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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 the 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.

[Prepared statement of Mr. Meadows follows:]

\*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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.

[Prepared statement of Mr. Connolly follows:]

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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.

[The information follows:]

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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.

STATEMENTS OF THE HON. CAROL FORTINE OCHOA, INSPECTOR GENERAL, U.S. GENERAL SERVICES ADMINISTRATION; GERARD BADORREK, CHIEF FINANCIAL OFFICER, U.S. GENERAL SERVICES ADMINISTRATION; STEPHANIE L. HOEHNE, DIRECTOR, FAMILY AND MORALE, WELFARE, AND RECREATION, G9, INSTALLATION MANAGEMENT COMMAND, UNITED STATES ARMY; AND LYNETTE M. FRAGA, PH.D., EXECUTIVE DIRECTOR, CHILD CARE AWARE OF AMERICA

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 consist 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:]

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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 provider 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:]

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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 with 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 discrepancies. 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:]

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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 those 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-critical 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:]

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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 ourself 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 than 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 graphically, 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 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 an a priori 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.

RPTR MAAR

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[11:00 a.m.]

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 receiving 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. Meadow'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.

[The information follows:]

\*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

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 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.]