



Statement of The Honorable Carol F. Ochoa
Inspector General, General Services Administration

“GSA: Army Fee Assistance”

HEARING BEFORE THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES

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Chairman Chaffetz, Ranking Member Cummings, and Members of the Committee: Thank you for inviting me here today. I appreciate the opportunity to testify about the Office of Inspector General's (OIG) evaluation of the General Services Administration's (GSA) handling of the Army childcare subsidy program. Problems in the GSA's administration of the program are significantly affecting Army families.

Background

The Army 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 families enrolled in private childcare centers as well. This added over 9,000 families and 5,000 childcare providers to the program -- a 45-fold increase in Army family business for GSA. GSA began administering the expanded program in August 2014.

GSA administers the program based on Army requirements. Army families must fill out an application form and attach supporting documents including federal tax returns, active duty orders, pay statements, school schedules, and a certification that on-post childcare is not available. Childcare providers must also submit an application and supporting documents regarding licensing, inspection, accreditation, and childcare rates. Childcare

providers email invoices to GSA on a monthly basis for each child enrolled. While a family awaits approval of their subsidy application, they must pay all childcare costs up front.

For over a decade, GSA had managed the Army childcare program and its 200 eligible families under a “caseworker” model. A single GSA representative handled a family’s entire request from the initial application to payment of invoices. GSA program staff would review family and childcare provider applications and work with the families and providers to obtain any missing documentation. If a family had a question about their subsidy account or needed to submit a missing document, they could call or email their GSA representative directly. One GSA employee and one contractor were administering the entire Army program to the satisfaction of the Army when there were only 200 Army families and 46 federal child care providers.

When GSA agreed to administer the expanded Army program, GSA also agreed to meet certain customer service timelines for Army families. Those timelines specified that completed applications should be approved within three business days (later extended to 10), invoice payments processed within 7 to 10 business days, customer service inquiries responded to in one day, and all customer service issues resolved within five business days or forwarded to the Army for resolution.

Initiation of OIG Evaluation

The OIG initiated this evaluation in February 2015, after GSA's then Deputy Administrator, Denise Turner Roth, briefed the OIG about critical problems with GSA's administration of the expanded subsidy program. Then Deputy Administrator Roth told the OIG that the program had developed a significant backlog and that it could not be transferred, as planned, to the U.S. Department of Agriculture (USDA) with GSA's other Financial Management Lines of Business. Our evaluation found the following:

OIG Findings

From the beginning of GSA's administration of the expanded program in August 2014 through the end of July 2015, the program has experienced ever-increasing backlogs of unprocessed subsidy requests, unpaid invoices, and unreturned customer inquiries. The OIG found that the primary cause of the increasing backlogs was GSA's failure to plan adequately for the expansion.

GSA officials were on notice as far back as 2011 that the proposed expansion would add well over 9,000 families to the agency's case load. GSA was also aware before agreeing to the expansion that GSA's existing processes and personnel could not support such growth. Nevertheless, GSA failed to streamline processes and scale up staffing levels in advance of the expansion. When GSA implemented the expanded program, staffing levels were far too low, staff lacked appropriate privacy and security screening, and the IT systems used to support the program were inadequate and incompatible.

Program personnel were soon overwhelmed by the massive increase in workload. At the time of the expansion, program staff used email to manage incoming applications and childcare provider information, a digital document repository system to house required documents, and spreadsheets to process invoice payments. None of these systems interfaced with each other.

- GSA staff had to manually extract applications, supporting documents, and invoices from the email system and enter them into the document repository for processing, which caused significant delays.
- The storage capacity of GSA's cloud email and voicemail systems were inadequate to support the expanded program, so GSA periodically deleted emails and voicemails from the systems.
- The invoice payment process was similarly manual and complicated, and the spreadsheet used by program managers to track the backlog was inaccurate.

As a result, GSA could not maintain its customer service timelines. Within two months of the expansion, a backlog had developed consisting of over 2,100 unprocessed actions related to subsidy requests and over 800 unanswered emails.

GSA attempted to address the growing backlog by shifting from a caseworker approach to a project specialization model. Now, personnel were assigned to individual tasks as opposed to individual families. GSA also hired

additional personnel and replaced the invoice spreadsheets with a software application. The software employed for the Army program was underdeveloped, however, and limited in functionality. The OIG found that by January 2015, the backlog had grown to over 11,500 items. This included unprocessed childcare subsidy actions, unanswered emails, and unreturned phone messages.

Moreover, as we reported in our Management Alert released in April 2015, GSA contractors hired to assist with backlogged items were permitted to access sensitive and personally identifying information before completing required background investigations. The sensitive information included social security numbers, dates of birth, home addresses, home phone numbers, and bank routing information, among other items.

In May, GSA began implementing a new customer relationship management system but soon found that program staff had difficulty using it. In June and July, GSA took additional steps to try to get control of the backlog, including hiring additional contractors to assist with help desk calls. These contractors, however, were trained to provide only scripted answers to basic program questions and to refer specific account questions to regional program staff. GSA also added a handbook to its website and revised the subsidy applications in an effort to better explain application requirements.

Despite these efforts, the backlog continued to grow. By July 31, it had more than doubled from its level in January, to nearly 26,000 unprocessed

childcare subsidy actions, unanswered emails, unpaid invoices, and unreturned phone messages.

Regarding unanswered calls, between January and May of 2015, the GSA help desk received more than 42,000 incoming calls. GSA staff answered only 32% of those calls, forcing the remainder of the callers to either leave a voicemail or hang up. GSA staff told us they did not have the “luxury” of listening to all of the families’ voicemails because of the backlog of tasks, and families’ voicemail messages were periodically deleted due to the size limitations of the voicemail box. GSA kept logs of phone numbers associated with the deleted voicemails and, for a time, attempted to return those calls. In June 2015, however, GSA program managers decided to delete and not return calls to over 4,000 unreturned voicemails. Even with the contract staff added to the help desk in June, the backlog of unreturned calls grew to 7,300 by the end of July.

As a result of the planning and process failures outlined in the OIG’s report, Army family participants have experienced inadequate customer service and substantial processing delays. Families have reported severe financial hardships resulting from the processing delays. For example, Army families reported being forced to consider having a spouse quit a job, abandon a small business, or quit school in order to leave one parent at home with their children. One family reported that their provider had sent their account to collections, another that they were facing bankruptcy. Moreover, despite GSA’s submission of a corrective plan to address the security breach the OIG

identified in its Management Alert, yet another security breach occurred. After GSA implemented its new customer relationship management system, GSA's failure to set appropriate access controls allowed unauthorized users access to childcare subsidy information in the system. GSA has since restricted access controls in that system.

As of July 31, 2015, GSA's efforts have failed to reduce the backlog, and the planned transfer of the program to the USDA has been placed on hold.

OIG Recommendations

The OIG makes two recommendations in its report. First, we recommend that GSA establish a formal plan, with performance indicators, benchmarks, and implementation strategies to eliminate the backlog, achieve customer service timelines satisfactory to the Army, and ensure the security of Army families' sensitive information. We also recommend that to avoid further disruption to Army families in the event the program is transitioned to USDA, GSA should obtain USDA and Army agreement on conditions for program transfer.

Thank you for the opportunity to testify about this matter and for the Committee's support of Inspectors General. I ask that my testimony and the evaluation report be part of the record, and I would be happy to take any questions the Committee may have.

Carol Fortine Ochoa, GSA Inspector General—Biography

The U.S. Senate confirmed Carol Fortine Ochoa as the Inspector General of the U.S. General Services Administration on July 29, 2015. As Inspector General, Ms. Ochoa leads a nationwide workforce of more than 300 auditors, special agents, attorneys, and other professional staff whose mission is to detect and deter waste, fraud, abuse, and misconduct and to promote economy and efficiency in GSA operations.

Ms. Ochoa's prior career experience includes over 25 years' service as a federal prosecutor and manager in the U.S. Department of Justice (DOJ). Most recently, she served as the Assistant Inspector General of the Oversight and Review Division in DOJ's Office of the Inspector General, where she oversaw complex, sensitive, and broad-ranging investigations of Department of Justice operations and personnel.

From 1989 to 2002, she served as an Assistant United States Attorney in the U.S. Attorney's Office for the District of Columbia. During her tenure in that office, she prosecuted more than 40 cases before federal and local juries and specialized in federal public corruption and fraud matters.

Ms. Ochoa received numerous awards during her career with DOJ, including the Attorney General's Award for Distinguished Service in 2007 and 2009.

Before joining the DOJ, Ms. Ochoa was an associate at Covington & Burling. She also served as an associate counsel for Independent Counsel James C.

McKay and clerked for Chief Judge Charles Clark of the United States Court of Appeals for the Fifth Circuit.

Ms. Ochoa received her Juris Doctor, *summa cum laude*, from the George Washington University Law Center in Washington, D.C., and her Bachelor of Arts, *magna cum laude*, from Miami University in Oxford, Ohio.