RECORD VERSION

STATEMENT BY

MS. STEPHANIE L. HOEHNE
DIRECTOR, FAMILY AND MORALE, WELFARE AND RECREATION
U.S. ARMY INSTALLATION MANAGEMENT COMMAND

BEFORE THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
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ON
ADMINISTRATION OF ARMY FEE ASSISTANCE

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Mr. Chairman and Members of the Committee, I thank you for the invitation to appear before you to explain how we plan to restore the Army Fee Assistance (AFA) program and regain the confidence of all Army Families and their child care providers.

We were disheartened that our Families and child care providers have suffered because of efforts to reduce the cost of the Army Fee Assistance program. For nearly a year, Army Families have not received the level of service they deserve. The Army will take the necessary steps to ensure the Army Fee Assistance program becomes, and remains, reliable and effective.

BACKGROUND

Army Child and Youth programs are one of the most important components of the Army's commitment to Soldiers and Families because they minimize friction between Army mission and parental responsibilities. These programs affect readiness, retention, and recruitment by allowing Soldiers to focus on the mission and make the Army a desirable place to raise a Family. The Army recognizes this and takes its responsibility to provide quality child care and youth programs very seriously. Each year, the Army serves more than 230,000 Families and their children in our programs, located both on our installations around the world and in local communities in the United States.

The Army's Community-Based Child Care Program meets the needs of Families who are geographically dispersed or who cannot reasonably access installation child care due to long waiting lists. Army Fee Assistance buys down the higher cost of Community-Based Child Care so parent fees are comparable to those on military installations. The Army Community-Based Child Care Program supplements installation-based child care programs to meet the child care needs of Army Families regardless of where they live.

The Army's Fee Assistance program initially was administered by a third-party contractor, Child Care Aware of America (CCAA), and the General Services Administration (GSA). The GSA administered the fee assistance program for child care centers located in federal buildings.

Child Care Aware of America administered fee assistance for all other providers.

To address reduced budgets brought on by the Budget Control Act of 2011, the Army Installation Management Command (IMCOM) transferred the CCAA component of the fee assistance program to GSA in a cost-saving measure to reduce administrative costs by an estimated $5 million annually. This was a logical and efficient way forward. Under the agreement between IMCOM and GSA, the transition occurred between August 2014 and October 2014 and represented a significant increase in the scope of work for GSA. Contractor transitions are a risky period for service delivery capability and both the Army and GSA overestimated GSA's ability to execute the requirements of the Interagency Agreement (IAA). Additionally, enforcing requirements and standards within the IAA proved to be challenging for the Army.

Almost immediately, Families and providers reported delays in processing enrollments and payments, and unresponsiveness by GSA to Family and provider inquiries. The Army did not provide sufficient oversight to the transition for the risk involved, nor recognize the magnitude once the problem surfaced.

The problems continued to escalate, resulting in significant issues in delivering services to many of the 9,000 Families either enrolled, or attempting to enroll, in AFA. A massive backlog of work caused: lengthy delays in processing Family and provider applications; delays in payments to providers; inability to respond to customer inquiries; a lack of effective communication with Families and providers, and in some cases, a loss of service to our Soldiers and Families

MITIGATION MEASURES

In January 2015, the Army conducted a compliance visit of GSA to evaluate the AFA program and discovered that GSA was planning to implement a specialist task model to address the backlog.

In March 2015, the Army approved $4.4 million for additional staff and IT development to reduce the backlog and to provide more timely service capability to our Soldiers and Families.

On April 27, 2015, the GSA Inspector General released a Management Alert Report that revealed other problems. The report focused on Personally Identifiable Information (PII) breaches surrounding the hiring of 18 contractors to handle Army surge requirements. GSA leadership met with IMCOM leadership to discuss the Army's concerns about the breach and the way ahead. GSA offered prepaid credit

monitoring for all Army Fee Assistance program participants. Additionally, GSA indicated it was restructuring background check processes for personnel handling PII information, causing delays in on-boarding personnel. This was further complicated in July when the Office of Personnel Management (OPM) background check systems went down because of a PII breach and background checks came to a halt.

In August 2015, the Army allowed GSA to extend the completion of the annual Family re-registration by three months for GSA to focus on reducing the backlog and mitigate negative effects on Families. The Army also developed simplified fee assistance forms to streamline the application process for parents.

Most recently, the IMCOM Commander directed the IMCOM IG to conduct an inspection on the execution of the Army Fee Assistance Program. Focus will be on the effectiveness of providing fee assistance to Army Families as well as recommendations to increase the efficiency and effectiveness of AFA program execution.

We are working closely with GSA on communicating with Families and providers to keep them better informed of our progress.

THE WAY AHEAD

The Army can and will do better. We will continue to work with GSA and are confident that the program will be at a sustainable level by the end of the calendar year. We have learned some valuable lessons throughout this process. We have developed improved metrics; tighter management controls; clearer communication to our Soldiers, their Families, and providers; and are working with GSA to streamline the entire program.

The Assistant Chief of Staff for Installation Management (ACSIM) will develop policy for oversight of Army community-based programs fee assistance that will include a requirement for an annual inspection of program execution.

The Army requested the Army Audit Agency conduct a comprehensive review of the administration of the Army Fee Assistance program to ensure that it meets the needs of Army Families and operates in accordance with policy requirements.

The ACSIM requested the RAND Corporation provide a holistic review of the Army's child development program, to include community-based programs. An independent study will provide a means to determine

if there are any underlying factors influencing overall program effectiveness.

The Army is committed to providing the services our Army Families deserve. The problems encountered with the Army Fee Assistance program are not a reflection of issues typically experienced by Army's Child, Youth, and School Services or other Army Family Programs. In hindsight, we could have better served our Families by ensuring the contract capability was fully in place to provide the quality of service they deserve and communicating better and sooner with our Families regarding AFA problems.

Also, we did not do fiscal diligence for our community providers who deliver a great service to our Army Families. The delays in processing payments significantly affected some of their businesses. We should have engaged them earlier, instructed them on what was required of them to ensure smooth processing of their invoices, worked more vigorously for timely solutions, solicited their patience, and thanked them for their understanding while we fix the problems.

CONCLUSION

As with many of our Soldier and Family Programs, the Army Fee Assistance program is an investment in the Army's most valuable asset – our people. The Army remains steadfastly committed to providing Soldiers and Families a quality of life commensurate with their service and sacrifice, while maintaining good fiscal stewardship of taxpayer dollars. However when we don't get it right, without doubt, we fix it. We are in the process of fixing the AFA problem, and are confident the program will be at a sustainable level by December 2015.

On behalf of the Army, I thank you for your interest in and support of our Soldiers and Families, and I look forward to your questions.