. CARTER. Okay. So in a matter of months you will be accepting that backlog.

Ms. FRAGA. Yes. And we are prepared and feel that, by the end of the 7-month to 8-month period, by October, we will be fully operating the Fee Assistance Program, which would include all families across the country.

Mr. CARTER. And all backlogged?

Ms. FRAGA. And hopefully all—there will be no backlog. But we do anticipate that, by the end of October of 2016, that all of those families will be within our system and we will be fully operating the Army Fee Assistance Program.

Mr. CARTER. Okay.

Has the Army authorized you to use the pay and chase system?

Ms. FRAGA. I am not familiar with that system.

Mr. CARTER. The pay and chase system. Ms. Ochoa, are you familiar with that system? Are any of you familiar with the pay and chase, where you go ahead and pay and then you go back and try to recoup any payments, any overpayments?

Ms. HOEHNE. Sir, that's what we did in order to pay the 8,800 backlog of provider invoices. We authorized GSA to pay the invoiced amount, and we are in the process of now reconciling what we paid against what updated records show was actually owed.

Mr. CARTER. Show what was actually owed.

Ms. HOEHNE. Yes, sir.

Mr. CARTER. So were there any overpayments in that?

Ms. HOEHNE. There were both overpayments and underpayments, and we're not through with the reconciliation process.

Mr. CARTER. When do you think you'll be finished with that process?

Ms. HOEHNE. It's an ongoing process. As families transition to GSA, that gives more resources that our families—

Mr. CARTER. Can you be more specific than "ongoing"? Come on, you got to give me something.

Ms. HOEHNE. Sir, we have 8,800 invoices to reconcile. At this point, we have reconciled about a thousand invoices. So it's going

to take some time to reconcile all of them. Many are due to incomplete records that have to be researched.

As families transition to Child Care Aware, GSA can devote more assets to reconciliation and speed up the process, but I can't give you a definitive timeline at this point. By the time everything is transferred to Child Care Aware, we will have the full scope of what needs to be reconciled within the backlog.

Mr. CARTER. Okay.

Ms. Ochoa, it's been reported that there was an 18-percent error rate in over 40,000 invoices. This would be some 7,200 errors, correct?

Ms. OCHOA. That was as of our September report, yes.

Mr. CARTER. Now, do you know how many of those were overpayments?

Ms. OCHOA. I do not. The reconciliation process that we've been hearing about is one that's controlled by Army procedures and policy. Army did instruct the GSA to go ahead and pay off the invoices whether or not they met the authorized amounts in the system. And GSA is taking their instructions about the reconciliation process from Army.

Mr. CARTER. Mr. Chairman, I appreciate you being liberal with my time here, but I just want to make this point, okay? Obviously, we had a mess here.

Dr. Fraga, you got an opportunity to start off anew and to get this right, and I hope that you will do that and not get into the situation that we find ourselves in here, a very embarrassing situation, where we've got over 7,200 errors that we got to somehow try to reconcile during this time. So, you know, get it right the first time. That's the most important thing, okay?

Thank you, Mr. Chairman. I yield back.

Mr. MEADOWS. I thank the gentleman.

The chair recognizes the ranking member, Mr. Connolly, for 5 minutes for questions.

Mr. CONNOLLY. I thank the chair. I'm going to yield my time to Mr. Lynch, my friend from Massachusetts.

I also want to welcome Captain Dyches myself. You snuck in before I got to see you. Welcome. Glad you rejoined us.

And, with that, I would ask that my time go to Mr. Lynch right now.

Mr. MEADOWS. Mr. Lynch, you're recognized.

Mr. LYNCH. Thank you, Mr. Chairman.

I want to start off by saying thank you and well done to the chairman, Mr. Meadows, and Mr. Connolly. When I was here in September at this hearing, we were in a much different place. And I know that everything hasn't gone as, you know, as well as possible, but we've made tremendous strides. From digging a hole, I think we've stopped that, and we're actually climbing out of the hole, and we're helping families.

And I think that you all—I'm the caboose on this train. You know, Mr. Meadows and Mr. Connolly, you've taken a lead on this. And sometimes bureaucracy is just so frustrating in terms of trying to turn it around, but you've done a great job here in a relatively short time. Four months is not a long time in Congress.

And I want to thank the witnesses, as well. You've all chipped in and done a commendable job.

And I do not want to neglect both Captain Dyches and Kaela Hensley, who came before the committee back in September and told about their family situation and really put a personal face on this problem.

So, Inspector General Ochoa, you've done a very good job, I think. And I just want to go back. In the previous hearing when we had a conversation, you said, "In the event this program is transferred elsewhere, GSA should obtain Army agreement and the transferee's agreement on conditions for program transfer." Was that in fact done?

Ms. OCHOA. Yes. The GSA has been working closely with the Army and with Child Care Aware on this transition plan.

Mr. LYNCH. Okay.

Ms. OCHOA. There remains a lot of work to be done, obviously, but they have been coordinating.

Mr. LYNCH. Understood. Understood.

You also recommended that GSA should establish—and I'm going to quote you again—"a plan with performance indicators, benchmarks, and implementation strategies to eliminate the backlog," which we've talked about and the gentleman from Georgia has talked about, "and achieve customer service timelines that are satisfactory to the Army and to ensure the security of Army families' sensitive information."

Would you agree that the GSA has made significant progress on that?

Ms. OCHOA. Yes. GSA submitted action plans to us which we approved.

Mr. LYNCH. All right.

Is there anything more that can be done, in your view, to tighten this up?

Ms. OCHOA. Well, what remains is for GSA to continue to support the transition efforts, to do everything in its power to make sure there's no further disruption to Army families in the course of this lengthy transition.

Mr. LYNCH. Right.

I do want to spend a little bit more time on the security of families' personal information, because that was such a disaster.

Dr. Fraga, you've gone over some of that in your testimony, and I just want to sort of amplify that issue again. What is being done now to prevent, you know, breaches and the improper dissemination of families' personal information?

Ms. FRAGA. The first steps that are taken are the screening and background checks of staff. And that's a very first important step. And second is in regards to staff training in handling PII data as being critical. Finally, to ensure that access to those systems are limited and the details of ensuring that how the data is input and stored are protected. So those are the major areas that we have implemented at this point.

Mr. LYNCH. Okay. And we're going to continue to monitor that. Is that correct?

Ms. FRAGA. Yes.

Mr. LYNCH. Okay.

I don't have much more than that other than, Ms. Ochoa, your recommendations and your view of the problem and, again, your recommendations to fix this were instrumental in this whole process. So I really want to thank you for your service and your help here in putting the energy and the attention where it needed to be. So you did a great job.

Thank you all for your service to our country.

Thank you. I yield back.

Mr. CONNOLLY. Mr. Chairman, reclaiming that time, I just want to thank my friend from Massachusetts for his gracious remarks. It is a reminder, I think, Mr. Chairman, that sometimes, you know, just bashing people and calling for their heads doesn't solve problems. And I so much thank Mr. Lynch for noting that, because there's a process this committee, on a bipartisan basis, can set in motion in a collaborative way with the executive branch to try to actually resolve or address problems rather than belabor them. And I really thank Mr. Lynch for noting that.

Mr. MEADOWS. The chair recognizes himself for a series of questions.

And I would echo that, Mr. Lynch. Thank you. Obviously, having a compliment coming from the other side of the aisle is rare. It may affect reelection, but—no. I do thank you because I know the heart that it represents, and I appreciate it, because you have been an advocate not only for Army families but for the Federal workforce families each and every time. And when you see something is wrong, you have consistently spoken up loudly and clearly without any regards to politics. And that is certainly appreciated by the ranking member and I, and I thank you.

I want to go forward, and let's talk a little bit about logistics, because we've made great progress. What I don't want to do is be in the red zone and fumble the ball. And I think that that is the key. And we're hearing great reports today in a very short period of time. I thank you both, because commitments were made in that hearing that have been fulfilled.

There were commitments made in the hearing that haven't been fulfilled, as well, and part of that has to do with this transitioning period. And so let me ask the question, because I'm concerned about our phased-in approach. You know, we took one approach and said, all right, last November 2014, and it all went to GSA.

And so, Ms. Hoehne, I'm hearing that you learned from that mistake and said that that was not the best way to do it and that we're going to phase it in.

I'm really concerned about the phased-in approach because of the ambiguity for our military men and women on who do they go to—do they go to GSA? Do they go to our contractor?—and how that all transitions. Because they move around, as well.

And so I'm looking at the phased-in approach. And so we're going to start here with Maryland and District of Columbia, being big, and go out to Wyoming, Vermont. Why the diversity geographically, Ms. Hoehne?

Ms. HOEHNE. Sir, I'm glad you asked that question. One of the lessons that—to answer the first—

Mr. CONNOLLY. Could you please turn on your mic or bring the microphone to your face?

Mr. MEADOWS. Yeah, just get the mic close to you.

Ms. HOEHNE. Okay.

I'm glad you asked that question. One of the lessons that we learned from the previous system was families were apparently not clear on where they could go for help. And we have established the capability to have two-way communication with our families at multiple venues—through Facebook, through Twitter, through email, and through phone calls—and directly to us, in addition to GSA, in addition to Child Care Aware, setting up Web sites and capability. So if a family is confused about where they should go for help, they can come to us, and we can clarify for them.

We've established a webinar that we've already held once for the families and once for the providers announcing the transition and talking about the phases and giving them the information on who's in what phase. We will have another webinar at the beginning of each phase for those families affected to address their specific concerns.

But we recognize that communication was an absolutely essential element to making this work, but, this time, two-way communication so the questions come back to us.

Mr. MEADOWS. Well—

Ms. HOEHNE. The first webinar generated 70 questions.

Mr. MEADOWS. Yeah. And I guess here's my concern with that, is with that it all sounds great when we have all this wonderful conversation, but it doesn't really do anything unless it's producing results. And I think your Twitter followers are 17 and your Facebook is 310, and that's a very small fraction of the overall population. I mean, we're looking at 1,600 in backlog.

And so the question becomes, is the communication meaningful, meaning that does it produce results? Or are we going about the system—you know, so let's say North Carolina, which is in phase two, you have somebody there. How do they know that they come to GSA and you or they go to Dr. Fraga? How do they know that today?

Ms. HOEHNE. Sir, today, it doesn't matter if they come to us, if they go to Child Care Aware—

Mr. MEADOWS. So you're going to be the conduit that gets them one way or the other.

Ms. HOEHNE. We are all talking to each other. I am getting copies of IG issues sent to GSAIG. I am getting copies of that so that my folks can be involved in helping to work the issues. Fortunately, those have dropped off recently.

Mr. MEADOWS. So would it be better for the 1,600 that are in backlog currently with GSA, or with you, I guess, technically with you—but would it be better for those 1,600 to just reapply with Dr. Fraga?

Ms. HOEHNE. No, sir, they should come to us. They should come to—

Mr. MEADOWS. I understand they should come to you, but would it be quicker if they go to her, if she's going to be accepting new applications?

What is the timeline between when a family comes to you and they get approved? What's the length of time?

Ms. HOEHNE. The length of time for Child Care Aware is going to be, let's see, 5 days for a family action as long as the paperwork is complete; 3 days to notify——

Mr. MEADOWS. Okay. And what is it under GSA right now?

Ms. HOEHNE. Ten days is the goal.

Mr. MEADOWS. So your testimony here today is we've got a 1,600-person backlog and that can be eliminated in 10 days?

Ms. HOEHNE. Sir, that is not all new family actions. It is a variety of actions. Some of them are recertifications, which are done in——

Mr. MEADOWS. Okay. Well, help us then, because——

Ms. HOEHNE. Okay.

Mr. MEADOWS. —what I'm getting at are the 1,600. How do we get rid of those? Are they better off going with her or going with GSA?

Ms. HOEHNE. Sir, of the 1,600—there's a certain span of time allowed to work an action. And if——

Mr. MEADOWS. And what is that?

Ms. HOEHNE. Depending on the action. If it is a new application, the standard had been get it within 10 days for GSA. They are making progress towards achieving that standard. They are generally getting it within 2 weeks at this point.

Mr. MEADOWS. So your testimony here today, Ms. Hoehne, is that a military mom or dad can come in, they can fill out the application, and within 10 days they can get approved?

Ms. HOEHNE. If the application is complete. If it is not complete, they have to be notified of what is missing and be given an opportunity to provide that. That is the sort of thing that causes a lag in getting approval.

Mr. MEADOWS. So it's their fault that it's not getting——

Ms. HOEHNE. Not always.

Mr. MEADOWS. Okay. All right.

Ms. HOEHNE. But that can contribute——

Mr. MEADOWS. I see Mr. Badorrek is wanting to jump in here. Do you want to clarify any of this?

Mr. BADORREK. Yes. I can talk to the 1,600. That includes roughly, I believe, about 400 recertifications. The key——

Mr. MEADOWS. So what is a recertification? I'm ignorant. What are we talking about? Is it making sure that their child is still with them or——

Mr. BADORREK. That they're still eligible to participate in the program. The family actions, which I said was an inventory of just over 1,100, are actions that are requested by families to add a child, to change a rate, to——

Mr. MEADOWS. So how long does that take?

Mr. BADORREK. Okay. Today, it takes us 2 to 3 days to evaluate the application, and if the application is complete, it's taking us roughly another 7 or 8 days to complete the application.

The 1,600 that you're talking about, we have about a thousand that are back with families or providers for more information. So if we are—and we have already evaluated them and sent them back to families. The number of applications that we haven't evaluated is running about a day or two worth of inventory.

Mr. MEADOWS. So your testimony here today is, if those families get you the needed information, you can make a determination within 10 days. Is that your testimony?

Mr. BADORREK. If they get us the information——

Mr. MEADOWS. Because that's fast.

Mr. BADORREK. —and the application is complete, we should be able to process that within 10 days.

Mr. MEADOWS. Okay.

Well, I've gone way over my time, so I'm going to recognize the ranking member, Mr. Connolly.

Mr. CONNOLLY. Thank you, Mr. Chairman, but I'm going to yield to my good friend from New York, the gentlelady, Mrs. Maloney.

Mrs. MALONEY. Thank you, Mr. Connolly, for yielding and the chairman and all of the participants today.

So, as I understand it, the Army decided they were going to transfer this program to GSA in order to save \$4 million, but it turned out that they spent \$4 million more, \$4.4 million by September, and that the backlog grew dramatically and the services to the families diminished.

Is that a fair assessment, Dr. Ochoa?

Ms. OCHOA. If you're looking at our September report, I think that is a fair assessment. There has been progress since then in meeting the commitments made to this—made to the full committee in September.

Mrs. MALONEY. But they did transfer it to save \$4 million and they ended up spending \$4 million more. Is that correct?

Ms. OCHOA. That is correct.

Mrs. MALONEY. And, also, the backlog became longer, right? Is that correct?

Ms. OCHOA. The backlogs grew continually through the summer of 2015.

Mrs. MALONEY. Well, who made this decision that cost the taxpayers more money and hurt the families and their services? Who made the decision to move away from a program that was providing services on time and on budget without a backlog to GSA that then cost so much more money?

Why does it cost so much more money under GSA than it did under the Child Care Aware of America program?

Ms. HOEHNE. Ma'am, I'll take that one.

The Army at the time was looking for ways to save money. We were facing sequestration.

Mrs. MALONEY. I know that was difficult.

Ms. HOEHNE. The decision was a good decision at the time. It was going to an interagency agreement, eliminating a contract at an apparent savings bid of \$4 million vice \$8 million to provide the service from an entity that was known to already be providing the service.

The problem was in the execution and the oversight of the transfer and the oversight of ensuring that GSA was prepared to take on the full volume of work. But the decision itself was a good decision at the time.

Mr. CONNOLLY. Would my friend yield?

Mrs. MALONEY. Absolutely.

Mr. CONNOLLY. Ms. Hoehne, you say the problem was in the execution. Wasn't some of the problem in the due diligence as to capability in the first place? There's a prior concern here, what is the capability of GSA to accept this transfer from Ms. Fraga's organization? And isn't it fair to say that that assessment was, at the very best, quite loose and ultimately inadequate?

Ms. HOEHNE. Sir, I agree with you. I consider that—the problem in execution of the transfer is—verifying the capability was one component of it, certainly.

Mr. CONNOLLY. Okay.

I thank my friend for yielding.

Mrs. MALONEY. But now we're transferring it back to CCAOA, and let's hope that this transition is a more seamless, better one. I am sure that the families gaining the service are going to be thrilled that they're going back to one that will process their claims within the 10-day limit.

Ms. Hoehne, prior to GSA, the Child Care Aware of America operated a large portion of the AFA Program for 10 years, from 2004 to 2014, and, by all statistics, appeared to be operating appropriately. Is that a correct statement?

Ms. HOEHNE. Overall, yes, ma'am.

Mrs. MALONEY. Yeah.

And, during that time, Dr. Fraga, CCAOA provided AFA Program benefits to approximately how many families?

Ms. FRAGA. I don't have the answer to that question, ma'am, but it was a number of families—thousands.

Mrs. MALONEY. Thousands. Okay. And during those 10 years, had you received any indication—did the Army ever tell you that they were unhappy with your services?

Ms. FRAGA. Over the time of our contract, as far as I understand it, we received very high accolades about the work that we did, particularly from testimonials from families.

Mrs. MALONEY. And did the families themselves face the type of backlogs and hardships that they are confronting now, with the backlogs and hardships that were reported in testimony today?

Ms. FRAGA. Certainly not during my tenure at Child Care Aware of America, which began in October of 2012.

Mrs. MALONEY. And was CCAOA, or your organization, regularly processing subsidy payments within Army's requirements of 10 days?

Ms. FRAGA. We were.

Mrs. MALONEY. So, I mean, I fail to understand. I'm mystified that they transferred it in the first place. So here you have a contract performing well, on time, providing services. Okay. And you got praise for it. You were literally praised by the Army.

As far as you know, did CCAOA's performance level have any impact on Army's decision to transfer the contract to GSA in 2014?

Ms. FRAGA. Ma'am, I had no indication that there was a performance challenge to the contract.

Mrs. MALONEY. Okay.

And so, Ms. Hoehne, do you dispute what she's saying? Do you agree with what she's saying?

Ms. HOEHNE. I have no basis to dispute what she's saying. The decision occurred in 2013, late 2013. I came on board in March of

2014 when the beginning of the transition was occurring. But the driving force for the decision to transfer was not dissatisfaction with Child Care Aware. It was the opportunity to save \$4 million when the Army was scrambling to look for ways to save money.

Mrs. MALONEY. But it didn't save money. They obviously did not do a proper analysis. It ended up costing \$4 million. And there was no reason to transfer when, by the testimony, unless it's disputed, the services were being provided on time, on budget, and as prescribed by the contract, with families being pleased and with getting high applause.

So approximately how many families, combined, are enrolled in the Fee Assistance Program for these three military branches? Apparently, the Navy, Air Force, and Marines, they all contract with the CCAOA, correct? They're all with the CCAOA?

Ms. FRAGA. Yes, ma'am.

Mrs. MALONEY. Okay. Well, I don't think that anyone would deny that CCAOA has established really, I would say, a stellar record in managing this program. I would say congratulations to you. You should have been given a raise instead of losing the business that then ended up costing much, much more.

So, in light of their proven track record, I hope that the Army families are pleased to learn that the program is returning to the CCAOA's capable hands. And it's wonderful in this Oversight Committee to hear a report of services being provided on time, on budget, with families pleased with the services they're getting, and on time and under the 10-day rule. Now we have backlogs of thousands of people, backlogs of months and months behind. So I'm pleased that it's transferring back. And I trust that you will be vigilant in this transfer and management.

I yield back.

Mr. MEADOWS. I thank the gentlewoman.

The chair recognizes the gentleman from Virginia's 11th District, the Honorable Mr. Connolly.

Mr. CONNOLLY. I thank my friend from North Carolina's 11th.

Following up on Mrs. Maloney's line of questioning, Ms. Fraga, putting a human face on this, what does it cost per month for the average family to have a child in your program, per month?

Ms. FRAGA. Are you asking how much child care is per family—

Mr. CONNOLLY. Yes.

Ms. FRAGA. —per month? It varies across the country.

Mr. CONNOLLY. Okay, but give me a number. Give me an example.

Ms. FRAGA. So a family may pay a thousand dollars a month for child care.

Mr. CONNOLLY. So if there's a backlog in processing reimbursement for subsidies, how much of a financial burden would a thousand dollars unreimbursed going for perhaps months at a time and getting multiplied during that time period be on your clients?

Ms. FRAGA. The impact, the financial impact, on families who receive subsidy under this program absent receiving their subsidy payment is extensive. It can be a significant hardship for families.

The calculation of how much subsidy a family would receive varies by family, as well, with the highest-need families obviously re-

ceiving a higher subsidy. So with the amount of cost of child care for a family in their family's budget being very high, not receiving subsidy could be an incredible hardship on families.

Mr. CONNOLLY. It could, in fact, make it unaffordable to continue with the care.

Ms. FRAGA. It would absolutely make it unaffordable.

Mr. CONNOLLY. Yes.

Ms. Ochoa, when we had you here in September, you talked about 26,000 action items in the backlog by July of last year. Is that correct?

Ms. OCHOA. Correct.

Mr. CONNOLLY. Where are we today? 26,000 in September. What is it now?

Ms. OCHOA. As of December 21, it was at 3,100 total items.

Mr. CONNOLLY. 3,100?

Ms. OCHOA. Yes.

Mr. CONNOLLY. Okay. Great. I thought for a minute you were going to say 31,000. I thought, "Uh oh." But that's good to hear.

Mr. Badorrek, we talked about the—with the best of intentions, we hoped to save \$4 million. And, in fact, unfortunately, we didn't save that. We, in fact, expended an additional \$4.4 million above what we thought we would spend for this program. Is that correct?

Mr. BADORREK. Yes. We had approval to spend an additional \$4.4 million in fiscal year 2015.

Mr. CONNOLLY. What additional costs have we incurred since we had our hearing in September? Between September and December 31, do we know how much over that \$4.4 million we, in fact, are?

Mr. BADORREK. For fiscal year 2015—

Mr. CONNOLLY. And if I could ask you to pull that in front of you, just like Ms. Hoehne.

Mr. BADORREK. Yes.

Mr. CONNOLLY. That way, we can hear you perfectly. Thank you.

Mr. BADORREK. The \$4.4 million raised the projected cost for GSA for fiscal year 2015 to \$8.4 million. We spent \$6.7 million during fiscal year 2015, so we came in below the projection that we had provided to Army. Since—

Mr. CONNOLLY. Well, excuse me. What you mean is—correct me if I'm wrong. \$6.7 million actually is additional cost, but it's less than the projected additional cost.

Mr. BADORREK. Less than the projected. It's \$2.7 million above what we had intended to—we had originally agreed to in the initial agreement. It was not the entire \$4.4 million. That is what we spent in fiscal year 2015.

Mr. CONNOLLY. Okay.

I'm looking at the backlog of family actions. And, again, Ms. Ochoa, your report to us was in September. And that figure was 5,000 at that time. Is that correct?

Ms. OCHOA. That's correct.

Mr. CONNOLLY. And what is that number today?

Ms. OCHOA. Again, as of December 21, 1,600.

Mr. CONNOLLY. Okay. So, again, progress.

There were unpaid invoices of 8,000, also in your report in September.

And, Mr. Badorrek, at that time, you committed to paying those invoices, all of them, within 30 days. Where are we on that today?

Mr. BADORREK. We paid all of those invoices. All the invoices were valid. We've been able to keep up with the invoices that are coming in. We are processing invoices within a few business days.

The IG report I believe showed a couple thousand invoices that needed to be processed. On a given day, we could get 1,200 invoices in. We average about 600 a day. So that's a few days' worth of inventory that we have not yet processed.

Mr. CONNOLLY. Okay. But are you on an expedited schedule to make sure that they are?

Mr. BADORREK. Absolutely.

Mr. CONNOLLY. Can you make a commitment, at least a tentative commitment—we understand things happen—but can you make a tentative commitment to us today in terms of getting that to zero?

Mr. BADORREK. I have to explain the difference between inventory and backlog. If we receive a thousand invoices today, we may not process them today, but we will process them in the next 3 or 4 business days.

Mr. CONNOLLY. Okay.

Mr. BADORREK. So if we happen to get 2,000 in a day, that number could be 2,000. And the reason that—this number can range between 500 to 2,000. It just depends how many come in. But we want to make sure we process the invoices in a timely fashion.

Mr. CONNOLLY. Okay. Thank you. I appreciate the distinction.

Just one more followup, if I may, to Mr. Meadows's question to you, which—understanding recertification. We were talking about a 10-day window in which to process. If it's a recertification, presumably all of the legwork was done on the original application. So we're checking to make sure you still live where you live, the income is the same, the number of children you've got is the same, the child or children in daycare are who they were in the original application—no changes. Isn't that right, on a recertification?

Mr. BADORREK. Yes. We are revalidating the information.

Mr. CONNOLLY. Right. And in light of that, I would assume, to your answer to Mr. Meadows, there's less time on a recertification being validated than on an original application being validated. Or there should be, shouldn't there?

Mr. BADORREK. We go through the same process. It's more likely with a recertification, because the family is familiar with the program, they're able to provide us with all the information that's needed to process it. The 10 days is our goal for processing applications once we have deemed them to be complete.

Mr. CONNOLLY. Irrespective of whether it's an original application or a recertification?

Mr. BADORREK. Yes.

Mr. CONNOLLY. Really? The same 10 days?

Mr. BADORREK. Yes.

Mr. CONNOLLY. That puzzled me, Mr. Chairman.

Because I would have guessed there actually is a difference between the two, and you're saying there really isn't.

Mr. BADORREK. No. I believe that we have to receive just about all the information that we receive in an initial application when we recertify.

Mr. CONNOLLY. All right.

Mr. Chairman, thank you.

Mr. MEADOWS. I thank you.

Mr. Badorrek, let me—before I do that, I've got a letter here from the GSA to Mr. Beers with the National Archives and Records Administration. And I would ask unanimous consent that we'd just put this forward for the record.

Without objection, so ordered.

Mr. MEADOWS. Mr. Badorrek, let me follow up, because you mentioned a word that is a concern. You mentioned that your goal was 10 days. Now, your testimony earlier said that you did them in 10 days. And you just, in talking to Mr. Connolly, said your goal is 10 days.

So let's look at the 1,600, because I'm curious with the backlog. Ms. Ochoa said that the original backlog was 5,000 and that it is now 1,600. Those are round numbers, and so the round numbers typically suggest that we're guessing at backlog numbers. But maybe they're exactly accurate and we just happen to have exactly 5,000 and exactly 1,600.

But what are the oldest—of the 1,600, what are the oldest ones that are there waiting to have a determination made? You said your goal is 10 days. So if I were to find the oldest one in the 1,600, how long has it been there?

Mr. BADORREK. I don't know that. I can get that to you. I would expect that has to do with those that are back with families. I can give you the specific numbers. They're round numbers, but we have specific numbers in the inventory on a daily basis.

Mr. MEADOWS. So are you averaging 10 days for a determination? That's your goal.

Mr. BADORREK. Yes. We did a review in the middle of November, and once the application was complete, we were processing—based on the review we did, we were processing it within just under 8 days.

Mr. MEADOWS. Because, you know, this particular situation was news to the ranking member and I. You know, if it hadn't been for NBC and Mr. MacFarlane doing a report and raising the issue, a lot of us would not have realized the significance of this problem.

And then going forward from there, what I don't want us to do is to talk in generalities and negate all the positive stuff that we've been able to make, this progress, with, you know, leaving here singing "Kumbaya" and saying everything is nice, while we have military families that are still saying that hearing may or may not have been accurate.

So your testimony here today is that, out of the 1,600, if the family gets you what you need, you can get a determination in 10 days. Is that correct?

Mr. BADORREK. Yes. If we have all the information, we'll process it—

Mr. MEADOWS. All right.

So, Dr. Fraga, let me come to you. This phased-in approach that we're doing, is it true that your group is not capable of taking everybody on February 22?

Ms. FRAGA. That is correct.

Mr. MEADOWS. So you have recommended, along with Ms. Hoehne, this phased-in approach.

Ms. FRAGA. Yes. In collaboration with the Army and with the GSA, our staff team has determined that a phased approach is the most appropriate way forward to ensure that Army families are taken care of.

Mr. MEADOWS. Okay.

I do see that the vice chair of the subcommittee has returned, and so I recognize him for a series of questions at this time.

Mr. WALBERG. Well, thank you, Mr. Chairman. And thanks to the committee. I'm sorry I had to leave. I had the EEOC Commissioner in my office. Not a violation on my staff, but doing my due diligence for my chairmanship.

But I did have a question, Ms. Fraga, for you. What did Child Care Aware's build-up for assuming administrative control of the AFA Program entail? In other words, did Child Care Aware have to lay off staff following the transition of AFA Program administration to GSA, and if so, how many?

Ms. FRAGA. Yes, we did experience a reduction in force post the transition of the Army Fee Assistance Program from the organization. Upwards of over 50 staff were reduced from the organization.

In preparation for the transition of the Army Fee Assistance Program back to Child Care Aware of America, one of the obvious necessities was to build back up our staff capacity. And we have done, I think, a tremendous job of identifying and screening staff who have a profile that is supportive of the kind of quality and skills that we need for these important staff positions.

We have a leadership team, however, over 90 percent of whom were experienced in any of the other military fee assistance programs, as well as former staff on the Army Fee Assistance Program in past years. So we have a management team that is well versed in the Army Fee Assistance Program.

Mr. WALBERG. On the staffing level, the lower staffing level, what is it at present now, and what will it need to become?

Ms. FRAGA. So we are on-boarding, currently, approximately 50 staff. And those staff—

Mr. WALBERG. Fifty beyond what you have now?

Ms. FRAGA. Right. These are 50 staff—approximately 50 staff who we are currently on-boarding.

We anticipate up to 80 staff at a steady state and potentially and likely more staff during the transition year to ensure that we have the capacity necessary to alleviate and mitigate any challenges, unforeseen or foreseen, over the coming year. But we anticipate about an 80-staff capacity in a steady state once the transition is complete.

Mr. WALBERG. Do you expect the annual program cost to be equal to the \$8 million that it was before the GSA transition?

Ms. FRAGA. At this time, we have a contract that was just recently signed with the Army. And I am more than happy to provide you information—it's proprietary and confidential at this point, and I'm more than happy to provide information subsequent to the hearing.

Mr. WALBERG. I appreciate that. If you could provide that to the committee, that would be helpful.

Thank you, Mr. Chairman. I yield back.

Mr. MEADOWS. I thank the vice chair.

We're going to go ahead and wrap this up. But, Mr. Badorrek, before we do that, I want to follow up on one particular thing that I covered in my opening statement, and it had to do with deleted emails and phone calls, voicemails.

And I guess my question is, can you explain why the GSA feels that deleting all those does not violate, you know, NARA requirements?

Mr. BADORREK. We did an investigation after the last hearing. The emails that were in question were transferred to the system of record, which was ImageNow. That was a system that was being used to retain documents and process documents related to child care. They were deleted from the original email system. That was a process that was in place. And they were transferred to ImageNow. So while the emails were deleted from the email system, they were retained in the system of record.

Today, we use Salesforce. The emails are automatically captured in that system, so we don't have to do that transfer.

Mr. MEADOWS. And so what about the voicemails?

Mr. BADORREK. The information in the voicemails, the caller number and the date were retained in a call log. The process was to work off the call log to call families back. That was the process that was in place. As we know, GSA had a backlog. The IG, in the recent report, confirmed that we did call the families back that were on the call log.

Mr. MEADOWS. So it's your sworn testimony here today that there were no records, Federal records, that were ever deleted or done away with.

Mr. BADORREK. To the best of our knowledge, no records were deleted. The process was to transfer emails to the system of record and to record the calls on the call log so that we could call them back.

Mr. MEADOWS. All right.

I'm going to go ahead and close out. I want to thank all of you for your time, for your dedication to our military families.

And I would ask this. And I believe that I speak for the ranking member. As we look at this phased-in approach, let's be as diligent with that as we had at trying to fix this particular problem. I don't want—because originally we said we were going to have transfer done by January.

And I'm going to hold you to, Ms. Hoehne, your October deadline. And what I would ask from you and Dr. Fraga is that, if you see that that is not going to be met, that you let this committee know the minute that you see a problem and the reason why it is so that we can go to work in a bipartisan way to make sure that Army families are supported in the manner that they have earned and that they deserve.

And so, with that, I thank you for your commitment to the families. I thank all of you for your testimony.

And, without objection, if there's no further business, the subcommittee stands adjourned.

[Whereupon, at 11:20 a.m., the subcommittee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

January 6, 2016
10 a.m. – Rayburn 2154

Ranking Member Gerald E. Connolly (VA-11)
Oversight Subcommittee on Government Operations:
“Army Fee Assistance Program: Part II”

Chairman Meadows, I appreciate this opportunity to follow up on our full committee hearing last September on the GSA’s disastrous mismanagement of the Army’s subsidized child-care program. Thousands of military families, to whom we owe a sacred obligation, were saddled with the unacceptable financial hardship, not to mention the emotional strain, of footing the bill for child care that should and would have been subsidized if not for the string of shockingly bad decisions made by the Army and GSA.

Today we will receive an update on steps that have been taken over the last few months to remedy this outrage and the effort to transition the program back to the private-sector company that had been successfully managing the program and continues to successfully manage it for other branches of the armed forces. I appreciate the bipartisan nature of this ongoing investigation and our shared interest in ensuring our military families receive the benefits they have earned and the proper stewardship of taxpayer dollars. My colleagues have heard me say before that I will not defend the indefensible. The state of the Army’s Fee Assistance Program in September certainly fit the bill and is precisely the sort of outrage that fuels public frustration with the federal government.

To briefly recap, the Fee Assistance program helps subsidize off-post child care for military families when on-post care is unavailable. Each branch of the military operates its own program, and until 2014, the same company, Child Care Aware of America, administered it for nearly all the branches. The GSA, meanwhile, administered the program for approximately 200 Army families and claimed it could administer Army’s entire program for half the cost, saving \$4 million annually. Despite performing no analysis to support such claims, the Army forged ahead. To say the GSA was unprepared for the surge in participants, from 200 to 9,000 families, is an understatement.

The OIG cited a serious lack of preparation with respect to both personnel and technology. For example, GSA’s cloud storage for e-mail and voice mail was inadequate to handle a 45-fold increase in requests that needed to be processed. Staff was quickly overwhelmed and a backlog of parent and provider requests began to grow. It included more than 9,100 unpaid provider invoices, averaging \$300 a piece per month that our military families had to cover; more than 5,000 unprocessed family applications and re-certifications; more than 7,300 unreturned phone calls; and more than 4,500 unanswered e-mails. The backlog became so large that GSA

employees actually deleted thousands of communications, although family contact information had been catalogued.

Following our hearing, the GSA made what can only be described as surprising progress in reducing those backlogs – which, of course, was a precondition of Child Care Aware resuming management for the program. GSA reports all backlogged provider invoices were paid within 30 days, though I would like to know what steps are being taken to address the one-in-five payments for which errors have been detected. And while the GSA is still working to reduce the backlog of family actions, including re-certifications, it has made considerable progress after the Army authorized the suspension of those activities to focus immediate attention on paying out invoices.

As of December, GSA reports it has eliminated the phone call and e-mail backlogs. I would note the Committee has requested the National Archives and Records Administration open an inquiry into the actions of GSA employees who deleted communication from families, though I understand those families have since been contacted by GSA.

Mr. Chairman, while I am pleased to see progress being made to make these families whole, I am still troubled by the actions that created this situation. During our September hearing, we learned the Army had already spent an additional \$4.4 million to allow the GSA to hire more contract personnel and update its IT systems. Have further costs been incurred since then to eliminate these backlogs? I also want to hear about how we're applying lessons learned as we move forward. The OIG cited GSA for lack of preparation in advance of the program transfer in October 2014. Has the Army certified that Child Care Aware has sufficiently ramped up its personnel and IT services after having to scale down when it lost program management more than a year ago?

Mr. Chairman, to their credit, both GSA and the Army seem to have recognized the error of transferring management of the Fee Assistance Program, first by proactively engaging the Inspector General and now by transferring the program back to the initial contractor. While there are still issues to be resolved, I commend the agencies on the progress that has been made thus far to hopefully restore a sense of comfort to our military families. This is precisely the type of bipartisan oversight for which our Subcommittee is becoming known, and I look forward to hearing from the panel on what other improvements we can expect moving forward.



Office of Administrative Services

November 19, 2015

Mr. Lloyd Beers
 National Archives and Records Administration
 Modern Records Programs (NWM)
 8601 Adelphi Road
 College Park, MD 20740-6601

Dear Mr. Beers:

I am writing in response to your letter dated September 23, 2015. In your letter, you requested that I "investigate the loss of the electronic records reported in OIG Report JE15-006 ...". The records at issue involve electronic mail messages (e-mail) and voicemail messages related to the General Services Administration (GSA) Office of the Chief Financial Officer's management of the Army's Childcare Subsidy Program. You requested a report pursuant to 36 C.F.R. 1230.14.

As you are aware, a record is defined in 44 U.S.C. 3301 as "documentary materials, regardless of physical form or characteristics, made or received by an agency of the United States Government under Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data in them." E-mail and voicemail messages can be records; however, not every e-mail or voicemail message is considered a record. The determination is content-based considering the evidentiary value of the material. Even if some communications are records, they may be transitory records, which mean they have very short retention periods.

If e-mail and voicemail messages are records, they must be retained in compliance with NARA's regulations. With respect to e-mails, GSA reminds employees of this requirement in both the mandatory annual records management training and in the Agency's internal order CIO 2160.2B CHGE 1, *GSA Electronic Messaging and Related Services*, (June 17, 2015), which provides that "[a]uthorized users are advised to apply the same decision-making process to e-mail for records maintenance and disposition that they apply to other documentary materials, regardless of the media used to create them, and store them accordingly." (paragraph 10.a.).

To manage electronic records, your agency provides the requirements for which a storage system must comply. The main provisions are found in 36 C.F.R. 1236.20 and e-mail specific guidance is in 36 C.F.R. 1236.22, with additional guidance in NARA Bulletin 2014-06. Currently, agencies are not required to manage all e-mail through electronic means, and the e-mail specific regulation provides that "[a]gencies must not use an electronic mail system to store the recordkeeping copy of electronic mail messages identified as Federal records unless that system has all of the features specified in § 1236.20(b)."

These requirements are reiterated in GSA's order, CIO 2160.2B CHGE 1, which specifically states in paragraph 10.b. that:

The GSA electronic mail system is not an authorized official records storage system for GSA records management purposes. Any official records created in the GSA electronic mail system must be moved to a records management system in accordance with 36 CFR 1236.20(b). For instance, e-mail that contains or is deemed a record should be moved to a NARA-approved document management system, a shared network drive, or the user's workstation. If a message is determined to be a record as described in the Agency's Records Disposition Schedule, users are responsible for ensuring those messages are not deleted before the expiration of the NARA-approved retention period.

The e-mail specific guidance contained in 36 C.F.R. 1236.22(c) also refers to transitory records and "GRS 23, Item 7." General Record Schedule 23, Item 7, addresses Transitory Files. It defines these items as "[r]ecords of short-term (180 days or less) interest, including in electronic form (e.g., e-mail messages), which have minimal or no documentary or evidential value."

Compliant with NARA's regulation in 36 C.F.R. 1236.22(c), GSA order CIO 2160.2B CHGE 1, paragraph 10.c., explains that transitory documents, and other material, may be retained in the e-mail system. The order goes on to provide that "authorized users are responsible for reviewing their e-mail regularly and for deleting all such material as soon as it has served its purpose. Transitory refers to documents of short-term interest having no documentary or evidential value and which normally need not be kept indefinitely. Examples of transitory material are: (1) Routine requests for information or publications and copies of replies that require no administrative action, no directive decision and no special compilation or research for reply."

As 36 C.F.R. 1222.10(b)(6) makes clear, it is "the judgment of the agency" whether a communication is "appropriate for preservation" as described in the definition of a "record." After careful review, it appears that with respect to the e-mails related to the Army's Childcare Subsidy Program, that proper judgment was applied to the e-mails received. There appears, however, to be a misunderstanding of the impact of deletion of e-mails on appropriate retention of records.

By way of history, commencing in 2011, the practice of the GSA staff in handling requests for child care subsidies was to open new e-mails and either address them immediately or forward them to others to process the childcare-related action. If the e-mail dealt with a family's application or some other action related to benefits, the e-mail, and any follow-up, was uploaded into GSA's records retention system for this program, ImageNow. If the initial e-mail was a simple, general question (e.g., request for a phone number or Internet address), that e-mail was retained in the mailbox and not transferred to ImageNow.

E-mails were deleted in two circumstances: (1) no longer needed because relevant information was transferred to ImageNow, or (2) they were transitory in nature and not considered to be a record. E-mails were periodically deleted when the mailbox was approximately 97 percent full with the oldest e-mails deleted first.

For the time covered by the Inspector General's report, it appears that the e-mails were either transitory or the records contained in the e-mail were transferred to ImageNow, the system of record. As 36 C.F.R. 1222.10(b)(6) makes clear, and as stated above, it is "the judgment of the agency" whether a communication is "appropriate for preservation." We have concluded that the material that was "appropriate for preservation" was preserved and only transitory material was deleted.

With regard to the voicemail messages between December 2014 and June 2015, the same general rules regarding e-mails are applicable. Messages may qualify as records (see NARA Bulletin 2015-02), but many that are records will not necessarily require long term retention. The content and use of a particular electronic item is dispositive of whether that item is a record according to 44 U.S.C. 3301.

Prior to mid-April 2015, OCFO employees listened to some voicemail messages but primarily manually created a call log from the Cisco phone system documenting the number and date of the call which was then used to return the call. GSA made a business decision that this was the information that needed to be captured and that log was later used to return the calls and document follow up efforts. In mid-April, GSA upgraded the Cisco system and, as a result, the information deemed necessary by GSA (phone number and date) was downloaded and inserted into the GSA log. The process of creating the log was no longer manual. By that time, GSA employees had also ceased listening to any voice messages and messages were periodically deleted from the system because the process of creating the log had been automated. GSA's intent was to simply use the log to contact people to inquire about their messages and, therefore, the information on the log was all that GSA determined was required to perform and document the Agency's activities related to the Army Childcare Subsidy Program. That is precisely what GSA did until the calls were transferred to a GSA call center on June 5, 2015.

We have reviewed the practices since April and it appears that every unique incoming phone number was matched against more recent logs and those without a response were called back by a GSA employee or contractor. As Army families' and childcare providers' matters were resolved, their case records were appropriately updated and contain all of the relevant records related to their respective cases. The phone logs were retained as the Agency record for contact purposes (as they document the activities and operations of the Agency related to the Army Childcare Subsidy Program) and they are still available today. On June 5, 2015, GSA began to utilize a call center to handle requests regarding the Army's Childcare Subsidy Program. If the call center is unable to answer a call, upon listening to a message, the call center documents the relevant information on a log for proper follow-up. This log is retained as the part of the Agency record pursuant to 44 U.S.C. 3101.

If you have further questions, please contact Deborah Lague at deborah.lague@gsa.gov or via telephone at 703-932-3256 or me at cynthia.metzler@gsa.gov or 202-357-9697.

Sincerely,



Cynthia A. Metzler
Chief Administrative Services Officer
Office of Administrative Services
General Services Administration

Questions for Mr. Gerard Badorrek

Chief Financial Officer
U.S. General Services Administration

Questions from Ranking Member

Gerald E. Connolly
Subcommittee on Government Operations

Hearing: "Army Fee Assistance Program: Part II"

1. The September 8, 2015 GSA Office of Inspector General Report, "Evaluation of GSA's Administration of the Army Childcare Subsidy Program (JEL 5-006)," found that "GSA periodically deleted emails from the system."

In response to the Committee's request, the National Archives and Records Administration (NARA) submitted a letter to GSA asking for additional information on the agency's decision to delete these emails. In a November 19, 2015 response letter, GSA stated:

"E-mails were deleted in two circumstances: (1) no longer needed because **relevant information** was transferred to ImageNow, or (2) they were transitory in nature and not considered to be a record. E-mails were periodically deleted when the mailbox was approximately 97 percent full with the oldest e-mails deleted first.

For the time covered by the Inspector General's report, it appears that the e-mails were either transitory or **the records contained in the e-mail** were transferred to ImageNow, the system of record."

When you were asked, on January 6, about the incidents of deleted email you said:

"We did an investigation after the last hearing. The emails that were in question were transferred to the system of record, which was ImageNow. That was a system that was being used to retain documents and process documents related to child care."²

There seems to be a discrepancy between your recent testimony and GSA's response to NARA.

- a. Please confirm the total number of emails from AFA participants or providers deleted by GSA;

Answer a.:

- Approximately 21,000 emails relating to the Army Child Care Subsidy program were received from December 2014 to April 2015.
- Emails that contained pertinent information relevant to a case file were uploaded to the system of record (ImageNow), including all attachments, and were then deleted from the shared Google email mailbox. Emails that were transitory in nature were

deleted from the shared Google mailbox. Approximately 2,900 emails were deleted (removed from the original shared email mailbox).

- b. For all deleted emails, please confirm whether the entire email or only "relevant information" was transferred to GSA's system of record, ImageNow;

Answer b.:

- If the email contained pertinent information relevant to a family's pending subsidy enrollment, the entire email was uploaded to the system of record (ImageNow), including any attachments.
- c. Please describe what "relevant information" was transferred to ImageNow.

Answer c.:

- Relevant information is information pertinent to the email sender's account with Army Fee Assistance. Typically, this involved information required for processing an application including: employment and salary verification, child age and name, provider costs, and family contact information.
- d. If the "relevant information" contained in the deleted email was transferred to ImageNow, how did the agency determine which portions of the email should be retained?
- a. Who made this determination?

Answer d. a.:

- Staff were given verbal instructions by program management to upload entire emails to the system, if relevant information was contained in an email or in attachments.
- b. Does GSA have an official policy governing the deletion of emails? If so, please provide a copy.

Answer d. b.:

- Yes, GSA has an official policy governing the deletion of emails. CIO Order 2160.2B Change 1 (attached), states in paragraph 10(b) the following:

"... Any official records created in the GSA electronic mail system must be moved to a records management system in accordance with 36 CFR 1236.20(b). For instance, e-mail that contains or is deemed a record should be moved to a NARA-approved document management system, a shared network drive, or the user's workstation. If a

message is determined to be a record as described in the Agency's Records Disposition Schedule, users are responsible for ensuring those messages are not deleted before the expiration of the NARA-approved retention period."

2. During the January 6, 2016 hearing, when you were asked about the amount GSA spent in support of the AFA program between the September 10, 2015 hearing and December 31, 2015, you said:

"We had approval to spend an additional \$4.4 million in fiscal year 2015 ... The \$4.4 million raised the projected cost for GSA for fiscal year 2015 to \$8.4 million. We spent \$6.7 million during fiscal year 2015, so we came in below the projection that we had provided to Army."

- a. Please provide a break down, by month, of GSA's Army Fee Assistance program expenditures for FY 15?

Answer 2. a.:

- The \$6.7 million of AFA program expenditures invoiced to Army for FY 15 breaks down as follows (in dollars):

FY 2015 Childcare Expenditures						
October 2014	November 2014	December 2014	January 2015	February 2015	March 2015	April 2015
\$179,275	\$185,176	\$222,196	\$299,895	\$562,020	\$470,283	\$922,448
May 2015	June 2015	July 2015	August 2015	September 2015	Total:	
\$427,410	\$702,629	\$635,970	\$713,615	\$1,370,641	\$6,691,561	

- b. What cost-saving measures were implemented to bring about the reduced expenses?

Answer 2. b.:

- Most of the cost savings represented by the budget were due to delays in processing family actions. GSA implemented a Salesforce application in May 2015 in order to streamline processing for families and to better manage communications. GSA also made process improvements that increased operational performance.

- c. What is the status of the remaining \$1.7 million?

Answer 2. c.:

- GSA bills the Army based on actual expenses; therefore Army was only billed for the AFA actual cost of \$6.7 million and not the earlier projected cost of \$8.4 million.

GENERAL SERVICES ADMINISTRATION
Washington, DC 20405

CIO 2160.2B CHGE 1
June 17, 2015

GSA ORDER

SUBJECT: GSA Electronic Messaging and Related Services

1. Purpose. This Order updates GSA's directive on electronic messaging due to the move from a server-based messaging system to cloud-based e-mail and collaboration tools and additional federal requirements for managing electronic mail records. This directive addresses security, appropriate use, and recordkeeping of the GSA Enterprise Messaging Services (GEMS) in a cloud-based environment.
2. Cancellation. This Order cancels CIO 2160.2A.
3. Applicability. This Order applies to all authorized users who are granted access to GEMS and to all communications sent or received via GEMS.
4. Directive. All authorized users must comply with Federal laws and regulations relative to GEMS use, which are listed in Appendix A, References. The misuse of GEMS by authorized users can severely hamper the Agency's ability to conduct business and accomplish its mission. It is essential that users learn how to use electronic mail and collaborative tools efficiently, effectively, and courteously, practicing good security, records management, and using e-mail in a responsible, professional, and lawful manner. Additionally, users have an obligation to be aware of computer security and privacy concerns and to guard against computer viruses. The Agency reserves the right to limit authorized users' electronic messaging access following evidence that shows prohibited or inappropriate use of the system or such use that creates an appearance of impropriety in the public view. Prohibited use is that which is forbidden by, or fails to comply with Federal laws, regulations or GSA directives.
5. Reporting violations. All suspected violations of Federal laws and regulations relative to GEMS use; such as, security or privacy breaches, violations of Agency policy, malicious or otherwise prohibited use, shall be reported to the Information System Security Officer (ISSO) and/or Information System Security Manager (ISSM). ISSOs/ISSMs must report security incidents to the GSA Senior Agency Information Security Officer (SAISO) in accordance with CIO Procedural Guide 01-02, "Security Incident Handling." The SAISO will determine which security incidents should be reported to the United States Computer Emergency Readiness Team (US-CERT). The SAISO also will report incidents to the GSA Office of Inspector General

(OIG) in accordance with CIO Procedural Guide 01-02. All incidents involving Personally Identifiable Information must be reported to the OSAISO within one hour of discovering the incident. There should be no distinction between suspected and confirmed breaches. Anyone needing assistance in determining whether a violation has occurred may contact their local ISSO/ISSM for assistance. For ISSO, ISSM and OSAISO points of contact go <http://insite.gsa.gov/graphics/staffoffices/poc.xls>.

6. E-mail accounts and files.

a. E-mail account. An account is established between an authorized user and GEMS for the purpose of creating, sending, and receiving electronic mail messages. E-mail accounts are accessed using your GSA Active Directory Credentials.

(1) GSA provides annual security training for authorized users to take at the initiation of their account and to be taken annually thereafter. Any authorized user of GEMS who fails to complete the annual GSA security training will have their e-mail account disabled. Accounts will be reinstated upon verification of the completion of the annual security training.

(2) System administrators, responsible for continued operation, maintenance, availability and accessibility of assigned system(s), will monitor all e-mail accounts for indication of inactivity. An "inactivity warning" notification will be sent to the user of any e-mail account not accessed in a 30-day period and to designated points of contact. If an e-mail account has not been accessed in a 45-day period, the e-mail account will be considered "inactive" and the e-mail account suspended. Any e-mail account that has not been accessed in a 60-day period will be terminated.

b. E-mail and related functionality.

(1) An Active Directory Account is required to access an e-mail account and related functionality within a limited storage space capacity. An individual e-mail account consists of an Inbox, Sent, Trash and other user-created folders for use in the creation, sending, receiving and organization of electronic mail messages, attachments, user-saved instant messages, and Mp3 voicemail messages received through the Voice over Internet Protocol (VoIP) telephone integration. Additional features of GEMS include calendaring, instant messaging, and collaboration tools for sharing documents, spreadsheets, presentations, and drawings.

(2) A single archive repository stores all inbound and outbound email messages and their attachments sent or received through the gsa.gov domain for e-discovery purposes for an indefinite period of time. The archive repository will also be used for indefinite storage of litigation hold information.

(3) All messages and their associated attachments sent and received will be scanned for viruses. Messages containing viruses will be cleaned and forwarded to the

intended recipient(s) electronically. If a message is unable to be cleaned, that message will be quarantined and not forwarded.

- (4) Messages larger than 25 megabytes (MB) will not be sent or received.

7. Electronic message control.

a. Message privacy. GSA provides electronic messaging services to authorized users, at GSA expense, for their use on GSA or other Government business. All electronic communications sent or received are owned by the Federal Government. The Agency may access any message sent over its electronic services for a legitimate Governmental purpose. Occasional personal use of the electronic services that involves minimal expense to the Government, does not interfere with Government business, and otherwise conforms to GSA's personal use policy is authorized. However, authorized users have no expectation of privacy with regard to electronic messages, official or personal, sent through the Government-provided electronic messaging services.

b. Monitoring.

(1) Obtaining access to GSA resources constitutes acknowledgment that monitoring activities may be conducted.

(2) Users have no expectation of privacy on GSA IT systems. All activity on GSA IT systems is subject to monitoring.

(3) GSA performs electronic monitoring of e-mail messages transmitted out of the GEMS environment for leakage of Personally Identifiable Information (PII) and/or sensitive data (e.g., Social Security Numbers, Credit Card Numbers, etc.) without required encryption as stipulated in paragraph 7.c.

(4) In the performance of their duties to ensure system reliability, the GEMS system administrators/managers regularly monitor the efficient functioning of electronic messaging services, not the content of messages. These system administrators/managers review the system logs created by the various electronic messaging services to analyze service delivery problems. The logs usually contain information about each message, including sender address, receiver address, size of message, and date and time of day, but not the content of the message. These logs are retained locally for 14 days and then destroyed, if they are not being used for problem analysis. System administrators/managers only open e-mail messages and review their content when attempting to locate a message, pursuant to a request by an approved official or an OIG investigator.

(5) If system administrators/managers find indications of illegal activity, violations of Agency policy or security, they will report their findings to the appropriate ISSO/ISSM. ISSO/ISSMs must report security incidents to the OCIO SAISO in

accordance with CIO Procedural Guide 01-02. The SAISO will report incidents to the OIG in accordance with that Procedural Guide. All incidents involving PII must be reported to the OSAISO within one hour of discovering the incident. There should be no distinction between suspected and confirmed breaches. Any incident which involves PII and could result in identify theft must be handled in accordance with the procedures outlined in GSA Order CIO P 2100.1G.

(6) Supervisors may request the review of the electronic messages of anyone they supervise, if they have reason to suspect there has been any breach of security, violations of GSA policy or other misconduct on the part of the associate. This may include inspection of the contents of electronic messages disclosed in the course of such monitoring or any follow up inquiry, if necessary to serve an official purpose. The supervisor will be required to explain the need to gain access to the suspected individual's message files in writing along with the purpose for seeking access to the content of the individual's messages. The request must go to the GSA Office of the CIO GEMS management. The next level of authority to whom the requesting supervisor reports within GSA, if any, will instruct or authorize further steps and actions based upon findings of the request and seek the advice of the General Counsel and Chief People Officer.

(7) It is a misuse of Federal Government time and resources and a violation of this directive for anyone, including system administrators, managers, and supervisors, to peruse electronic mail or other electronic messages, or use Agency computer systems in any fashion to satisfy idle curiosity about the affairs of others, with no business purpose for obtaining access to the files or communications of others. Anyone engaging in "snooping" is subject to disciplinary action, up to and including removal.

c. Message encryption. Message encryption is the use of software to render a message unreadable to everyone except the sender and its intended recipient. Users shall send external E-mail messages including sensitive information, such as PII, procurement sensitive information, etc., as deemed by the data owner, with GSA provided encryption that uses certified encryption modules in accordance with FIPS PUB 140-2, "Security requirements for Cryptographic Modules," or using WINZIP with FIPS-197 certified Advanced Encryption Standard (AES).

d. Disclosure.

(1) Electronic messages may be treated as Agency records for purposes of the Freedom of Information Act, 5 U.S.C. § 552 and the Privacy Act, 5 U.S.C. § 552a. As such, electronic messages or portions of them may be required to be disclosed upon a proper request. Additionally, they may be disclosed pursuant to discovery in a legal proceeding or upon request by Congress. The contents of electronic messages, properly obtained for Federal Government purposes, may be disclosed within the Agency for an official purpose without the permission of the authorized user who created the message. Whenever practicable, however, the author of the message will be informed regarding further dissemination of the message.

(2) The Agency may disclose information regarding the number, sender, recipient and addresses of electronic communications sent over the electronic messaging services as authorized by law.

8. Appropriate use.

a. When using GEMS, users are doing so as employees and/or representatives of GSA and the Federal Government. Users should at all times seek to promote a positive image for GSA and the Federal Government. They should be careful about how they represent themselves, given that what they say or do could be interpreted as GSA or Federal Government opinion. Users should be aware that their conduct could reflect on the reputation of GSA, the Federal Government, and its associates.

b. All users have an obligation to learn about e-mail etiquette, customs, and courtesies. Certain procedures and guidelines should be followed when using electronic mail communications, participating in electronic mail discussion groups, and sending attachments.

c. All users have an obligation to be aware of computer security and privacy concerns and to guard against computer viruses. Users who load files brought in from outside sources on Federal Government computers, then send the files as e-mail attachments, present a heightened risk in this area, unless the users first virus-scan all outgoing attachments before the e-mail is sent out. Always exercise caution when addressing e-mail messages, as there are users of the Agency's services who are not Agency associates. This will help to avoid inadvertently sending a message meant for GSA associates and authorized users to outsiders. Finally, never use e-mail for transmitting or storing classified data.

d. Users must exercise caution in conveying sensitive or non-public information. Such information should be treated with the same care as paper documents conveying the same information. Sensitive information is that which would be withheld from disclosure under Privacy Act, the Freedom of Information Act, procurement-sensitive information, proprietary information of GSA service partners and suppliers, or other information deemed sensitive by the Agency.

9. Inappropriate use.

a. Conveying of classified data or information. Users shall never convey classified data or information in any messages sent over the GSA electronic mail system.

b. Unlawful or malicious activities are prohibited. The activities include, but are not limited to:

(1) Use of offensive, abusive, discriminatory or objectionable language or graphics in either public or private messages;

(2) Use of lewd or sexually explicit language or graphics that are inappropriate or offensive to co-workers or the public, such as the use of sexually explicit materials, or materials or remarks that ridicule others on the basis of race, creed, religion, color, sex, handicap, national origin, or sexual orientation;

(3) Using GEMS to misrepresent oneself, GSA, or the Federal Government;

(4) Using GEMS to "snoop" on or invade another person's privacy merely to satisfy idle curiosity and with no legitimate Federal Governmental purpose;

(5) Any use that reflects adversely on GSA or the Federal Government;

(6) Transmitting any material pertaining to GSA, the Federal Government, or any agency employee or official that is libelous or defamatory; and

(7) Automatically forwarding E-mail messages from GSA E-mail addresses to any non-Federal E-mail account(s) or addresses.

c. Malicious use and denial of service. Unlawful or malicious activities that would result in a denial of service to other users and abuse of resources are prohibited. Malicious Use is designed to embarrass, harm or otherwise cause others to suffer. Denial of service is one type of malicious use. Denial of service is any activity that interferes with official GSA or Federal Government business by overloading resources, or blocking access to any resources. Abuse of resources is use that results in no benefit to GSA or the Government, and causes the Agency additional expenses through increased load on networks, systems and staff. Examples are transmitting sexually explicit or offensive material, non-business related large attachments, chain letters, unauthorized mass mailings, or intentionally sending a virus/worm.

d. Abuse of resources. Abuse of resources refers to any use of Federal Government time or resources that results in no benefit to the Federal Government. Examples include but are not limited to:

(1) Joining electronic discussion groups (listservs, newsgroups, etc.) that are not Federal Government business-related and result in mailings to an authorized user at work;

(2) Any use for an authorized user's own private gain, for the endorsement of any product, service, or enterprise, or for the private gain of friends, relatives or persons with whom the authorized user is affiliated in a nongovernmental capacity, including nonprofit organizations of which the authorized user is an officer or member, and persons with whom the authorized user has, or seeks, employment or business relations; and

(3) The use of the electronic messaging services to solicit Agency authorized users for any purpose not related to official Federal Government business.

e. Inappropriate signature block content. The signature block is the part of an e-mail message that contains the sender's contact information. This information usually consists of at least the sender's name and phone number. A signature block might also include additional information, such as job title, department/organization, mailing/office address, e-mail address, fax or cell phone numbers, business web site address, business slogan, etc. A signature block is typically located at the end of an e-mail message. Signature blocks are intended to be used as a method of providing sender contact information to message recipients. Only GSA and GSA business-related slogans may be used as part of a message signature block. In addition, use of graphics in the signature block should be limited and is restricted to GSA and GSA business-related logos, such as the GSA logo/seal.

10. Record keeping of e-mail messages.

a. E-mail recordkeeping is governed by National Archives and Records Administration (NARA) directives. Authorized users are responsible for maintaining their files within assigned storage limitations and NARA records management requirements. Authorized users are advised to apply the same decision-making process to e-mail for records maintenance and disposition that they apply to other documentary materials, regardless of the media used to create them, and store them accordingly.

b. The GSA electronic mail system is not an authorized official records storage system for GSA records management purposes. Any official records created in the GSA electronic mail system must be moved to a records management system in accordance with 36 CFR 1236.20(b). For instance, e-mail that contains or is deemed a record should be moved to a NARA-approved document management system, a shared network drive, or the user's workstation. If a message is determined to be a record as described in the Agency's Records Disposition Schedule, users are responsible for ensuring those messages are not deleted before the expiration of the NARA-approved retention period.

c. Non-record material (transitory documents, copies, and drafts) may be retained in an e-mail file indefinitely in accordance with 36 CFR 1236.22. Authorized users are responsible for reviewing their e-mail regularly and for deleting all such material as soon as it has served its purpose. Transitory refers to documents of short-term interest having no documentary or evidential value and which normally need not be kept indefinitely. Examples of transitory material are:

(1) Routine requests for information or publications and copies of replies that require no administrative action, no directive decision and no special compilation or research for reply. Freedom of Information requests are not considered transitory material;

(2) Originating office copies of letters of transmittal that do not add any information to that contained in the transmitted material, and the receiving office copy, filed separately from transmitted material;

(3) Quasi-official notices, including memoranda and other records, that do not serve as the basis of official actions, such as notices of holidays or charity and welfare fund appeals, bond campaigns and similar correspondence;

(4) Copies of documents issued to multiple recipients. Usually, copies of documents received by recipients of e-mail are copies, not records, and should be thrown away as soon as they are not needed for reference. However, multiple copies of the same document may meet the definition of records, if any copy is used by the recipient to transact Agency business. Copies that have such record status are usually filed in different record-keeping systems and are used for different purposes;

(5) Drafts circulated for comment. In general, draft copies are not records. However, draft documents or working papers that propose or evaluate high-level policies or decisions and provide unique information that contribute to the understanding of major decisions, must be preserved as Federal records, whether they are in printed or e-mail form;

(6) Extraneous copies of records used or issued to conduct or transact official business. Normally, only the originator copy is the record copy.

(7) User-saved instant messages and Mp3 voicemail messages.

11. Waivers. Request for waivers to this order must be submitted to the GSA Chief Information Officer for review and approval.

12. Explanation of change paragraph. The change in retention period for emails from 180 days to "indefinite" is due to upcoming changes that will align GSA policies to NARA's Capstone approach.

13. Signature.

/s/ _____
DAVID SHIVE
Acting Chief Information Officer
Office of GSA IT

Appendix A. References**1. Federal Laws & Regulations.**

5 U.S.C. § 552, the Freedom of Information Act

5 U.S.C. § 552A, the Privacy Act

44 U.S.C. § 2901 *et seq.*, the Federal Records Act

44 U.S.C. § 3301, the Federal Records Disposal Act

17 U.S.C. § 101 *et seq.*, the Copyright Act of 1976

Public Law 99-474, The Computer Fraud and Abuse Act of 1986

18 U.S.C. § 798, AND 50 U.S.C. § 783(b) regarding protection of Classified Information

18 U.S.C. § 1905, Which prohibits disclosure of proprietary information and certain other confidential information

41 U.S.C. § 423(a), which prohibits unauthorized disclosure of certain procurement-sensitive information, including proprietary or source selection information

5 C.F.R. Part 2635, Standards of Ethical Conduct for Employees of the Executive Branch, particularly subpart G which deals with misuse of position

36 C.F.R. Parts 1220, 1222, 1228 and 1234, 1236, National Archives and Records Administration regulations on management of e-mail messages

FIPS PUB -140-2 Security Requirements for Cryptographic Modules

FIPS PUB -197 Advanced Encryption Standard (AES)

2. Agency Directives.

GSA IT Security Policy, GSA Order CIO P 2100.11

GSA IT Security Procedural Guide: Incident Response (IR)-CIO IT Security 01-102

Personal Use of Agency Office Equipment, GSA Order ADM 7800.11A

**House Oversight and Government Reform
Subcommittee on Government Operations
Hearing Date: January 6, 2016
Subject of Hearing: Army Fee Assistance Program: Part II
Member: Chairman Mark Meadows
Witness: Ms. Stephanie Hoehne**

Financial Hardship

1. Question: Army Families experienced financial hardships as a result of the mismanagement by GSA. What has been done to make sure that those Army families who have had their credit damaged as a result of GSA's administrative failures are made whole?

- a. Does Army/GSA have a plan to assist those families that may be facing bankruptcy as a direct result of GSA's failure to pay invoices to child care providers?
- b. Does Army/GSA have a communication plan in place so that it can work with Army families whose financial situation was negatively impacted by the AFA mismanagement?

Answer:

- a. Yes, the Army will provide documentation and validation to credit bureaus when GSA's failure to pay invoices to child care providers negatively impacts a Family's financial situation. To date, no Families have reported damage to credit or bankruptcy as a result of GSA's administrative failures.

In anticipation of financial stress to Families enrolled in AFA, the Army waived certain criteria for no-interest loans through Army Emergency Relief (AER). Seventeen Families have received AER funds.

- b. Yes, we do have a communication plan to work with Families impacted by the Fee Assistance mismanagement. We are sending electronic notifications and alerts, conducting webinars, deploying transition and social media websites, working with commands and updating websites. We also set up an email for Families to directly contact Army representatives. We check email every day and contact correspondents within 24 hours.

GO/SES Approver: Ms Stephanie Hoehne

**House Oversight and Government Reform
Subcommittee on Government Operations
Hearing Date: January 6, 2016
Subject of Hearing: Army Fee Assistance Program: Part II
Member: Chairman Mark Meadows
Witness: Ms. Stephanie Hoehne**

Transitioning Families

2. Question: What is the plan for ensuring families who PCS during the transition period are well served – that is, what happens to families that must move because they receive a Permanent Change of Station order?

- a. For example, if a Family in New Jersey, one of the last states to transition during phase 7, were to move to Wyoming, one of the first states to transition, would that family transition to Child Care Aware, or remain with GSA until phase 7?
- b. How will families that are moving know who their administrator is at a given time?

Answer:

- a. Our plan to ensure Families who PCS during the transition period includes IT support, communications, and collaboration among the Army, Child Care Aware of America (CCAoA), and GSA.

When parents provide their PCS information, CCAoA will service the Family if it is in a state that has successfully been transferred. In your example, the New Jersey Family would be transitioned to CCAoA upon their arrival in Wyoming.

- b. Army, GSA, and CCAoA notified Families that they can access the Army Fee Assistance website and Facebook page for information and transition timelines by state.

As Families transition to CCAoA, we send initiation notices for each phase of the transition. Families become aware that CCAoA is their administrator when CCAoA representatives contact them and their provider to introduce themselves and to confirm the Family's status in the AFA program. CCAoA assigns each Family a case manager who manages their accounts for the duration of their participation in the AFA program, regardless of their geographic location (in the event of future PCS moves). In addition, Families may contact the Army, GSA, or CCAoA, during any phase of the transition, to confirm the identity of their current administrator.

GO/SES Approver: Ms Stephanie Hoehne

**House Oversight and Government Reform
Subcommittee on Government Operations
Hearing Date: January 6, 2016
Subject of Hearing: Army Fee Assistance Program: Part II
Member: Chairman Mark Meadows
Witness: Ms. Stephanie Hoehne**

Child Sexual Abuse among Military Dependents

3. Question: The Associated Press published a story on incidents of sexual abuse involving service member's children, noting that there were 840 incidents between 2010 and 2014 involving enlisted service members. Is your office involved in investigating this disturbing report?

- a. If so, how many incidents were investigated in 2015?
- b. What steps are being taken by your office to address this issue and prevent future incidents from occurring in the future?
- c. If your office is not involved in handling this subject matter or addressing ways to prevent future incidents, which office handles this subject matter?

Answer: The Army has an established formal process for investigating reports of sexual abuse of Service member children and dependents. Although my office is not responsible for the investigative element of that process, as a leader, I take any report of sexual abuse seriously and ensure the appropriate agencies are aware so the process is followed.

- a. The United States Army Criminal Investigation Command (USACIDC) investigates every report of sexual assault against a child or adult. For fiscal year 2015, there were 168 substantiated cases of child sexual assault. However, this number does not include cases that are still under investigation as they may, or may not, be substantiated.
- b. The Army does not tolerate child abuse and domestic violence and has programs and policies in place to empower leaders at all levels to intervene and stop the violence. We are committed to preventing Family violence by providing a full range of services to enhance Soldier and Family strength and resiliency. The Army Family Advocacy Program is dedicated to the prevention, education, prompt reporting, investigation, intervention, and treatment of spouse and child abuse. The program provides a full range of services to Soldiers and Families to enhance their relationship skills and improve their quality of life. This mission is accomplished through a variety of groups, seminars, workshops, counseling, and intervention services.
- c. The Army responds to sexual abuse through collaborative efforts of multiple agencies. The Assistant Chief of Staff for Installation Management and the Installation Management Command are responsible for prevention and

intervention programs. USACIDC investigates allegations of abuse, and the Army Medical Command treats victims and maintains statistical abuse data.

GO/SES Approver: Ms Stephanie Hoehne



April 15, 2016

The Honorable Mark Meadows
Chairman
House Oversight and Government Reform
Subcommittee on Government Operations
2157 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Gerry E. Connolly
Ranking Member
House Oversight and Government Reform
Subcommittee on Government Operations
2157 Rayburn House Office Building
Washington, D.C. 20515

Attn: Sharon Casey

Dear Chairman Meadows and Ranking Member Connolly:

On behalf of Child Care Aware® of America, I've included the information the Committee requested at the Subcommittee on Government Operations hearing on January 6, 2016, titled, "Army Fee Assistance Program: Part II", below.

The dollar amount of the contract:

- For Discovery and Transition \$10,954,724.86

The duration of the contract:

- Discovery: 2 months (September 18 through November 27, 2015)
- Transition: 11 months (November 28, 2015 through October 28, 2016)
- Full Administration starting after Transition: 62 months (October 29, 2016 through November 30, 2021 (\$900,503.74 per month for a total of \$55,831,232.50)

Any performance metrics detailed in the contract:

C-8. PERFORMANCE METRICS FOR APPLICATION REVIEW/APPROVAL AND PROVIDER

PAYMENTS: The contractor shall adhere to the following performance metrics in performing the contract work effort defined herein.

1. Family and provider notification of approval or disapproval will be sent within **5 business days** or forwarded to the IMCOM G-9 Family and MWR Programs COR Army for exception to policy. Copies of approvals, disapprovals, and exceptions to policy will be maintained in family and provider files.
2. If application is incomplete, respond to families and provider applications submittals within **3 business days** notifying them of missing documentation.
3. 2nd notification will be sent to applicant in **15 business days the family or provider does not provide the missing documentation in response of the first notification.**

4. The contractor shall respond to all family inquiries within **1 business day** of receipt. All customer communications must be tracked and documented in the family/provider files.

5. Recertification Requirements. The contractor shall ensure that families and providers participating in the Child Care Fee Assistance Program receive **recertification notifications 30 days prior** to the recertification due date. The notification will identify the documents that are required to be submitted.

6. If participants do not provide required documentation within **30 days after application** of expiration of their application, they will receive an additional letter letting them know that within 30 additional days their account will be deactivated and they will need to reapply.

7. Report issues with the fee calculator to the COR within **one (1) business day**.

8. Validate attendance sheet and notify providers of discrepancies within **five (5) business days** of receipt.

9. Address and resolve conflict issues within **five (5) business days**.

10. The contractor shall ensure that Child Care Fee Assistance payments are made **within 10 business days** of receipt of the completed attendance sheet referenced in paragraph Section C-7c.

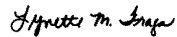
11. On a monthly basis, the CCAoA will provide a transaction register which identifies the Details, e.g, sponsor name, provider, fee assistance payment, etc. of the Escrow Account.

The contract signatories:

- Army-Jennifer Rohler-Contracting Officer
- NACCRRRA (dba: CCAoA)-Dr. Lynette Fraga-Executive Director
- In addition to CCAoA, any contractors with roles and responsibilities specified in the contract: N/A

As always, if you have any questions, please do not hesitate to contact me.

Best,



Lynette M. Fraga, Ph.D.
Executive Director
Child Care Aware® of America

Child Care Aware® of America is our nation's leading voice for child care. We work with state and local Child Care Resource and Referral agencies (CCR&Rs) and other community partners to ensure that all families have access to quality, affordable child care. To achieve our mission, we lead projects that increase the quality and availability of child care, offer comprehensive training to child care professionals, undertake research, and advocate for child care policies that improve the lives of children and families