

**STATEMENT OF MR. GERARD BADORREK
CHIEF FINANCIAL OFFICER
U.S. GENERAL SERVICES ADMINISTRATION
BEFORE THE U.S. HOUSE COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM
September 10, 2015**

Introduction

Good morning Chairman Chaffetz, Ranking Member Cummings, and members of the Committee. My name is Gerard Badorrek, and I am the Chief Financial Officer of the U.S. General Services Administration (GSA). I have been the Chief Financial Officer of GSA since December 29, 2014. I previously spent nearly 30 years in the private sector at companies such as MCI, Verizon and Xerox. I was responsible for operations and finances at multi-billion dollar companies, and managed staff and organizations in excess of 1,000 people responsible for complex operations in centers across the country.

History GSA and Army Fee Assistance Program

GSA has been delivering Army Fee Assistance financial services to the Army for more than 10 years. Last year GSA significantly expanded its role at the Army's request, when the Army's previous contract with a private company was expiring. Unfortunately, GSA encountered major challenges when taking on this new role in the summer of 2014. GSA went from managing about 200 Army Fee Assistance (AFA) families and approximately 46 child care providers to over 8,000 families and more than 3,000 providers. As of August 2015, GSA is now managing over 9,000 families and more than 6,000 providers.

While GSA set out to rely on its previous experience managing hundreds of Army families who were in Federal child care facilities, the significant increase in cases and number of child care providers, combined with a more complex application process led to an unacceptable backlog of applications. This was compounded by GSA's lack of communication to relevant stakeholders. This breakdown in communication exacerbated confusion among families and childcare providers, and caused financial burdens to families. On behalf of GSA and its leadership, we offer our sincere apologies to any Army family that experienced hardships because of GSA's mishandling of this program.

Problems with the Program

I first learned of issues concerning GSA's administration of the Army Fee Assistance program on January 7, 2015 when GSA Administrator Dan Tangherlini asked me to look into a complaint he had received directly via e-mail from an Army applicant.

On January 19, 2015, I took my first of several trips to GSA's Kansas City office, which is the headquarters for the administration of the Army Fee Assistance program. This trip was specifically to review the child care subsidy processes, staffing, and the existing backlogs. Clearly, major changes were needed.

The program was in crisis: A program with an increasing backlog and with no clear goals or plan for success. There was insufficient management oversight that failed to identify key bottlenecks

or other problems with the program, inadequate staffing and training, a complicated application process that confused families, and an inability to track the status and progress of applications. In addition, the lack of management attention and staff resources resulted in other mis-steps along the way, including a breach of Army family Personally Identifiable Information.

The Path Forward: Implementing Solutions

To address these failures, GSA implemented a number of improvements to this program. To increase productivity, GSA changed its processes by specializing tasks, and by developing and tracking performance metrics. To clarify the application process, on the childcare website, GSA provided clearer direction and later simplified the application forms by streamlining some of the requirements and provided better instructions to guide families through the process. We have established clear and achievable metrics to evaluate the program's progress, and are transitioning to an improved information management system. Finally, we have launched a communication plan to help the Army families and providers better understand the process and program requirements. All of these efforts should enable us to address the backlog of family requests and put the program back on track by the end of this calendar year.

At the same time GSA was implementing these improvements, GSA had to continue to service the Army families, and respond to their requests. As we worked to put this program on the right course, we discovered additional challenges, including difficulties with hiring contract staff and obtaining security clearances, transitioning to the new software, and ensuring protection of Personally Identifiable Information.

Improving Management Oversight, Standardizing Work Areas and Establishing Clear Goals and Metrics

As previously stated, GSA had been managing about 200 Army Fee Assistance Families since 2003. The families were being serviced by "caseworkers," with each caseworker assigned to certain families. This system worked for this relatively small number of families because the application process was well-defined and the caseworkers were well-trained and had a good deal of experience working on this program.

When GSA assumed the entire AFA in October 2014, this workload immediately increased to over 8,000 families and over 3,000 providers. Most of the families were using non-federal child care providers, as opposed to the federal providers in the prior program.¹ At the same time, delays in hiring and obtaining security clearances for new contract staff delayed the significant workforce expansion that GSA had planned to manage this increased workload. As a result, a large backlog of applications and other family actions quickly developed between August 2014 and January 2015.

To work through the backlog, we concluded we would need to standardize the application components and assign specialists to handle each of the components. GSA would train program staff in these specific areas, and those components would be their work assignments. By making this change, workers would become more effective and productive at the specific tasks to which they had been trained and assigned.

¹ As of August 2015, GSA is now managing over 9,000 families and more than 6,000 providers.

Implementing Improved Information Management System

To provide better customer service and more efficient processing, GSA replaced two information technology systems, our cloud email system and digital document repository, with a customer relationship management system. This new system allows for an unlimited number of users to access each family's records, providing full visibility and increasing transparency into the work product. Previously, access to emails was limited to 25 users. In addition, the new customer relationship management system allows for all information to be stored and processed in a centralized manner, improving performance metric tracking and oversight. The new system has been launched, and is being used by all childcare teams since mid-August. While this new system is in place, we still need to complete cases that remain in the original system.

Expanding Resources

As these challenges were mounting, the Army agreed to increase funding to hire additional staff, as well as to implement the customer relationship management system. The additional staff included both contractors as well as detailees from GSA. The use of already-cleared detailees has helped to offset delays in hiring and obtaining security clearances for contractors.

Improving Communications with Families and Providers

We have updated our website by providing clearer instructions for how to complete applications and by better specifying the information families needed to provide. We have also developed an improved instruction sheet for providers that contains clearer directions regarding the information needed for processing invoices. We are in the final stages of producing a video which shows families how to apply to the program and are utilizing social media. We will continue to work closely with the Army to develop new and improved methods to communicate with families and child care providers.

Goals

GSA has developed a path forward that addresses our initially-flawed assumptions regarding the resources necessary to handle a program of this size and scope. We now have the management structure in place, the resources needed, clear goals and metrics, an effective IT tool in place, a quality communication plan, and our goal is to reach program stabilization by the end of this calendar year.

Conclusion

We share your concern for the welfare of our military families and believe it is critically important that GSA improve its management of this program.

Our goal is to put this program back on track and serve our military families in the way they deserve: providing efficient and effective service to meet their childcare needs without delay and without confusion. GSA takes its responsibility to service members seriously, and it is working hard to ensure they receive the level of service they deserve. The agency has taken actions to address the issue and we are committed to ensuring these improvements are executed successfully, and to taking any additional steps should they be needed.

GSA appreciates your interest in and oversight of this important program, and I will be happy to answer any of your questions.



Gerard Badorrek
Chief Financial Officer

Gerard Badorrek was named the Chief Financial Officer (CFO) of the U.S. General Services Administration (GSA) on December 29, 2014. As the CFO, Mr. Badorrek leads a 600 person organization that is responsible for GSA's \$21 billion budget and expenses, overall financial management, internal controls and audits, analytics and reporting, and performance management.



Mr. Badorrek has over 25 years of experience serving in public and private companies. Prior to joining GSA, he served as Senior Vice President at Xerox Corporation and held positions as a Managing Director of Business Process Solutions in the State Government Sector and COO of the State and Local Solutions Group. Mr. Badorrek was previously at MCI Communications for 20 years, where he served in a variety of leadership positions, including Vice President of Business Operations, Executive Director of Finance, Executive Director of Corporate Business Analysis, Director of Accounting and Financial Operations, and Director of Business Development and Analysis.

Mr. Badorrek has an MBA from the Graduate School of Business at Stanford University, an MA in Economics from Case Western Reserve University, and a BS in Operations Research and Industrial Engineering from Cornell University.