

Congress of the United States

House of Representatives

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Opening Statement Rep. Ted Lieu

Hearing on "GSA: Army Fee Assistance" September 10, 2015

Thank you, Mr. Chairman. I commend you for calling this important hearing, and I want to thank your staff for working together in a bipartisan manner to provide oversight for a critical program directly impacting our military families.

As a Lieutenant Colonel in the Air Force Reserves, and as a husband and father of two children, this issue hits particularly close to home for me.

Mismanagement of the Army's program to help military families pay for childcare has caused inexcusable backlogs in processing payments and unnecessary financial hardship to thousands of military families.

This program offers subsidies to help families pay for childcare when it is not available on post. Members of the military and their families sacrifice so much for the freedoms we enjoy in this country. In return, we owe it to them to fight for, and protect, the benefits they rely on and deserve.

As we will hear from two of our witnesses today, flaws in the program's administration have significant consequences for military families.

Congress created this program on a bipartisan basis to help military families afford childcare. So it is fitting that our Committee is addressing these problems jointly.

The National Defense Authorization Act for Fiscal Year 2000 authorized the Department of Defense to provide financial assistance to eligible childcare providers who service military and federal employees. Those subsidies allow military families to save money on childcare costs.

Prior to 2014, the program was jointly administered by the General Services Administration (GSA) and Child Care Aware of America (CCA), a non-profit organization helping families identify high-quality, affordable childcare. GSA and CCA administered different components of the program, with GSA having responsibility for approximately 200 families and CCA servicing nearly 9,000 families.

In 2014, in an effort to reduce costs, the Army consolidated the program's administration under GSA, which promised annual savings of \$4 million.

However, this deal proved too good to be true. After assuming full responsibility for the program on October 1, 2014, GSA realized it had grossly underestimated the complexity and scope of the personnel and IT infrastructure needed to administer childcare subsidies for an additional 9,000 families.

I have here a statement from Child Care Aware of America, the previous administrator of the contract. In January 2014, they were processing subsidy payments for all their program participants within the Army's required ten-day period. This is in contrast to GSA, which is now responsible for the program and whose own Inspector General reported earlier this week that GSA was taking up to seven months to process the payments.

According to a previous report by the Inspector General this past April, by January 2015, GSA had developed "a significant backlog of over 11,500 childcare subsidy actionable items waiting processing."

On Tuesday, the Inspector General issued an updated report, finding that GSA officials had been on notice since 2011 that "GSA's existing processes and personnel could not support a 9,000 family growth." The report also found that prior to the transfer, GSA "did not perform a full needs assessment to determine what IT systems were necessary to accommodate the 45-fold increase."

As a result of those transition-planning deficiencies, the Army has had to spend an additional \$4.4 million to keep the program afloat—above and beyond the original \$4 million contract price. Because the significant backlog persists, and continues to grow, additional funding will likely be needed to correct serious flaws in the program's administration.

In addition to GSA's shortcomings, there was, at minimum, inadequate Army oversight of the program's transition planning and implementation, and perhaps a lack of due diligence in selecting GSA as the sole program administrator. In fact, we'll hear today from Stephanie Hoehne, the top manager for the Army's program, who said in her written statement, "The Army did not provide sufficient oversight to the transition for the risk involved, nor recognize the magnitude once the problem surfaced."

Going forward, the Army and GSA must immediately identify and implement concrete measures to correct these serious flaws. GSA, as the program administrator, and Army, as the program owner, share responsibility for ensuring the successful operation of the childcare Fee Assistance Program. Together, they must take steps to eliminate the current backlog so that families are not needlessly faced with financial hardship to pay for childcare. I look forward to hearing a timetable today for how they plan to fix this program.

As we learned from the Inspector General's recent report, one family is now filing for bankruptcy as a result of subsidy payment delays. This is entirely unacceptable. Our nation's

military families deserve better. It is my hope that by continuing to work in a bipartisan manner, we can help get this program back on track.

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