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Opening Statement of Rep. Henry A. Waxman Chairman, Committee on Oversight and Government Reform Hearing on Allegations of Misconduct at the General Services Administration March 28, 2007

Today's hearing has been called to investigate allegations of misconduct at the General Services Administration. There are probably plenty of Americans who have never heard of GSA, but it is the government's premier contracting agency. It focuses on the nuts and bolts of government logistics. GSA manages nearly \$500 billion in federal assets, including federal buildings, courthouses, and other facilities. And it handles the purchase of billions of dollars worth of services on behalf of other government agencies.

The Administrator of GSA is Lurita A. Doan, and she is with us today. Also with us is Brian Miller, the Inspector General of GSA. And we have Senator Charles Grassley, who has been following these issues closely, joining us. We welcome all three witnesses and look forward to their testimony.

One of Congress' most important oversight goals is to ensure that our government serves the interests of the American taxpayer — not the interests of a favored contractor, a particular federal agency, or a single political party. The American people expect government officials to uphold a public trust. That's what the taxpayers are paying them for, and nothing else.

Over the past several months, however, multiple allegations have surfaced about actions by top GSA officials that do not serve the interests of the taxpayer. These are the allegations we will investigate today.

The first issue we will examine is a political briefing that took place at GSA on January 26. This briefing was conducted by Scott Jennings, Karl Rove's deputy at the White House. Mr. Jennings has been in the news for his involvement in the firing of the U.S. Attorneys and is one of the White House officials that both the House and Senate have asked to testify.

Also at this briefing were Administrator Doan and 40 other political appointees at GSA, some of whom participated by videoconference. The briefing was held in GSA facilities during the work day, but there were no career GSA officials allowed at the briefing.

We have obtained the PowerPoint presentation that Mr. Jennings gave to the GSA officials that day. It would be perfectly appropriate for a meeting at the Republican National Committee or among campaign operatives. But it's the last thing taxpayers would expect at a government agency like GSA.

Here's one of the slides from Mr. Jennings's presentation. In this slide, Mr. Jennings identified by name the 20 Democratic members in the House that the White House is targeting for defeat in 2008.

And here's another slide. This one identified by name the 20 Republican members that the White House considers most vulnerable in the upcoming elections.

The White House briefing was partisan. It was strategic. And it had absolutely no connection to GSA's government mission.

And when the White House presentation was over, Ms. Doan asked her staff, "How can we help our candidates in the next election?"

Here are the facts as we know them: (1) GSA's top political appointees were assembled to hear a confidential White House briefing on the Republican campaign strategy for 2008; (2) they were asked to consider how GSA resources could be used to help Republican candidates; and (3) they did this in a federal building during work hours at taxpayer expense.

This appears to be a textbook example of what should never happen at a federal agency.

Unfortunately, the January 26 briefing may not be the only example of the politicization of the government's premier procurement agency.

Inspector General Miller will testify today that GSA Administrator Doan and her top staff intervened in a contract action with Sun Microsystems to reverse the judgment of three career contract officers. According to the Inspector General, the Administrator's personal intervention resulted in a sweetheart deal for Sun that will cost taxpayers tens of millions of dollars.

I want to read one sentence about the Sun contract from the Inspector General's testimony: "As a direct consequence of her intervention, and in breach of GSA's fiduciary duty to the U.S. taxpayers, the pricing concessions made to Sun means that the U.S. taxpayers will inevitably pay far more ... than they should."

That's a remarkable finding. But it appears to be corroborated by the evidence received by our Committee, including the statements of the contracting officers involved in the negotiations.

Perhaps even more disturbing, the information we received appears to directly contradict statements that Ms. Doan made to Senator Grassley about her involvement in the Sun contract. Ms. Doan wrote Senator Grassley that — and I quote — "I had no knowledge of the negotiations or basis for decisions made regarding this contract." But as will become apparent today, there is

a written record documenting Ms. Doan's personal involvement in reversing the position of career contracting officials.

A third issue we will explore is the no-bid contract that Ms. Doan gave to her former business associate and friend, Edie Fraser. According to the Inspector General, this is a serious violation. In his testimony, he states:

We are talking about the violation of key contracting principles — promoting open competition ... and avoiding any appearance of personal favoritism in awarding government business — by the leader of the Government's premier civilian contracting agency.

On this issue too, there is a troubling question about Ms. Doan's candor. The Inspector General found — and again I quote — “the record paints quite a different picture than what Administrator Doan told the OIG investigators.” In our own investigation, we also found striking discrepancies between the assertions of Ms. Doan and the evidence we gathered.

There are a number of documents that I would like to make part of this hearing record. These documents include the White House PowerPoint presentation, the briefing memos prepared by staff, the documents cited in the briefing memos, the transcripts and depositions the Committee has received, audit and investigative reports provided to the Committee by the Inspector General, and the documents that members will be referring to today in their questioning.

There is a common thread that ties together the allegations that we will be exploring today. There are basic rules that are supposed to apply to federal officials. You can't engage in partisan political activity on government time. You can't give no-bid contracts to your friends and business partners. And you should put the taxpayer first when negotiating contracts.

The question the Committee needs to examine is whether Ms. Doan and her team at GSA violated these bedrock principles.

Americans want a government that works. They don't want basic government services politicized, and they don't want their tax dollars squandered. Today, we will have an opportunity to explore how well Ms. Doan is meeting these standards at GSA.