



# U.S. General Services Administration

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Acting Administrator

Committee on Appropriations  
Subcommittee on Financial Services and General Government  
“GSA Inspector General Report and Fiscal Year 2013 Budget Request”  
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Chairman Durbin, Ranking Member Moran, and Distinguished Members of the Subcommittee:

My name is Dan Tangherlini, and I am the Acting Administrator of the U.S. General Services Administration (GSA). Thank you for inviting me to appear before you today to discuss the GSA Inspector General's (IG) report as well as the GSA fiscal year (FY) 2013 budget request.

First and foremost, I want to state my agreement with the President that the waste and abuse outlined in the IG report is an outrage and completely antithetical to the goals and directives of this Administration. We have taken strong action against those officials who are responsible and will continue to do so where appropriate. We are taking steps to improve internal controls and oversight to ensure this never happens again. I look forward to working in partnership with this Committee to ensure there is full accountability for these activities so that we can begin to restore the trust of the American people.

At the same time I am committed to renewing GSA's focus on its core mission: saving taxpayers' money by efficiently procuring supplies, services, and real estate, and effectively disposing of unneeded government property. There is a powerful value proposition to a single agency dedicated to this work, especially in these fiscal times, and we need to ensure we get back to basics and conduct this work better than ever.

#### *Promoting Efficiency and Reducing Costs –*

The shocking activities and violations outlined in the IG report run counter to every goal of this Administration. The Administration makes cutting costs and improving the efficiency of the Federal government a top priority. On June 13, 2011, the President issued Executive Order (E.O.) 13576, "Delivering an Efficient, Effective, and Accountable Government." This EO emphasized the importance of eliminating waste and improving efficiency, establishing the Government Accountability and Transparency Board to enhance transparency of Federal spending and advance efforts to detect and remediate fraud, waste, and abuse.

The President further established the goals of this Administration in E.O. 13589, "Promoting Efficient Spending," which set clear reduction targets for travel, employee information technology devices, printing, executive fleets, promotional items, and other areas. The President's FY 2013 budget request for GSA would achieve \$49 million in savings under this E.O., including \$9.7 million in travel.

### *Holding Officials Responsible –*

It is important that those responsible for the abuses outlined in the IG's report be held accountable. We are taking aggressive action to address this issue and to ensure that such egregious actions will never occur again. We have taken a series of personnel actions, including the removal of two senior political appointees. We have also placed ten career employees on administrative leave, including five senior officials.

I intend to uphold the highest ethical standards at this agency and take any action that is necessary and appropriate. If we find any irregularities, I will immediately engage the Inspector General. As I indicated in my joint letter with GSA's Inspector General, I intend to set a standard that complacency will not be tolerated, and waste, fraud, or abuse must be reported.

I believe this commitment is critical, not only because we owe it to the American taxpayers, but also because we owe it to the many GSA employees who conform to the highest ethical standards and deserve to be proud of the agency for which they work.

### *Taking Action –*

I have taken a number of steps since I began my tenure on April 3, 2012 to ensure this never happens again. GSA has consolidated conference oversight in the new Office of Administrative Services, which is now responsible for:

- Oversight of contracting for conference space, related activities, and amenities;
- Review and approval of proposed conferences for relation to GSA mission;
- Review and approval of any awards ceremonies where food is provided by the Federal government;
- Review and approval of conference budgets as well as changes to those budgets;
- Oversight and coordination with GSA conference/event planners and contracting officers on conference planning;
- Review of travel and accommodations related to conference planning and execution;
- Handling of procurement for all internal GSA conferences; and
- Development of mandatory annual training for all employees regarding conference planning and attendance

Additionally, we have cancelled the 2012 Western Regions Conference as well as a number of other conferences that only or primarily involved internal staff. To date, I have cancelled 35 conferences<sup>1</sup>, saving taxpayers \$995,686. As we put in place greater controls and oversight, we are reviewing each event to make sure that any travel is justified by a mission requirement.

We have also begun review of employee relocations at government expense, and will require all future relocations to be approved centrally by both the Chief People Officer and the Chief Financial Officer.

To strengthen internal controls, we are bringing in all Public Buildings Service regional budgets under the direct authority of GSA's Chief Financial Officer. The autonomy of regional budget allocations is, in part, what led to this gross misuse of taxpayer funds on both the regional conference and the employee rewards program known as "Hats Off." The additional approvals and centralized oversight are intended to mitigate the risk of these problems.

In response to concerns over spending on employee rewards programs, I have eliminated the "Hats Off" store that was operating in the Pacific Rim Region, as well as all similar GSA programs.

I am moving aggressively to recapture wasted taxpayer funds. As a first step, on April 13<sup>th</sup>, I directed that letters be sent to Bob Peck, Jeff Neely, and Robert Shepard demanding reimbursement for private, in-room receptions at the Western Regions Conference. I will pursue other fund recovery opportunities.

I am engaged in a top to bottom review of this agency. I will continue to pursue every initiative necessary to ensure this never happens again and to restore the trust of American taxpayers.

#### *Fiscal Year 2013 Budget Request –*

The GSA FY 2013 budget proposal aligns with our value proposition: GSA helps agencies deliver more for their missions.

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<sup>1</sup> A conference is "a symposium, seminar, workshop, or other organized or formal meeting lasting portions of 1 or more days where people assemble to exchange information and views or explore or clarify a defined subject, problem or area of knowledge."

Across a range of program areas including the move to cloud email, developing one-stop-shop IT security protocols through Federal Risk and Authorization Management Program (FedRAMP), leveraging the bulk cooperative buying power of the government with Federal Strategic Sourcing opportunities, and using the latest in real estate portfolio planning, GSA brings expertise and efficiency to the table in service of our customers and the taxpayer.

#### *Cost Savings in GSA –*

In accordance with E.O. 13589, “Promoting Efficient Spending,” our FY 2013 budget would achieve \$49 million in savings, including \$9.7 million in travel. In addition, GSA will maintain consulting and advisory contract spending at \$32.8 million below FY 2010 levels.

#### *Targeted Investments in Critical Infrastructure –*

##### Federal Buildings Fund

Our FY 2013 budget requests \$8.6 billion in New Obligational Authority (NOA) for the Federal Buildings Fund associated with \$9.7 billion in estimated FY 2013 revenue. This request includes a capital investment program of \$551 million. GSA is not requesting an appropriation to the Fund, and would fund the FY 2013 new obligation authority request from balances in the Fund. This year we are requesting a very limited amount of funding to support exigent need and high return on investment capital projects. Over the longer term, we will need to work with Congress to ensure adequate investment in the capital program to ensure the Federal buildings portfolio does not deteriorate, and we complete critical construction projects already initiated such as the DHS Consolidation at St Elizabeths.

Our request for \$56 million in NOA for New Construction and Acquisition would allow GSA to acquire, through existing purchase options, two buildings under lease to the federal government in Martinsburg, WV, and Riverdale, MD. The government has the option to purchase both buildings at a set price prior to the lease expirations. Both facilities are fully utilized by the Federal government, specifically IRS in Martinsburg and USDA in Riverdale – and both locations have been identified as a long term Federal need. The execution of these purchase options would eliminate costly lease obligations and result in millions of dollars in outyear cost avoidance to the government.

GSA requests NOA of \$495 million for Repairs and Alterations to Federal buildings. Our proposed repairs and alteration program includes:

- Exigent Needs projects in 20 federal buildings to repair critical building and safety systems including elevators; fire and life safety, electrical, and heating and ventilation systems; and repairing structural deficiencies (\$123 million);
- Non-Prospectus Repairs and Alterations projects (\$341 million);
- Energy and Water Retrofit and Conservation Measures (\$15 million); and
- Consolidation Activities to alter interior space in the Daniel J. Patrick Moynihan Courthouse, New York, NY, and Peachtree Summit Federal Building, Atlanta, GA, to consolidate various agencies from lease space into federally owned space (\$16 million). Like the lease purchase options outlined above, consolidation of federal activities from leased to owned space will result in millions of dollars in annual cost avoidance.

In addition to our capital program, GSA requests NOA for our operating program, in the amount of:

- \$5.5 billion for the Rental of Space program, which will provide for 199 million rentable square feet of leased space;
- \$2.4 billion for the Building Operations program; and
- \$120 million for the Installment Acquisition Payments program.

We intend to assure PBS dollars will be spent on cost effective projects and services that advance our customer's missions. We will not fund projects or services that have questionable returns or excessive overhead expenses.

### GSA Operating Appropriations

The GSA FY 2013 budget requests \$272 million for our operating appropriations that provide for the Office of Governmentwide Policy, the governmentwide programs of the Operating Expenses account, the GSA Office of Inspector General, the Electronic Government Fund, the pensions and office staffs of former Presidents, the Federal Citizen Services Fund, and, if needed, Presidential Transition.

Our budget requests an additional \$23 million above the FY 2012 level for the Governmentwide Policy appropriation, including \$21 million for the continued modernization of the Integrated Acquisition Environment (IAE) investment in the Systems for Awards Management (SAM) project and \$2 million for Information Sharing and Identity Management (ISIM). GSA is the program manager for the IAE, an

Electronic Government (EGov) program. On behalf of all Federal agencies, GSA is managing ten outdated, separate systems which will be consolidated into a single, integrated platform to support Federal acquisition, grants and loans management. The first phase of the ongoing consolidation effort will launch May 2012. For FY 2013, GSA is requesting SAM investment funding to further consolidate and simplify the disparate systems. Further consolidation will improve governmentwide reporting on how federal tax dollars are spent, reduce redundancy and the burden on all businesses - in particular on small businesses who do work for the federal government, significantly improve data quality as well as the exchange of information across the acquisition, financial, grants and loan communities.

The Information Sharing and Identity Management (ISIM) program is providing the civilian agencies with standards for the federal information sharing environment. ISIM will establish capabilities for sharing information – grant, financial, acquisition and other data – within and across federal departments using secure, common standards. This investment is critical to allow federal agencies to share and rapidly access secure information that supports mission delivery. GSA will develop common data standards or attributes in collaboration with agencies that complement our responsibilities for the Federal Identity and Access Management program and ensure security, privacy, and interoperability best practices.

We have requested an increase of \$4.3 million for the Electronic Government Fund to improve citizen engagement with the government through innovative technologies and to improve delivery of government services to the public. The additional funding will support expanded efforts to improve government service by providing other agencies with technology and expertise to improve their interactions with the public. GSA will continue to build governmentwide capability to engage citizens in dialogues and challenges to solve complex issues directly impacting the public.

In accordance with the Presidential Transition Act of 1963, as amended, GSA requests \$8.9 million for an orderly transfer of Executive power in connection with the expiration of the term of office of the President and the inauguration of a new President. This funding is required only in the event of a change in Administration.

GSA requests an additional \$1 million for the Office of the Inspector General. The request also includes \$.3 million for the FY 2013 Federal pay raise and \$.1 million for benefits and contract support for former Presidents.

The proposed FY 2013 increases are offset by net administrative cost reductions of \$2.1 million in Operating Expenses and \$2.3 million in the Federal Citizen Services Fund.

*Summary Statement –*

The unacceptable and inappropriate activities at the Western Regions Conference stand in direct contradiction to the express goals of this agency and the Administration, and I am committed to ensuring that we take whatever steps are necessary to hold those responsible accountable and to make sure that this never happens again. At the same time, I believe that the need for a high quality GSA is more acute today than in any time in its history. We need to refocus this agency and get back to the basics: streamlining the administrative work of the Federal government to save taxpayers money.

With that said, this goal is directly supported by the GSA FY 2013 budget request as it will help to deliver a more effective and efficient government.

*Closing Statement –*

Mr. Chairman, this concludes my formal statement. I look forward to continuing this discussion on the GSA IG report and our FY 2013 budget request with you and the Members of the Subcommittee.