

NOMINATION OF DANIEL M. TANGHERLINI

HEARING

BEFORE THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

NOMINATION OF DANIEL M. TANGHERLINI, TO BE ADMINISTRATOR U.S.
GENERAL SERVICES ADMINISTRATION

JUNE 18, 2013

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**NOMINATION OF DANIEL M. TANGHERLINI,
TO BE ADMINISTRATOR, U.S. GENERAL
SERVICES ADMINISTRATION**

JUNE 18, 2013

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:33 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Thomas R. Carper, Chairman of the Committee, presiding.

Present: Senators Carper, McCaskill, Heitkamp, Coburn, and Ayotte.

OPENING STATEMENT OF CHAIRMAN CARPER

Chairman CARPER. The hearing will come to order. Daniel, welcome to you and your family and our other guests. We are happy that you are willing to assume these responsibilities if confirmed.

For decades, it has been said that there are two letters, a couple of Chinese words, one for danger and one for opportunity. I am told that the symbol for those is pretty much the same. Some metrics on the Chinese language, I would point out that this is an overly simplistic interpretation of the word, but I think that out of popularity, the axiom that crisis brings opportunity persists because there is a large dose of truth. I oftentimes quote Albert Einstein who says, in adversity lies opportunity. I do not know if it was Chinese, but you get the drift.

Last spring a crisis unfolded at the General Services Administration (GSA) when a report of GSA Inspector General (IG) detailed a reckless, wasteful, and in some instances, illegal spending of some employees of GSA's Public Building Service at a lavish conference. These employees used public resources to reward themselves with catered parties, team-building exercises that involved building bicycles, and conference souvenirs.

Unfortunately, this particular conference was not an isolated instance of bad judgment. In looking into GSA's spending practices, Congress learned of other wasteful spending, extravagant travel, misuse of government charge cards, questionable employee awards programs, and another conference where taxpayers paid for GSA employees to beat on drums. These are just a few examples.

These scandals all shook the trust of Congress in GSA—the agency whose primary purpose is to make our Federal Government more efficient and more frugal in spending taxpayer dollars.

Taking over as the Acting Director of GSA last April, Dan Tangherlini understood that this moment of crisis afforded an opportunity to make GSA a better agency. And to his credit, he did not approach the job with a view to do the minimal amount necessary to sweep the scandal under the rug. Rather, he undertook what he called a top-to-bottom review of the whole agency.

Mr. Tangherlini has put in stronger controls over spending within GSA. He has consolidated activities related to financial management, human resources, information technology (IT), acquisition, and other administrative functions. These changes should make GSA a leaner agency that is better focused on its core functions of helping other agencies make smarter choices in managing their property in acquiring goods and services.

Longstanding challenges with both of these areas, property management and procurement, combined with the current fiscal crisis, increase the urgency of making sure that GSA is a go-to place for agencies to be able to do more with less. GSA can and should be at the center of our government's efforts to resolve our major management challenges.

The management of real property has been on the Government Accountability Office's (GAOs) high-risk list of troubled problems for about a decade. Our government has tens of thousands of properties that are either no longer needed or only partially used. But we also lack accurate, comprehensive data that would enable better decisions about how agencies use their property. Our government also relies too much on costly leases, when the cheaper option over the long run would be to own the property. Additionally, the Federal Government has a backlog of a billions of dollars in needed repairs and maintenance which, if unaddressed, will increase the cost of maintaining the property in the long run.

In the area of acquisition, GSA plays an important role with about 10 percent, roughly \$50 billion—of total Federal spending flowing through GSA's contracts and other services. But there is much room for improvement. For example, GAO has done several studies showing that there is enormous potential for the government to save billions of dollars each year through strategically sourcing commonly used goods and services through government-wide contracts that fully leverage the buying power of the Federal Government, much like large companies do for themselves.

GSA deserves a leader who understands the complexity of these management challenges and who could work well with the heads of other agencies to help them meet their needs, and I think they will have such a leader now in Dan Tangherlini, if he is confirmed by the Senate.

Mr. Tangherlini's service as Acting Administrator of GSA, in and of itself, shows he is the logical choice to be confirmed as Administrator, but he also brings a wealth of other experience in public sector administration. He served, as you may know, for 6 years at the Office of Management and Budget (OMB) early in his career, has a strong understanding of the budget process, as well as program planning and financial management. He then served a year in the Policy Office of the U.S. Department of Transportation (DOT). He went on to a string of impressive jobs at the local level: Chief Financial Officer of the District of Columbia Metropolitan Police De-

partment, Interim General Manager of the Washington Metropolitan Area Transit Authority, Director of the District of Columbia's Department of Transportation, and finally, City Administrator and Deputy Mayor of the District of Columbia.

In 2009, President Obama nominated and the Senate confirmed, Mr. Tangherlini as the Assistant Secretary for Management at the Treasury Department, where he served until he was named Acting Administrator of GSA.

Mr. Tangherlini's confirmation will also bring badly needed stability to the helm of GSA. As my colleagues know, I am a firm believer in the power of leadership. Leadership is an important and often undervalued asset that can determine whether or not an organization of any size or scale can effectively accomplish its mission. Leadership is particularly important to turning around struggling organizations and steering through a crisis.

One of GSA's main problems over the last decade has been a lack of stable leadership, which is, unfortunately, a problem throughout the Executive Branch. GSA has had eight different leaders over the last 8 years, all but two of them in an acting capacity. The last two confirmed leaders of GSA, unfortunately, each resigned following scandals.

Mr. Tangherlini has a well-deserved reputation of being someone who knows how to get a job done and who never stops looking for ways to do the job better, and that is exactly what we need at GSA. I look forward to your testimony. I have read it. Look forward to hearing it today, the opportunity to discuss with you and all of us your priorities for GSA.

Thank you for your willingness to do this, and to your family, especially your wife, your children. Thank you for your willingness to share your husband and your father. And to your dad, who is sitting out there, a spry man of 89. He just told us, Dr. Coburn and I, he ran the Rock-and-Roll Marathon at the age of 89. Whatever you are eating and drinking, we want to have some of it, so great to see you.

Dr. COBURN.

OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Well, welcome. I am going to put my statement in the record. Enjoyed our visit in my office. Eight years ago next month, Tom Carper and I had a hearing on GSA and I would tell you nothing has essentially happened in 8 years. We had a frank discussion in my office about the problems. I believe you have the capability to actually turn this around. And I am going to have a lot of questions for the record. I am not going to be able to stay through the full hearing.

But one of the things is the recent IG report, which has to be the most demoralizing thing for your contracting officers. Where we have contracting officers doing the right thing and their management, through complaints of the well-connected, override good decisions, and the result of that is undermining the capability of the very people we depend on to make your agency viable and effective.

So I know you were not pleased with that report. I guess the thing that I would ask for Senator Carper and myself is for you to have good communications on your progress as you try to turn this

around, how you are solving the problems. I do not want you to have to come up here all the time and give us a report. But we can make that happen if, in fact, we do not get great communication.

So I hope you would view us as a partner in enabling you to carry out what you need to do to make sure—the Federal Government is the largest buyer of everything in the world and there should not be one instance that we do not get the best price and the best value for everything that we do, whether it is buildings, whether it is pencils and erasers, whether it is computers, whether it is stuff. I do not care what it is. There should not be one thing. And that ought to be GSA's goal.

I would just tell you, when we look at sequester, the gentleman sitting before us today could save us a third of that every year if GSA was highly effective. And so, some of the pains being experienced by other Federal employees today would not necessarily have to be there if we had really made some progress from 8 years ago when we sat in this Committee and went through all the problems at GSA.

And unfortunately, they are still there. And what that means, as Senator Carper alluded to the fact that the average length of tenure is less than 2 years for confirmed managers of GSA. Leadership really makes a difference. I think you have the qualities, the background, the history, and the experience to do that, and my hope is that you will take the charge, not just to run the GSA, but be responsible for us, with us, in terms of eliminating the excesses, the waste, and the poor pricing that we get on so many things.

So I thank you for being here. I welcome your family. These are family commitments. This job is going to own Dan for a long time, hopefully, and so, what that means is you all will make a sacrifice as he does the very important work that he is called on to do. So I welcome you. I am going to vote for your confirmation. Hopefully, we do not have to have a vote. Hopefully, we can unanimous consent (UC) it and we can get you in there with the full power of being not the Acting Director, but the Director. Thank you for being here.

Chairman CARPER. Thank you, Dr. Coburn. I am going to just do a brief introduction of Dan and then we will ask him questions, ask him to give any oaths and let him go at it. Dan Tangherlini has filed responses to a biographical and financial questionnaire. He has answered pre-hearing questions submitted by the Committee, and had his financial statements reviewed by the Office of Government Ethics. Without objection, this information will be made part of the hearing record with the exception of the financial data which are on file, available for public inspection, in the Committee office.

The Committee rules require that all witnesses at confirmation hearings give their testimony under oath. Mr. Tangherlini, I am going to ask you to stand and raise your right hand.

Do you swear that the testimony you are about to give the Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. TANGHERLINI. I do.

Chairman CARPER. Please be seated. You are welcome to proceed with your statement. Feel free to introduce your family, others in

the audience that you would like to, and again, we are delighted that you are all here. Thank you.

**TESTIMONY OF HON. DANIEL M. TANGHERLINI, TO BE
ADMINISTRATOR, U.S. GENERAL SERVICES ADMINISTRATION**

Mr. TANGHERLINI. Thank you very much. Good morning, Chairman Carper, Dr. Coburn, and Members and staff of the Committee. I want to thank you for inviting me to appear before you today. I am honored to have been asked by the President to serve as the Administrator of the U.S. General Services Administration.

I am pleased to be joined here today by my wife, Theresa, a pediatric nurse practitioner; my oldest daughter, Cassandra, a hard-working student; my parents-in-law, Angelo and Connie Picillo; and my father, Frank, my inspiration for public service, a veteran of the Second World War who served in the 101st Airborne at the Battle of the Bulge.

All of the challenges that we face as a Nation and, I hope, should I be confirmed, to face as a leader of GSA, pale in comparison to what my father and his generation faced when they defended the world against hatred and tyranny. He challenged me and my brothers to volunteer, to serve, and to work every day to leave the world a better place than the one we were given. Thanks, Dad.

My younger daughter, Francesca, is unable to be here today because she is with a friend and her family in Disney World. My mother, Jane Kjems, a small business owner, also could not attend today.

Just over one year ago, President Obama appointed me as the Acting Administrator of GSA during a very challenging time for the agency. From my first day at the office, I have worked with the women and men of GSA to restore the trust of the American people and to ensure that the agency provides them and the government with the best value in real estate, acquisition, and technology services.

I am very proud of what we have been able to accomplish at GSA over the past year. Since April 2012, we have worked closely with our Inspector General, Brian Miller, to ensure that our entire agency is living up to the highest standards of public service.

To that end, GSA has engaged in a comprehensive, top-to-bottom review of the agency, gathering input from individuals at every level of the organization, as well as from our partners in the Federal Government and the private sector. This process has helped us cultivate a culture of continuous evaluation and improvement throughout GSA.

More importantly, this has led to concrete results, transforming GSA into an improved organization, one that offers common sense, business-like solutions to our Federal partners. During the past Fiscal Year, we reduced our spending on travel, IT devices and printing, to end the year 43 percent lower than our Fiscal Year 2010 baseline for those items.

In travel alone, we saved \$28 million by revising our internal travel and conference policies. Last year, we reduced bonuses throughout GSA by 64 percent, including the elimination of all bonuses within the Administrator's office. This change was accom-

panied by a targeted hiring freeze designed to ensure that any new hires were aligned with the outcomes of our ongoing review.

In addition, we created more than \$5 million in savings as a result of implementing suggestions offered by GSA employees during our Great Ideas Hunt. We have also begun the process of consolidating key administrative service functions to eliminate unnecessary redundancy and better align internal operations. We expect this effort not only to help us become a more efficient and effective agency, but also to save \$200 million over the next 10 years.

I am proud of the work that we have done together since April 2012, and I am excited at the prospect of helping to shape GSA's future. Everyone at GSA is working to ensure that we provide even more savings to our partner agencies. I believe that one of our most critical strategies in this effort is the expansion of our market share of Federal spending. By assuming more of the government's acquisition market share, we will not increase savings, but enable better, more consistent management of our resources.

Simultaneously, we are developing common sense solutions to help agencies across the government shrink the Federal footprint and find ways to dispose of unneeded or unused Federal properties, which can, in turn, contribute to local economies. We are working with the real estate industry through public-private partnerships to explore the possibility of exchanging outdated Federal properties for the construction of new facilities that meet the needs of these agencies today.

GSA is also developing new, more efficient ways to utilize Federal office space. Our own historic headquarters is a test bed for this approach. We are transforming what was traditional office space into a collaborative, flexible work environment designed to facilitate cooperation, mobility, and improve productivity. Those changes will make it possible for us to eliminate more than \$24 million in annual lease payments.

We are hoping to take the lessons we have learned from the transformation of our workplace and make them available to the entire Federal Government. At the same time, President Obama's Fiscal Year 2014 Budget will enable us to make a significant investment in America's Federal building infrastructure. This budget restores GSA's authority to fully use incoming rent funds to make a significant \$1.3 billion reinvestment in the repair and maintenance of GSA's inventory.

All of us at GSA understand that every taxpayer dollar counts and that its stewardship is our most significant responsibility. We know that by providing services that offer both savings and results we help agencies focus on their own important missions. That is why we are evaluating and re-evaluating our internal processes and making necessary changes to ensure measurable outcomes.

I am honored to have served with this agency over the last 14 months, and with your approval, I hope to have the opportunity to continue working with the women and men of GSA to accomplish our important mission. Thank you very much.

Chairman CARPER. Thanks for that. Let me just say, Dr. Coburn has another engagement. Do you want to just take a minute and just ask a question or two?

Senator COBURN. No. I actually have a very well-thought out list of questions that I am going to give Dan the time to think about and answer. And then I will visit with him by phone afterwards.

Mr. TANGHERLINI. Great, thank you.

Chairman CARPER. Thank you. One of the first things I remember doing with a newly elected Senator, Tom Coburn, was actually going out to Chicago and visiting an old Postal building which had been vacant for years, and talking about that building and other buildings like that around the country. That building was owned by, I guess, the Federal Government, by the Postal Service. But as you know, we have a lot of buildings—I alluded to them in my statement—that are underutilized and, in some cases, not utilized.

But he and I have worked on this for over a half-a-dozen years, and I think the Administration has tried in recent years to do something about it, with some success, but we still have, as you know, too many properties that we are not utilizing or we do not need. We maintain, we provide utilities, we provide security. It is just foolhardy.

One of my great frustrations in the 12 years I have been here is our inability to develop a comprehensive approach to dealing with this issue. The Administration suggested that we create a Base Closure and Realignment Commission (BRAC)-like process to identify buildings and they would send us a list and if we did not vote them down, then those would be closed or auctioned off or sold.

We have worked to change the current process, and now as you know, now when Federal properties are unutilized, underutilized, they need to be made available, under law and the McKinney-Vento Act, they need to be made available to homeless groups. And if you will look at the number of properties over the last 20 years that ended up being turned over to homeless groups, it is a meager list and it grows more meager by the year. I think maybe in the last year there was one property.

What we suggested or what some of us put together in the legislation—I think it was Dr. Coburn's part of it, I think, Senator Portman and myself—was an approach that said, why do we not, rather than just turning over these properties to the homeless groups, why do we not allow them to be sold and some percentage of the sales, the money from the sales proceeds, would be turned over to the homeless groups? And the homeless groups were afraid if that happened, then their appropriations would be cut back dollar-for-dollar for the allocation that would come out of the sales proceeds. But we are just not getting where we need to go.

The other problem, maybe just as big a problem, is we have the incentives from this line with respect to agencies either leasing space or buying space. We had a great example presented the other day, I think from the Nuclear Regulatory Commission (NRC), for whom a new building was built, large building was built, making three buildings.

And the idea was we are going to build all these new nuclear power plants, we are going to build like dozens of new nuclear power plants, and the hundred or so that we have, a bunch of them are coming up for license renewal, so there is a lot going on at the NRC and they needed space for that.

Now we find out that we are not going to have dozens of new nuclear power plants, not anytime soon. We are going to have four under construction right now, but the level of activity is down, the need for the NRC staff is down, and how do we meet the need? But I remember looking at the cost per square foot for the new building and a couple of the existing buildings.

Of the buildings that were listed, the one that was the cheapest was the one they owned. It was like half price in terms of the overall cost, the life cycle cost for the NRC. So these are two. I just want to lay this on the table. Let us have a good discussion. This is going to be my only question in the first round here. But just think out loud for us.

What can we do together with the Administration, with GSA, working with GAO, others, what can we do?

Mr. TANGHERLINI. I appreciate the question, Chairman Carper. We have had—

Chairman CARPER. Before you do that.

Mr. TANGHERLINI. Oh, I am very sorry.

Chairman CARPER. I am supposed to ask you three standard questions.

Mr. TANGHERLINI. Oh, yes, sir.

Chairman CARPER. These are like easy questions, like a warm-up.

Mr. TANGHERLINI. OK.

Chairman CARPER. So I will go ahead and ask those. You have heard these questions before. Is there anything you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Mr. TANGHERLINI. No, sir, I am not.

Chairman CARPER. OK. Do you know of anything, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibility of the office to which you have been nominated?

Mr. TANGHERLINI. No, I do not.

Chairman CARPER. OK. Do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee of Congress, if you are confirmed?

Mr. TANGHERLINI. Yes, I do.

Chairman CARPER. Good, thank you. All right.

Mr. TANGHERLINI. Thank you.

Chairman CARPER. The easy one is out of the way.

Mr. TANGHERLINI. Now the hard one.

Chairman CARPER. Yes, please.

Mr. TANGHERLINI. I appreciate your continued interest in the subject. We have had a number of conversations, even including with Secretary Donovan from the Department of Housing and Urban Development (HUD), as well as important policy officials from OMB. And as I have said before on this issue, I think the three ingredients you need to cook anything up in Washington are there. You have a proposal from the Administration, you have a version of a bill from the House, and you have your own version of a bill here in the Senate.

So the question is, can we work together going forward to coalesce around some basic principles. I think we all share the view

that we need to more efficiently and effectively use these Federal assets. We need to not only ensure that we are fully utilizing the assets we have under our control, but that we are realizing the most value from them and disposing of them quickly when we do not need them anymore.

The disposal process is complicated, in part, because you want to make sure, before you get rid of an asset and you lose it forever, in essence, to the Federal Government, that you have made sure you have checked with everyone who may have an interest or a need for that asset. In addition, there are strong public policy concerns associated with the legislation that you referred to, McKinney-Vento, that suggest that we need to make sure that we are also providing opportunity for the homeless to potentially use it.

However, as you also point out, the number of times that it is actually used for that is very low. So I know our past discussions have been, how can you create a mechanism by which you address the needs and interests and issues associated with—the homeless advocacy groups? At the same time, how do you move the process forward quickly?

And I think that is why the legislation is continued, we continue to work on it. In the meantime, I think that there is an awful lot of work that GSA can do under current authorities to move more quickly and more thoughtfully in terms of disposing the assets, at least the ones that we have under our control.

So we have been working very closely with agencies to try to help them use authorities that we have, such as out-leasing or even an exchange authority that we are exploring that would allow us to quickly move the asset out and have the agency get something back in return. So, for example, we just issued a Request for Proposal for interested parties in cooperation with NASA to have an out-lease of something called Hangar One on the Moffett Federal Airfield that would exchange—

Chairman CARPER. Did you say the Moffett?

Mr. TANGHERLINI. Moffett Federal Airfield out in—

Chairman CARPER. Hangar One where I was trained to be a Naval flight officer.

Mr. TANGHERLINI. Oh.

Chairman CARPER. It is a small world, is it not? Small world.

Mr. TANGHERLINI. Exactly right.

Chairman CARPER. I go back to Moffett Field to Hangar Two, which is we had the Navy P3 world, what we used, the P3 aircraft, in the Hunt for Red October.

Mr. TANGHERLINI. Right.

Chairman CARPER. It was either Hangar Two or Hangar Three. They are huge flight hangars that you find all the memories on the walls of the squadrons there, which are now empty, of a patrol squadron, the Marlin Men. That was my squad. If you actually look through there, my name used to appear on that wall.

Mr. TANGHERLINI. I think the California Air National Guard still—

Chairman CARPER. Yes, they were there. They are holding it down.

Mr. TANGHERLINI. But Hangar One, which is this historic property that needed to have some environmental remediation that re-

quired unskinning it or deskinning it, we have asked to see if there is anyone out there who will trade the use and occupancy of the airfield in exchange for the historic renovation of Hangar One.

So here we are taking an asset that we cannot afford to do the next bit of maintenance on that is not fully utilized, and we are asking the private sector if they could partner with us to get the historic preservation investment made, and in exchange, then, to have access, limited access to the use of their airfield.

Similarly, we suggested in our request for information (RFI) for the Federal Bureau of Investigations (FBI) headquarters, the idea of partnering with private sector entities to explore the possibility of exchanging the existing FBI headquarters, which no longer meets the need of the FBI, for a new FBI headquarters, or some part of a new FBI headquarters nearby, that does actually meet the needs and would be more efficient and effective and sustainable in terms of both financially and environmentally of managing the property for the FBI.

So we think that we have a number of authorities that if we work closely with Congress and we are creative, that maybe we can move on the margins more of these properties out, create better incentives for the agencies to participate, and at the same time, then, give us room to have the conversations we need to have between the two branches, the Congress and the Administration, to push forward some kind of legislation to make our asset disposal process more efficient.

Chairman CARPER. Before I turn it over to Senator Ayotte, let me say that if you are confirmed, and I am encouraged that you will be, a month after you are confirmed, I just want you to come over, sit down with Dr. Coburn and myself, Senator Portman and others who are interested in this, and let us just figure out what we can do. I appreciate what you are trying to do under your own authority, but what we need to do to enhance your abilities, to facilitate what you are trying to do.

I do not want to be here 6 years from now and saying, We still have X thousands of unused properties, surplus properties that we ought to sell, we ought to get rid of. What are we going to do about it? I want it to be for us to have dealt with this issue in a smart way. Thank you. Senator Ayotte.

OPENING STATEMENT OF SENATOR AYOTTE

Senator AYOTTE. Thank you, Mr. Chairman. I want to thank you for being here today and for your willingness to serve as head of the agency, and thank your family for being here as well. I wanted to ask about the recent June IG report, which Senator Coburn referenced in his opening statement, that is very troubling. Their conclusion that the management improperly intervened in the award and extension of multiple award schedule (MAS) contracts and resulted in the contracts being inflated, pricing, unfavorable contracting terms and extensions.

If you look at it, to have the GSA contracting officers tell the Office of Inspector General (OIG) that they feared for their jobs because they were trying to do the right thing and protect taxpayer interests; yet, companies were able to go above their head, either get rid of them to get a more favorable contracting officer or put

pressure on them to change a decision that was in the best interest of the taxpayers.

This is really troubling in terms of culture. And we want the contracting officers, obviously, to feel empowered. We want everyone in the GSA to be focused on saving taxpayer dollars. So what are you going to do to change this culture? And what will you do to hold the people accountable that improperly overrode the decisions of the contracting officers so that management understands that this is unacceptable within the agency?

Mr. TANGHERLINI. I appreciate that, Senator. I share your concern. In fact, let me just start by saying we have already taken some personnel action directly related to an individual named in that report. We are going to continue to pursue and explore any other action we need to take directly related to the evidence or the issues raised in the report.

But like you, I am more concerned, or I am equally concerned, about the broader issues suggested in the report, that our contracting officers are not given the control and the authority, and frankly, the support by the organization that they need.

So what I have done over the last 14 months to try to change the view within the organization about who has the authority and how can people relate with each other? I started in the first week by sending out a joint letter with our Inspector General, Brian Miller, telling everyone within the organization, if they see something that they are uncomfortable with, they think is wrong, suggestive of waste, fraud and abuse, it is imperative that they raise their concern with their co-workers, their supervisors, and equally importantly, with the Inspector General.

The Inspector General and I share a common desire to have the best, most honest process that we possibly can have for running the organization. When this report came out, our new head of the Federal Acquisition Service (FAS)—and I have appointed in the last couple of months, a new head of the Federal Acquisition Service, a person who has not only experience in the public sector working in several agencies, but also quite substantial experience in the acquisition environment in the private sector as well. He sent out a memo to his entire staff including the IG report stating that the behavior described in this report is unacceptable. He wants every contracting officer to feel empowered to raise their concerns to him and/or the IG, whoever they feel more comfortable with, in the minute they feel any sense of any of the kind of behavior that was described in the report.

I followed Tom's memo to the FAS staff with another memo to the entire contracting officer staff of GSA and said, If this exists anywhere else in GSA, we want to know about it. We want to support you in reporting it. And so, hopefully what we can do is begin to build a sense within the entire organization that the entire organization has each other's back for getting the highest quality outcome, the best results, and the lowest cost, because if we want to grow the market share of GSA, if we really do want to achieve what we were set up to achieve, then people have to just really have trust and faith that they are getting the best outcome when they take the GSA route.

Senator AYOTTE. Let me just say, I know you cannot talk about personnel actions here, but probably one of the most effective things you can do is to hold the people who have done this accountable so that other managers in this situation see that, if I go down this road, it is going to have a consequence to my job. I think that—I appreciate—I know you cannot talk about that here, but that will set a culture, along with the culture that you are trying to set from the top, so that is part of how people are judged.

And so, I appreciate that. And I think this is a very serious issue for the challenges that you face in this organization. And with respect to those challenges, I think we all know that you have talked about this issue at length, but it really struck the American people when they heard about the conference, the spending of the \$822,000 at the conference to celebrate, share, and showcase the diverse professional personal talents that obviously sent a shockwave through your organization.

You have testified that last year GSA eliminated 50 conferences and saved more than \$28 million. I commend you for that. But the American people are still very suspicious and they are feeling that this conference and the abuses we saw there with their money really sent a shockwave as to what the GSA was doing with taxpayer dollars.

And so, I wanted to just ask you, the fact that you could eliminate 50 conferences and save \$28 million, and the fact that this hugely egregious conference occurred, what is it that was within the organization, the culture, that thought that was an appropriate use of spending of money, and how do you see yourself changing that culture?

And I think it goes hand-in-hand with the other issue I just asked you of empowering people that their job is to save taxpayer dollars, not to find ways to spend them in irresponsible ways as that conference was?

Mr. TANGHERLINI. I think you described in the question my challenge for the last 14 months, almost from the first day I was there. I can tell you one of the things that very much reassured me that there was hope for us, actually, making a substantial difference in the organization; that some of the angriest people I have encountered about what took place at that conference were GSA employees, people who have committed decades of their life and their public service careers to an organization that is really built around the idea that if we leverage the scale and the scope of the Federal Government, if we do it once and we do it well, we can drive down costs and push up results.

What happened there was the exact opposite of everything that folks had committed to doing in their public service careers. So what we have tried to do is reinforce the core principles of what the agency is and is about, and it starts with some kind of management 101 stuff. We rewrote the mission statement so you actually know what the agency does.

We want to provide the best value in real estate acquisition and technology services to Federal agencies and the American people. Before, you did not exactly know what the agency was doing, so it is kind of hard to then focus on great outcomes.

We then established six priorities and those priorities, chief among them, is to provide the best value, and that means get the best price, reduce the long-term costs, find ways to help agencies deliver their services more efficiently. And then we have done something to try to empower everyone within the organization to participate.

The Great Ideas Hunt, which I referred to in my testimony, was leveraging some social media technology we have within GSA to ask everyone in GSA, what are their great ideas for reducing costs? We got over 600 ideas, but more importantly, we got over 20,000 comments. People across GSA were engaged in a conversation that was not just within their stovepipe, but across the enterprise and came up with great ideas, ideas that have saved us, just in the last year, over \$5 million.

We want to keep that dialogue going and we really want to build a sense of accomplishment that comes from driving down the costs and driving up the value, and not some sense of accomplishment that comes from a celebration.

Senator AYOTTE. Well, I thank you for what you are doing. Your job and this job is very important. You have already taken over in very difficult times and are asked to serve, to change a culture which is not easy in an organization, but you are the taxpayer watchdog.

Mr. TANGHERLINI. Right.

Senator AYOTTE. And we are here to support you with that. And so, whether it is the Federal property issue or other issues that you are trying to address, we want to work with you. It is a tough job, but the organization needs strong leadership and consistent leadership on this issue so that they view their role as the taxpayer watchdog, and I appreciate you being here. Thank you.

Mr. TANGHERLINI. Thank you, Senator.

Chairman CARPER. I would just say as a follow-on to Senator Ayotte's excellent line of questioning. One of the things we have tried to do here in this Committee is to provide some leadership, just like the kind of leadership that I think Dan is trying to provide at GSA, leadership to change the culture within the Federal Government. We cannot do it by ourselves. He cannot do it by himself. GSA cannot do it by themselves. OMB cannot do it by themselves. GAO cannot do it by themselves. All the Inspector Generals cannot do it by themselves.

But if we somehow can figure out how to pull together and pull in the same direction, we could have a huge impact. I am encouraged with what you are doing at GSA and what else you might be able to do if we actually got you confirmed. Although we have a bad experience. The only two confirmed Administrators, Senator McCaskill will know, in 2 years ended up having to step down. So maybe—

Senator MCCASKILL. Third time is the charm.

Mr. TANGHERLINI. Thank you.

Chairman CARPER. We hope so.

Mr. TANGHERLINI. I took a look into that history before I got here.

Chairman CARPER. All right. Senator McCaskill.

OPENING STATEMENT OF SENATOR MCCASKILL

Senator MCCASKILL. Thank you. I am not surprised that no one has gotten into the weeds on this subject, so bear with me while I get into the weeds on one of my favorite subjects. And maybe my focus on this will give you more ability to move mountains in this regard at GSA.

In 2009, there were no fewer than five different agencies, eight different contractors, and dozens of databases containing information that was relevant to good business practices around government contracting.

The Subcommittee that I worked on at the time did some work around this issue, these Federal databases and how worthless, frankly, they were at getting at the idea that there should be a single portal where somebody who is contracting something to buy for the Federal Government can get the information necessary about problem contractors, about cost, price, scope, all of the things that we duplicate over and over and over again many different ways, many different times across the Federal Government.

At the time, I expressed great concerns about how well this would go, that it was a massive undertaking, and that there were all kinds of land mines along the way. This is one of those times I hate to say that I was right, but it appears that I was in that GAO has now recommended reassessing is the system for award management (SAM) and either terminating the SAM development entirely, maintaining the current acquisition approach, which is not good, or pursuing a whole different acquisition strategy for this system for award management.

I want to ask you about that. In your questionnaire response, you said that the Federal Acquisition Service and the chief information officer are conducting an in-depth analysis of SAM. First, let me ask you, when do you expect that analysis to be complete?

Mr. TANGHERLINI. I think we will actually have some results that we can work through the entire acquisition community this summer.

Senator MCCASKILL. OK, good. We will anxiously await that and hopefully you will share that with us so that we can, together, figure out the best way to move this ball. It also appears, cost containment, cost growth and resource constraints have happened at the same time.

Mr. TANGHERLINI. Right.

Senator MCCASKILL. So you sought \$53 million for SAM, but only received \$7 million. Right now, the timeline has slipped. According to GAO's 2012 report, under the current schedule, the final phase we had hoped for early 2014. Now it has slipped to 2015. As we slip this timeline, it is robbing Peter to pay Paul because the underlying legacy systems have to be maintained and that is just wasted money down the drain.

So let me ask you, how realistic do you think the current timeline for implementation of SAM is, the 2015 timeline?

Mr. TANGHERLINI. Well, and I think that the timeline is directly related to those options that we are working closely with OMB and the acquisition community to develop. So the bigger point really has to be, what lessons did we learn from SAM? And I think you were right in both instances. I think you were right that we needed

to reform the acquisition systems and create a new, modern, integrated acquisition environment.

I think you were also right that it was very challenging and it was going to be very hard for us to pull off. We demonstrated the latter part, frankly, in our first version that came out of SAM last summer. I will say, though, at the same time, we have made certain progress because of the integration of those systems. We have gone from the number of vendors with actual representations and certifications, filed representations and certifications from less than a third to more than two-thirds.

So even with the problems we have had with the system, we have been able to improve the quality of the data that resides in the system. I think we have also learned some incredibly valuable lessons within GSA, how we should manage information technology development programs, and giving it to our policy shop, the Office of Governmentwide Policy was a big mistake.

Senator MCCASKILL. Yes.

Mr. TANGHERLINI. We have moved it over to be jointly managed by the Federal Acquisition Service because this is an acquisition system after all. These are the folks who are actually going to have to use it.

Senator MCCASKILL. And the tech guys.

Mr. TANGHERLINI. And the tech guys, right, working with the IT folks. So I think what we owe you is a better set of answers of how we are going to move forward, how we are going to ensure that we are making progress consistently along the way, some kind of continual reporting of what that timeline really is.

And I think we should be realistic about the timeline because this is a very complicated area. However, if we can really get a handle on creating an integrated acquisition environment, I think that is a big key to us figuring out a way to reduce the cost of contracting, the amount of duplication within contracting, and even helping us get better value and lower prices.

Senator MCCASKILL. Well, and the oversight.

Mr. TANGHERLINI. Exactly, right.

Senator MCCASKILL. I mean, the biggest problem—frankly, we have been able to enter government contracts without a lot of problems. The issue is how well have we monitored those contracts for performance and have we gotten value out of those contracts. There has been an awful lot of siloed responsibility around contracting and contract management, and people who wash their hands of it once the ink was dry, and it was not easy from that point forward, doing the monitoring that was necessary.

We have seen this across government, not just in the Department of Defense, which is the biggest offender, has traditionally been the biggest offender, but certainly across government. So I really care about this. I would love your time at GSA.

I think the whip cream and cherry on top of the sundae for your time at GSA would be for you to leave there with an integrated, close to single portal system for contract acquisition and management and oversight, and I think it is possible, in the next 2 or 3 years, to get that done. We will depend on you to come to this Committee for whatever support you need.

I also wanted to briefly bring up with you the GSA IG report that happened just a few weeks ago detailing improper management intervention resulting in inflated pricing and unfavorable terms for certain IT multiple award schedule contracts.

And it cited that there were people who had undermined the authority of contracting officers. The IG identified numerous instances where the Federal Acquisition Service management overrode contracting officer determinations without proper justification, pressured contracting officers to extend or award contracts, and reassigned contracts to different contracting officers, giving the appearance they were not getting what they wanted out of one contract office, so they were going to move it somewhere else to get what they wanted.

I would like to know, and if you are not prepared to do it today, in writing, what steps you have been taking to hold the individuals and management accountable for this obvious overstep that was cited by the IG in this recent report.

Mr. TANGHERLINI. No, I agree with you. What the IG report detailed in terms of activity was completely unacceptable. And as I mentioned to Senator Ayotte, we actually took immediate personnel action against one person named in that report. We also have undertaken a broader top-to-bottom review of contracting within the organization.

I have put my new head of the Federal Acquisition Service, Tom Sharpe, in partnership with our new Chief Acquisition Officer, Anne Rung, and asked them to go look at the entire structure of how we engage in contracting within GSA, top-to-bottom, to make sure that we have the appropriate oversight, that people have the ability to raise concerns, and that we are doing what we are expected to do there, because if I am going to go to agencies and say, use GSA, they need to be able to count on that they are going to get the best and the highest quality of contracting activities with the highest integrity.

Right after the report came out, Tom sent to all his contracting officers a copy of the report. Said, Read the report. What happened in there was unacceptable. You should not be put under the kind of pressure that contracting officer was, or at least was suggested in the report. If you have concerns, raise it through the supervisory chain to me and/or call the IG.

I then distributed an equivalent note to all contracting officers within GSA and said, Just because it happened in FAS does not mean it cannot happen to you, too. We want you to know that we have your back and you have our support to do the right thing on behalf of the taxpayers.

Senator MCCASKILL. That is terrific. I also want to compliment you for the steps you have taken on Senior Executive Service (SES) bonuses. My first encounter with GSA on the bonus front was when we were looking into improper contracting practices in Kansas City. This was several years ago. And one of the supervisors in GSA basically came in front of our Committee and, to be most gracious, committed sins of omission. I will not say that she was not truthful, although I can probably say that, but she certainly committed sins of omission.

Then imagine my surprise when we checked later that she had gotten her performance bonus for that year, which clearly was mis-named. And when I looked into it, they said, Well, everybody gets it. It is just a matter of entitlement. Everyone gets these bonuses at GSA. There was no assessment.

And I know you have taken bold and probably controversial and unpopular steps to end bonuses as a right, an entitlement, and turned them into something that they would be in the private sector, and that is only acknowledgment for work well done, and certainly not in this sequester environment.

So I know that you have, I think, the figure is 85 percent that you have diminished the bonus-giving at GSA, and I just want to compliment you for swimming upstream on that, because I know it probably does not make you the most popular guy around where you work. And I just want to make sure that—you are going to come in front of this Committee and we are going to holler at you a lot—I want to make sure that we also tell you that we know that some of the work you are doing is hard to do, but you are changing a culture and we appreciate it very much.

Mr. TANGHERLINI. Thank you, Senator.

Senator MCCASKILL. Thank you, Mr. Chairman.

Chairman CARPER. Let me just followup on something that Senator McCaskill said. We talked about the IG report. You raised it, Senator Ayotte raised it as well. And the Senator asked a question, the word “pressure” was used.

Mr. TANGHERLINI. Right.

Chairman CARPER. Pressure on contracting officers, pressure brought by management in some cases. Senator McCaskill did the same thing. You have mentioned it. Pressure from whom?

Mr. TANGHERLINI. In this instance, there was a sense that there was pressure from the vendor, theoretical pressure potentially from Congress.

Chairman CARPER. Let us talk about that.

Mr. TANGHERLINI. OK.

Chairman CARPER. Let us talk about it. Sometimes people in our jobs are looking out for our constituents, our companies in our States are not disinclined to go to bat for them. And sometimes it can be appropriate, sometimes it is not. Can you just talk a little bit more about what might be appropriate or not? Because it sounds like here, what we are doing, we are just saying, are pressures being brought in part by people who do the job, the jobs that we have, and they walk away from this?

In other cases, the contracting officers and the managers get, in some cases, disciplined or they lose their job. I want to make sure that, to the extent that our colleagues, whether in the House or the Senate, are doing things that are inappropriate. We know about that as well.

Mr. TANGHERLINI. Well, I think what was really inappropriate was the suggestion that there was this pressure coming from the Congress that would then suggest that we would take an action that was not in the best interest of the American people, because we have a fiduciary responsibility, Congress has a fiduciary responsibility under the Constitution, essentially the ultimate one.

So what I have told my folks is, we have an Office of Congressional Affairs. That is where the correspondence should be managed, that is how it should be handled, that is how it should be tracked so that we can make sure that we followup with Congress immediately, we address issues, but that we do not allow there to be kind of some sub-hierarchical or organizational nebulous, undefined pressure that is being applied to get some outcome.

We need to be able to explain, justify, support, and defend any outcome, because what I have said is the standard is the one that I am operating under right here, and that is the standard of being able to explain it under oath in a congressional committee.

And so, what we want to do is make sure that our people at the front lines know that yes, they have a responsibility to make sure we can provide information, respond to Congress, but that we do have formal processes for doing that. So that we do not have what feels like undue pressure decisions.

Now, I think the real pressure was, as described in the IG report, from the supervisor to the contracting officer. Both of those folks know what their job is and that supervisor should recognize that their job is not to pressure the contracting officer to do something that they do not think is in the best interest of the American people.

Chairman CARPER. I am going to yield back to Senator McCaskill. Let me just mention this. I think it is appropriate for a Member of Congress to go to bat for a constituent firm who is able to provide a better service at a better price than maybe another option. I do not see anything wrong with that.

But the idea that somebody, a Member of Congress going to bat on behalf of a constituent who provides a good or a service that is not more cost effective, that is another kettle of fish. Senator McCaskill.

Senator MCCASKILL. Well, I was just going to say, maybe this is something we ought to talk about, Mr. Chairman, but it seems to me that sunshine solves a whole lot of problems. Maybe we should talk about it. Maybe this is something you would not want to do unilaterally, which I would understand, but maybe we should talk about a requirement that any letters from Congress advocating on behalf of certain vendors, that they immediately be posted on a public website and that calls be logged and posted on a public website.

It takes a lot of nerve, frankly. I do not disagree with the Chairman's characterization. It is one thing to write a letter saying, This company exists, this company, I believe, does good work, give them every lawful consideration with obviously best price being determinative. I mean, that is one thing.

It is another thing to make phone calls and say, Hey, did you know I am on your appropriations committee and, or write the kind of letter that would make people believe that there was going to be a negative consequence of not doing what this Congress person, woman or man, House or Senator, would do.

So, I assume every letter I have written is going to be on the front page of the paper. And so, our letters that we have ever written are carefully crafted so that we would never give anyone the

impression that we were trying to influence how something was going to turn out.

Maybe that is something we ought to talk about, because, it would not surprise me if some of the people writing inappropriate letters and making the inappropriate phone calls are the same ones having press conferences about the conference in Las Vegas. That would not be a shock to me.

Chairman CARPER. Nor to me. All right. I want to followup and talk about a first cousin to some of the contracting issues Senator McCaskill was raising, and she has been like a dog with a bone on this issue and we have been happy to be there to urge her on and to support her with this. But I want to talk a little bit about strategic sourcing.

Mr. TANGHERLINI. Right.

Chairman CARPER. There is, as you know, widespread agreement among procurement experts that the Federal Government could save a ton of money through strategic sourcing, which is really a fancy way of saying that the government should do a better job of buying in bulk. You also have expressed strong support for this concept.

GAO has done two reports for this Committee over the last year on strategic sourcing. I think the report last fall showed that leading companies in the private sector manage about 90 percent of their spend through strategic sourcing. But the agencies that GAO reviewed, Federal agencies that GAO reviewed, managed only about 5 percent through strategic sourcing.

In the report released, I think this April, GAO estimated that in Fiscal Year 2012, the Federal Government could have saved about \$12 billion dollars—had it followed the strategic sourcing practices of several large companies that GAO examined.

I realize that major companies, they do not buy the same stuff that the Federal Government buys. They are not buying submarines.

Mr. TANGHERLINI. Right.

Chairman CARPER. They are not buying advanced radar systems, they are not buying F-35 fighters, so they buy different kinds of things. But there is a fair amount of overlap here, there is a fair amount of overlap, and we can certainly learn from what they are doing in many instances. But what specific steps do you have planned to increase the opportunities for agencies to participate in strategic sourcing, please?

Mr. TANGHERLINI. I appreciate the question. And actually we went out and talked to a number of large companies to ask them, How do you handle acquisitions? And what we found over and over is the large high-quality companies are really focused on trying to leverage their scale and scope and try to buy it once in a while. They really are trying to find strategic sourcing opportunities.

In one particular case, a company we visited in Silicon Valley, their equivalent to GSA was doing 90 percent of the buying of the organization, and since they were so focused on doing so much of the sourcing for the organization, they were able to change the nature of the discussion they had every year with their sub-components from, How much are you going to buy next year, to, How much do you need to save next year?

And I think that if we can find ways that we can begin to leverage the scale of the organization and build stronger relationships with our vendors, give some visibility into what we are buying, when we are buying it, how much we have paid and are willing to pay, I think that we have the ability to drive down prices while also pushing up value and reducing the cost, actually, of making the acquisition.

We think since 2010, and working closely in partnership with OMB and other agencies, we have saved over \$300 million in strategic sourcing across the Federal Government. But as you pointed out, we think that is just the tip of the iceberg.

We have five new strategic sourcing initiatives we are entering into this year. We just announced the wireless strategic sourcing contract. Now, the ironic thing about this is the Tangherlini family has done a better job buying our wireless service than the Federal Government has. We have one plan and one price. We share minutes.

Chairman CARPER. And that includes your wife?

Mr. TANGHERLINI. Yes, it does.

Chairman CARPER. And it includes your two daughters?

Mr. TANGHERLINI. Yes.

Chairman CARPER. And yourself?

Mr. TANGHERLINI. Cassie, at one point, got expensive but we resolved that. But the Federal Government, though—

Chairman CARPER. You changed the culture a little bit in your family.

Mr. TANGHERLINI. Well, we tweaked the plan. But the Federal Government had over 4,000 contracts, that we know of, and over 800 different plans. So what we have been able to do is coalesce around one contract, one plan that can be shared across agencies and drive down the cost. The Gartner Group, which assesses the performance of IT organizations, thinks that we can cut between a third and a half of our price by coalescing around strategic sourcing.

So we want to bring good, common sense, business-like solutions to agencies, demonstrate the savings to them, and then sign them up. We want to come up with new ways, new ideas. We are pursuing a janitorial and sanitation supply strategic sourcing initiative. So the things you buy associated with cleaning products and toilet paper, that kind of stuff where you can really get the benefit of volume, we should go in and buy that at volume with the Federal Government.

At the same time, we need to be very attentive to small business and make sure we protect the ability for small businesses to compete. In our office supply contract, we were able to drive down prices as much as 13 percent across the market basket, but we have also been able to expand small business participation in office supplies from about 65 percent to more than 75 percent.

Why? Because the small businesses are able to move more quickly, they are able to compete more aggressively, they have lower overhead, they are closer to the end users. So we are actually able to leverage small businesses through strategic sourcing to not only expand opportunity, but drive down costs. That is a win-win and

we need to figure out ways that we can pursue that more aggressively across the entire acquisition landscape.

Chairman CARPER. Good. Well, those are some encouraging words. I am going to continue to followup on this just a little bit. But when you look at agencies that are not anxious to—Senator McCaskill, thanks for all your good work here. But when you look at the agencies that are not buying goods and services through the Federal strategic sourcing initiatives, what are some of the main obstacles to their actually doing that?

Mr. TANGHERLINI. Well, it is a great question. I think a lot of it is just understanding that those vehicles are available, understanding what the value proposition is. That is why Joe Jordan, the Administrator of the Office of Federal Procurement Policy, chairs a strategic sourcing leadership council, brings together acquisition professionals across all the agencies, as well as GSA.

We have tried to divide up the water front of what we are going to pursue in terms of strategic source initiatives. And we try then to use that as an opportunity to share best practices and market the solutions across the agencies.

So I think it is my job to be, in part, the educator and sales person in G-funds strategic sourcing. I have been going from agency to agency talking with secretaries or deputy secretaries, trying to give them some ways that we think we can help them save money, and among them is their percentage of participation in existing strategic sourced vehicles such as office supplies.

Where that percentage is low, we show them and encourage them to push it up. What I think is what is measured is managed, and so by bringing that data to agencies, that can create some leadership pressure to actually make people move on it.

Chairman CARPER. Well, every Cabinet Secretary has a problem with trying to comply with sequestration—

Mr. TANGHERLINI. Right.

Chairman CARPER [continuing]. Looking for ways to save money, and bingo, you have a solution to help them.

Mr. TANGHERLINI. Right.

Chairman CARPER. So this is a great opportunity. I mentioned Einstein earlier. In adversity lies opportunity. There is plenty of adversity through sequestration, but as it turns out, there is some opportunity as well.

Let me see if—there may be another question or two here. Sort of another question on acquisition, and I am told that about 10 percent of all Federal spending on contracts—that is about \$50 billion—goes through GSA. One reason that we see so much duplication in contracts across the government is that agencies do not have good data on the prices that they can get under government-wide contracts such as GSA contracts.

We hear that having better priced data would enable agencies to demand the lowest price possible. Just tell me again, you have spoken to this in part, but what steps, further steps, is GSA planning to take to help agencies just get access to the pricing data?

Mr. TANGHERLINI. So we are working very closely with OMB to develop something called the Prices Paid Portal that will allow agencies to input the prices that they have paid for various items into a common and shared environment that other agency con-

tracting officials can see to test whether they are getting a good price or not.

The other thing we are doing is bringing to agencies' attention the cost associated, in terms of time, effort, energy; and therefore, resources in not using, as a jumping off point, the already competed GSA schedules. So within the GSA schedule environment, you are able to take vendors that are on the schedule and compete them against each other for your particular need.

By jumping to that step, using agency acquisition timeline data, we think we can save between a third and a half of the time that contracting officers have to put into going and getting an open market outcome. We think that time can then be used at getting better prices or doing better contract administration or just, frankly, reducing the cost of acquisition across government.

So what we are trying to do is get around to the agencies, as I go from meeting to meeting, and demonstrate for them the value they are leaving on the table by starting from scratch. When we do get the agencies kind of coalescing around common vehicles such as the office supply strategic source initiative, we get a wealth of data that we are then able to use to negotiate even better deals with the vendors.

And so, I think there is a virtuous cycle we can start here, but the trick will be getting the systems by which we can share that information and just doing a better job of getting out there and teaching the agencies what they are leaving on the table in terms of cost and price.

Chairman CARPER. All right. Good. And the last thing I want to do is just to go back to the issue of real property and space that we occupy. I mentioned the Nuclear Regulatory Commission, a new building that is being built. I think they are going to lease it for a multi-year period of time.

Mr. TANGHERLINI. Right.

Chairman CARPER. And the cheapest of the three buildings is the one that they own.

Mr. TANGHERLINI. Right.

Chairman CARPER. I mentioned earlier that we have mis-aligned the incentives for agencies. If they enter into a long-term lease, the Congressional Budget Office (CBO) scores every year on that agency's budget however much the lease costs. If, however, they buy something, and it may be the same building, they buy it for a particular cost, and it might be cheaper, way cheaper, over time, but CBO scores it so that we have to allocate the money for that agency in the first year.

Mr. TANGHERLINI. Right.

Chairman CARPER. How do we change that? Do we need to pass a law? How do we change that so that CBO—what we are doing is just so cost ineffective.

Mr. TANGHERLINI. It gets to a number of issues, as we have discussed, with the way the Federal Buildings Fund is structured and the way the scoring rules interact with it. The structure of the fund is pretty sound. The idea is you charge market-based rents for use and occupancy of Federal space, and we then also fund the market-based rents that we pay from facilities that we lease. So agencies

pay roughly the same amount based on market analysis for occupying other leased or owned property.

The problem happens on the other side when it comes time to start paying for things. On the leases, we pay the leases directly because it is a contract. On the buildings that we own, that money is reflected as revenue to the Appropriations Committee and is either spent to the buildings or counts as credit to the Appropriations Committee for other expenditures.

So for the last 3 years, that money has been used to pay for things outside of maintaining our Federal assets. This year in the President's budget, Fiscal Year budget, he has proposed full funding, so when all the rent money comes in, it either goes to pay lease rent or it goes to maintain, operate, and improve our buildings.

But then we get to this issue if we do want to go and buy a building so we can replace a long-term lease commitment, which we would pay as an operating expense every year, we have to have the full up-front cost of that building in the first year, which makes it very hard to then go and buy or build buildings.

I think what we have to do is really explore the way the scoring conventions work. I think we have to work with CBO and OMB and try to understand what the first principles are, what we are trying to protect in terms of the flexibility of the President and the Congress to make spending decisions, but also take a good hard look at long-term costs so that we know what impact we are having in later budget years, as well as make sure that we are reinvesting in our assets so that we are not pushing subsequent investments off on other generations for them to pay for.

Chairman CARPER. All right. Thank you. One last question. If confirmed, what policies would you implement to assist agencies in assessing utilization levels and identifying opportunities to save on leasing costs by consolidating office space?

Mr. TANGHERLINI. Well, already we are working very closely with OMB and interested agency partners to try to help them understand what their portfolio space looks like, what the opportunities for savings are. We think the immediate opportunities happen with every lease expiration for agencies to begin to reconsider what their space needs are.

But I have been challenging the staff of the Public Building Service to look at lease expirations that are not happening in the next year, but look at them happening in the next 5 or 7 years, begin to challenge the agencies what their actual space needs are, and see if we can begin to build some intermediate term plan that will allow us to substantially reduce our footprint.

Because as we have demonstrated in our own headquarters building, you can get nearly twice as many people into a standard Federal office building by implementing more modern mobile office approaches. So reducing the number of single occupancy, individual offices, using more collaborative space.

We are using "hoteling," which means that 80 percent of the people within the building do not even have an assigned desk. They book one in advance. They make a reservation. And we have substantially reduced the footprint. We are down to about 140 square

feet per person, but because the space is open and wide and light, it does not feel like you are in a tiny, little space.

Chairman CARPER. Good. All right. We gave you the opportunity to give an opening statement and you have been good to respond to our questions. We will want to followup. There are going to be some questions in writing, as you know. Anything you want to say, just kind of sum up here as we prepare to wrap it up?

Mr. TANGHERLINI. Well, I can say that I really appreciate the opportunity to come before you today. I appreciate the opportunity to sit before this Committee in nomination for this important job. I particularly appreciate the tremendous support I have gotten from the women and men in GSA over the last 14 months, helping us make possible some of the improvements that I was able to present to you today that are suggestive of the kind of work we can do to make GSA a fantastic agency, an even better agency than it already is, and use it to support Federal agencies in driving down their costs of delivering their incredibly important services to the American people. So thank you very much.

Chairman CARPER. You are quite welcome. I want to close with some thank you's as well, to Cassandra, who I understand is 15, older sister to, who is it, Francesca, age 13. The work that your dad is doing, the leadership he is providing, is one of many things that we need. It is a very important thing, but we need to do it in this country to make sure we do not shoulder you and your sister and your friend with an enormous burden of debt, to carry for the rest of your life.

We have to figure out how to get better results for less money, and that is a big part of what your dad will do if confirmed to lead the General Services Administration. And I want to say especially to your mom for your willingness to share with us this man. You have been sharing him for quite a while in a variety of capacities, but we probably do not say thank you enough, but I want to say thank you.

And I would say to your dad, the young 89-year-old marathoner sitting right behind you, that—I run half marathons. I do not run marathons, I run half marathons. I used to say Delaware is too small for a marathon. But actually we now have a marathon, so I cannot say that anymore.

But I usually say, I just do not want to lose to the 8-year-old kids. I do not want to have any 8-year-old kids beat me across the finish line in a half marathon. And now I am going to have to think about those 89-year-old men. I do not want to lose to anybody as young as 8 years old or 89. But you obviously are doing something right in your life, and you obviously did something right in raising this guy. So we thank you for that, too.

And to Theresa's parents, I think you all work a little around here somewhere, do you not, in Maryland? Not too far away. We are happy that you are here and able to join us as well.

Now, I am told by Trina over here in the corner that the hearing record will remain open until noon tomorrow—that is June 19—until 12 p.m. for the submission of statements and questions for the record. We would ask our colleagues to try to meet that deadline. I know it is a short deadline, but we ask them to try to meet that. And if you do have questions, we would ask that you just re-

spond to them very promptly and we will see how quickly we can try to move this nomination along.

With that having been said, we thank you and this hearing is adjourned.

[Whereupon, at 11:49 a.m., the hearing was adjourned.]

A P P E N D I X

Opening Statement of Chairman Thomas R. Carper

Nomination of the Honorable Daniel M. Tangherlini to be the Administrator of the U.S. General Services Administration June 18, 2013

As prepared for delivery:

For decades, it has been commonly said that the Chinese word for crisis is made of two characters, one meaning danger and the other meaning opportunity. Many experts on the Chinese language have pointed out that this is an overly simplistic interpretation of the word. I think the popularity of the axiom that crisis brings opportunity persists because there is a large dose of truth in it.

Last spring a crisis unfolded at the General Services Administration (GSA) when a report of the GSA Inspector General detailed the reckless, wasteful – and in some instances, illegal – spending of some employees of GSA’s Public Building Service at a lavish conference. These employees used public resources to reward themselves with catered parties, a team-building exercise that involved building bicycles, and conference souvenirs.

Unfortunately, this particular conference was not an isolated instance of bad judgment. In looking into GSA’s spending practices, Congress learned of other wasteful spending – extravagant travel, misuse of government charge cards, questionable employee awards programs, and another conference where taxpayers paid for GSA employees to beat on drums. These are just a few examples.

These scandals all shook the trust of Congress in GSA – the very agency whose primary purpose is to make our federal government more efficient and more frugal in spending taxpayer dollars.

In taking over as Acting Director of GSA last April, Dan Tangherlini understood that this moment of crisis afforded an opportunity to make GSA a better agency. To his credit, he did not approach the job with a view to do the minimal amount necessary to sweep the scandal under the rug. Rather, he undertook what he called a ‘Top to Bottom’ review of the whole agency.

Mr. Tangherlini has put in stronger controls over spending within GSA. He has consolidated activities related to financial management, human resources, information technology, acquisition, and other administrative functions. These changes should make GSA a leaner agency that is better focused on its core functions of helping other agencies make smart choices in managing their property and acquiring goods and services.

Longstanding challenges with both these areas – property management and procurement – combined with the current fiscal crisis, increase the urgency of making sure that GSA is

the go-to place for agencies to be able to do more with less. GSA can and should be at the center of our government's efforts to resolve our major management challenges.

The management of real property has been on the Government Accountability Office's High Risk list of troubled programs for a decade. The government has tens of thousands of properties that are either no longer needed, or are only partially used. But we also lack accurate, comprehensive data that would enable better decisions about how agencies use their property. The government also relies too much on costly leases when the cheaper option, over the long run, would be to own property. Additionally, the federal government has a backlog of billions of dollars in needed repairs and maintenance – which, if unaddressed, will increase the cost of maintaining the property in the long run.

In the area of acquisition, GSA plays an important role, with about 10 percent -- roughly \$50 billion – of total federal contract spending flowing through GSA's contracts and other services. But there is much room for improvement. For example, the Government Accountability Office has done several studies showing that there is enormous potential for the government to save billions of dollars each year through 'strategically sourcing' commonly-used goods and services through governmentwide contracts that fully leverage the buying power of the federal government.

GSA deserves a leader who understands the complexity of these management challenges and who can work well with the heads of other agencies to help them meet their needs. I think they have such a leader now in Dan Tangherlini and that he deserves confirmation by the Senate.

Mr. Tangherlini's service as Acting Administrator of GSA, in and of itself, shows he is the logical choice to be confirmed as Administrator. But he also brings a wealth of other experience in public sector administration. He served for six years at the Office of Management and Budget early in his career and has a strong understanding of the budget process as well as program planning and financial management. He then served a year in the Policy Office of the U.S. Department of Transportation, and went on to a string of impressive jobs at the local level: Chief Financial Officer of the District of Columbia Metropolitan Police Department, Interim General Manager of the Washington Metropolitan Area Transit Authority, Director of the District of Columbia Department of Transportation, and finally, City Administrator and Deputy Mayor of the District of Columbia.

In 2009, President Obama nominated, and the Senate confirmed, Mr. Tangherlini as the Assistant Secretary for Management at the Treasury Department, where he served until being named as Acting Administrator of GSA.

Mr. Tangherlini's confirmation will also bring badly needed stability to the helm of GSA. As my colleagues know, I am a firm believer in the power of leadership. Leadership is an important and often undervalued asset that can determine whether or not an organization of any size or scale can effectively accomplish its mission. Leadership is

particularly important to turning around struggling organizations and steering through a crisis.

One of GSA's main problems over the last decade has been a lack of stable leadership, which is unfortunately a problem throughout the executive branch. GSA has had eight different leaders over the last eight years – all but two of them in an “Acting” capacity. The last two confirmed leaders of GSA, unfortunately, each resigned following scandals.

Mr. Tangherlini has a well-deserved reputation of being someone who knows how to get a job done, and who never stops looking for ways to do the job better. That's precisely the fit we need for GSA.

I look forward to Mr. Tangherlini's testimony today and the opportunity to discuss with him his priorities for GSA.

Opening Statement of Senator Tom Coburn**Nomination of the Honorable Daniel M. Tangherlini to be the Administrator of the
U.S. General Services Administration
June 18, 2013**

Thank you, Chairman Carper. Good morning and welcome, Mr. Tangherlini.

Nearly eight years ago in July 2005, Chairman Carper and I held a hearing at the Federal Financial Management Subcommittee titled "GSA: Is the Taxpayer Getting the Best Deal?" We held that hearing to discuss the many areas of GSA's responsibility in which the taxpayer wasn't getting the best deal. My greatest concern today is that we're stuck in the exact same place with little progress to show the American people.

In fact, the General Services Administration was created in order to reorganize and increase the efficiency of the day-to-day property and records management functions of the federal government. In July 1949, President Truman announced a housecleaning and inventory of government property that would consolidate the operations of seven existing agencies under the purview of the new GSA. President Truman's goal was for these housekeeping functions to be efficient, economical, and consistent with government policies. He stated, "The housekeeping activities of the Federal Government are little known, but unless they are properly administered the Executive Branch cannot be managed efficiently." Over 60 years later, I fear the GSA has not lived up to the task President Truman assigned to the agency.

The General Services Administration is an important agency, but it will only be successful if the American taxpayers are getting the best deal. Through GSA, the federal government is the biggest customer in the world, spending billions of dollars on real estate, products and services. From purchasing anything from a building to furniture to office supplies, to complex information technology services, an agency enlists the services of the GSA. As a result, every federal agency, as well as the American taxpayer, relies on GSA to get us the best value possible.

Unfortunately, over the last several months, the GSA Inspector General has released reports outlining his concerns in several areas. I am particularly concerned about recent findings related to the Multiple Award Schedules program. Where the IG found vendors fail to provide current, accurate and complete information to support their prices, and over a quarter of the vendors provided labor that did not meet the minimum required by contracts. The bottom line is that agencies aren't getting what they paid for.

Most recently, the IG released findings revealing management improperly intervening in contracts worth billions of dollars. When contracting officers at GSA tried to do the right thing by negotiating better prices that vendors didn't like, senior managers intervened and reassigned the work to others who gave the vendors what they wanted. Once again, agencies and taxpayers aren't getting the best deal.

We also rely on GSA to be the federal government's landlord, and to help agencies make good decisions about when to lease or buy new buildings. Too often, we choose leases that are more expensive over the long term, and Congress doesn't help. Decisions to lease score better than decisions to buy, and so once again, we ended up paying more than we should.

Finally, GSA is expected to serve as a key partner in implementing federal information technology improvement initiatives. Just last week, our committee held a hearing to examine duplication in this area. GSA is a key federal partner, along with OMB, in trying to consolidate federal data centers. Yet, GSA has not aggressively worked to consolidate its own data centers, and GAO has identified weaknesses in GSA's oversight of this effort as well.

Mr. Tangherlini, you have an extensive background in managing budgets, both for the District of Columbia and at the Treasury, and for the last 14 months, you have been the Acting Administrator at the GSA. Therefore, unlike most nominees, you have already had the opportunity to put your ideas and goals for the agency to the test. You have instituted a new mission statement for GSA, which is "to deliver the best value in real estate, acquisition and technology services to government and the American people," and you conducted a top-to-bottom review of the agency to determine where you can achieve savings. I commend you on these efforts so far.

However, I believe that fixing GSA comes down to two problems that we need to address. First, every employee at GSA should be focused on getting the best deal, whether it's in contracting, real estate or information technology. Second, we need to have consistent, accountable leadership at the top of the agency. Since 2005, the average shelf life of a GSA Administrator has been about two years or less, which helps explain why we haven't made any progress in implementing real change.

I look forward to talking with you today about how you plan to address my concerns and the longstanding challenges at GSA. I look forward to your testimony.



U.S. General Services
Administration

Dan Tangherlini
Acting Administrator

Committee on Homeland Security and Governmental Affairs

“Nomination of the Honorable Daniel M. Tangherlini to be
Administrator, U.S. General Services Administration”

June 18, 2013

Good morning Chairman Carper, Dr. Coburn, and Members of the Committee.

Over one year ago, President Obama appointed me as the Acting Administrator of the U.S. General Services Administration (GSA) during a very challenging time for the agency. From my first day on the job, I have worked with the women and men of GSA to restore the trust of the American people and to ensure that the agency provides them with the highest quality of public service.

I am very proud of what we have been able to accomplish at GSA over the past year. We have made real progress at a time when the mission of our agency has never been more important.

Today, as budgets tighten, GSA is uniquely positioned to help federal agencies get better outcomes from their program dollars by leveraging the scope and scale of the federal government to deliver common sense solutions and significant savings. By working through GSA to contribute to and benefit from this leverage, agencies can free-up valuable funding to improve programs and services. By working together, agencies work smarter, more efficiently, and more effectively. GSA provides a platform for this type of interagency collaboration.

The scope and breadth of the responsibilities of GSA are not only wide-ranging, they are also essential to the effective operation of the federal government. With more than 12,500 employees, GSA's mission is to deliver the best value in real estate, acquisition, and technology services to the government and the American people.

As the landlord and caretaker for federal properties, GSA owns or leases 9,624 assets, maintains an inventory of more than 370 million rentable square feet of workspace, and preserves more than 481 historic properties.

The Agency has an annual business volume of more than \$60 billion; manages more than 200,000 fleet vehicles; assists tens of thousands of federal travelers through our electronic travel system; and serves as a focal point for data, information, and services offered by the federal government to its citizens.

Through the buying power of the federal government, we are able to negotiate leases that, on average, are more than 11 percent below market rates. This buying power has created annual savings of \$30 million across our leased portfolio in realized cost avoidance. We also work aggressively to ensure that the facilities we own are being used to the maximum extent. Nationally, GSA's vacancy rate is 3.1 percent, far below the private sector average of 17.4 percent. If our vacancy rate were as high as the private sector's, it would cost the taxpayers an additional \$1 billion this year alone.

In addition to helping customer agencies save on space, GSA's strategic sourcing initiatives create significant savings by encouraging agencies to commit to the collective purchase of certain commodities at the best value. By buying once and buying well, strategic sourcing has saved the American public more than \$300 million since 2010. For example, GSA has been able to negotiate prices for office supplies that are 13 percent below what we have previously paid. This has already saved federal agencies more than \$127 million. At the same time that GSA has helped agencies realize these savings, we also directed more than 76 percent of the dollars spent on office supplies to small businesses. This is just part of our agency's ongoing commitment to supporting these entrepreneurs while also accessing the value and services they offer for the entire federal government. We are very proud of the A+ ranking GSA received from the Small Business Administration for the past two years. As we move forward, we are committed to working with all agencies across government to improve their grades as well.

Since last year, we have focused on strategies to make our operations more efficient and more accountable to taxpayers while working closely with our Inspector General, Brian Miller, to ensure that our entire agency is living up to the highest standards of public service.

To that end, GSA has engaged in a comprehensive top to bottom review of the agency, gathering input from individuals at every level of the organization, as well as from our partners in the federal government. We have also spoken with leaders in the private sector, including members of the President's Management Advisory Board, Hewlett Packard, and Cummins, Inc., among others, to incorporate best practices from the business world. This process has helped us cultivate a culture of continuous evaluation and improvement throughout GSA.

More importantly, this has led to concrete results, transforming GSA into an improved organization--one that offers common sense business solutions to our federal partners. During the past fiscal year we reduced our spending on travel, IT devices, and printing to end the year 43% lower than our FY10 baseline for those items. In travel alone, we saved \$28 million dollars by revising our internal travel and conference policies. Last year, we reduced bonuses throughout GSA by 64 percent, including the elimination of all bonuses within the administrator's office. This change was accompanied by a targeted hiring freeze designed to ensure that any new hires were aligned with the outcomes of our ongoing review. In addition, we created more than \$5 million in savings as a result of implementing suggestions offered by GSA employees during our "Great Ideas Hunt."

Another significant finding of the top to bottom review was the existence of a widespread duplication of support services throughout the agency. As a result, we are in the process of consolidating key administrative service functions to eliminate unnecessary redundancy and better align internal operations. We expect this effort will save us \$200 million over the next 10 years.

I am very proud of the work that we have done over the past year, and I am excited at the prospect of helping to shape GSA's future. As I said earlier, our mission is more important than ever before. Everyone at GSA is working to ensure that we provide even more savings to our fellow agencies. I believe that one of our most critical strategies in this effort is the expansion of our market share of federal spending. By assuming more of the government's market share and managing its purchasing and portfolio, we will not only increase savings, but enable better, more consistent management of our resources.

Simultaneously, we are developing common sense solutions to help agencies across the government shrink the federal footprint and find ways to dispose of unneeded or unused federal properties, which can in turn contribute to local economies. We are working with the real estate industry through public-private partnerships to explore the possibility of exchanging outdated federal properties for the construction of new facilities that meet the needs of these agencies today.

GSA is also developing new, more efficient ways to utilize federal office space. Our own historic headquarters is a test bed for this approach. We are transforming what was traditional office space into a collaborative, flexible work environment designed to facilitate cooperation, mobility, and improved productivity. As a result, we expect to see the utilization rates in that building increase from rates of below 50 percent to rates as high as 80 percent. Those changes will make it possible for us to eliminate more than \$24 million of annual lease payments throughout Washington DC and Northern Virginia. We are hoping to take the lessons we learn from the transformation of our workplace and make available to the entire federal government.

At the same time, President Obama's FY14 Budget will enable us to make a significant investment in America's infrastructure. This budget restores GSA's authority to fully use incoming rent funds to make a significant \$1.3 billion investment in the repair and maintenance of GSA's inventory.

All of us at GSA understand that every taxpayer dollar counts and that its stewardship is our most significant responsibility. We know that by providing services that offer both savings and results, we help other agencies focus on their own important missions. That is why we are creating a culture of continuous evaluation and reevaluation of our internal processes and implementing measurable outcomes for success. I am honored to have served in this agency over the last 14 months and with your approval, I hope to have the opportunity to continue working with the women and men of GSA to accomplish our important mission.

Thank you.

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

1. Basic Biographical Information

Please provide the following information.

<i>Position to Which You Have Been Nominated</i>	
<u>Name of Position</u>	<u>Date of Nomination</u>
Administrator, General Services Administration (GSA)	May 23, 2013

<i>Current Legal Name</i>			
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>
Daniel	Mark	Tangherlini	

<i>Addresses</i>					
<u>Residential Address</u> (do not include street address)			<u>Office Address</u> (include street address)		
			Street: 1800 F Street, NW		
City: Washington	State: DC	Zip: 20002	City: Washington	State: DC	Zip: 20405

<i>Other Names Used</i>							
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if Maiden Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)	
Dan		Tangherlini			July, 1991	Est x	Present Est o
Daniel	Mark Kjems	Tangherlini			June, 1985	Est x	June, 1991 Est x

<i>Birth Year and Place</i>	
Year of Birth (Do not include month and day.)	Place of Birth
1967	Copenhagen, Denmark

<i>Marital Status</i>					
Check All That Describe Your Current Situation:					
Never Married <input type="checkbox"/>	Married <input checked="" type="checkbox"/>	Separated <input type="checkbox"/>	Annulled <input type="checkbox"/>	Divorced <input type="checkbox"/>	Widowed <input type="checkbox"/>

<i>Spouse's Name</i> (current spouse only)			
<u>Spouse's First Name</u>	<u>Spouse's Middle Name</u>	<u>Spouse's Last Name</u>	<u>Spouse's Suffix</u>
Theresa	Ann	Tangherlini	

<i>Spouse's Other Names Used</i> (current spouse only)						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if Maiden Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
Theresa	Ann	Picillo		x	April 1964 <input type="checkbox"/>	June 1995 <input type="checkbox"/>
					<input type="checkbox"/>	<input type="checkbox"/>

<i>Children's Names (if over 18)</i>			
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>
None			

2. Education

List all post-secondary schools attended.

<u>Name of School</u>	<u>Type of School</u> (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	<u>Date Began School</u> (month/year) (check box if estimate)	<u>Date Ended School</u> (month/year) (check box if estimate) (check "present" box if still in school)		<u>Degree</u>	<u>Date Awarded</u>
			Est x	Est Present x <input type="checkbox"/>		
University of Pennsylvania	University	May 1999 x	May 2001 x	<input type="checkbox"/>	MBA	May 2001
University of Chicago	University	Sept. 1989 x	June 1991 x	<input type="checkbox"/>	MPP	June 1991
University of Chicago	University	Sept. 1985 x	March 1990 x	<input type="checkbox"/>	BA	March 1990

3. Employment

(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

<u>Type of Employment</u> (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non-Federal Employment), Self-employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self-employment), Other)	<u>Name of Your Employer/Assigned Duty Station</u>	<u>Most Recent Position Title/Rank</u>	<u>Location</u> (City and State only)	<u>Date Employment Began</u> (month/year) (check box if estimate)	<u>Date Employment Ended</u> (month/year) (check box if estimate) (check "present" box if still employed)
	University of Chicago	Computer Sales and Service Tech. (work study)	Chicago, IL	Sept. 1985 Est x	Jan. 1986 Est x
	University of Chicago	Ex Libris Coffee Shop	Chicago, IL	Jan. 1986 Est x	June 1986 Est x
	Massachusetts State Dept.	Dept. of Employment Services	Boston, MA	June 1986 Est x	Aug. 1986 Est x
	University of Chicago	Ex Libris Coffee Shop	Chicago, IL	Sept. 1986 Est x	June 1987 Est x

Massachusetts State Dept.	Public Welfare – Homeless Unit	Intern	Boston, MA	June 1987	Est x	Aug. 1987	Est x
Mobile Gas Station	Mac Isaac's Turnpike Mobil	Full Service Gas Attendant	Westboro, MA	July 1987	Est x	Sept. 1987	Est x
University of Chicago	Ex Libris Coffee Shop	Sales Clerk (work study)	Chicago, IL	Sept. 1987	Est x	Dec. 1987	Est x
Foley Industrial Engines	Industrial Engine and Machine Shop	Clerk, Forklift Operator	Worcester, MA	June 1988	Est x	Sept. 1988	Est x
University of Chicago	Student Activity Office	Building Manager (work study)	Chicago, IL	Sept. 1988	Est x	June 1989	Est x
University of Chicago	Facilities Management	Custodial Aid	Chicago, IL	June 1989	Est x	Sept. 1989	Est x
City Government	Chicago Park District, Office of Research and Planning, Park District Headquarters, Chicago, IL	Planning Assistant	Chicago, IL	Sept. 1989	Est x	June 1991	Est x
Federal Government	Executive Office of the President, Office of Management and Budget, Washington, DC	Budget Preparation Specialist, Budget Examiner and Special Assistant	Washington, DC	July 1991	Est □	July 1997	Est □
Federal Government	U.S. Department of Transportation, Policy Office, Washington, DC	Program Analyst	Washington, DC	July 1997	Est □	Nov. 1998	Est □
City Government	Government of District of Columbia, Washington, DC	Chief Financial Officer, Metropolitan Police Department	Washington, DC	Nov. 1998	Est □	May 2000	Est x
City Government	Government of District of Columbia, Washington, DC	Acting Director, Department of Public Works, Division of Transportation	Washington, DC	May 2000	Est x	Nov. 2002	Est x
City Government	Government of District of Columbia, Washington, DC	Director, Department of Transportation	Washington, DC	Nov. 2002	Est x	Feb. 2006	Est □

Regional Government	Washington Metropolitan Area Transit Authority, Washington, DC	Interim General Manager	Washington, DC	Feb. 2006	Est <input type="checkbox"/>	Oct. 2006	Est <input checked="" type="checkbox"/>
Non-Government	Fenty Transition Incorporated, Washington, DC	Co-Chair	Washington, DC	Oct. 2006	Est <input checked="" type="checkbox"/>	Jan. 2007	Est <input type="checkbox"/>
City Government	Government of District of Columbia, Washington, DC	City Administrator/Deputy Mayor of Operations	Washington, DC	Jan. 2007	Est <input type="checkbox"/>	April 2009	Est <input checked="" type="checkbox"/>
Federal Government	U.S. Department of Treasury, Washington, DC	Assistant Secretary Management	Washington, DC	April 2009 (Nominated in April. Confirmed in July.)	Est <input type="checkbox"/>	April 2012	Est <input type="checkbox"/>
Federal Government	U.S. Department of Treasury, Washington, DC	Chief Financial Officer	Washington, DC	April 2009 (Nominated in April. Confirmed in July.)	Est <input type="checkbox"/>	Present	Est <input type="checkbox"/>
Federal Government	General Services Administration	Acting Administrator	Washington, DC	April 2012	Est <input type="checkbox"/>	Present	Est <input type="checkbox"/>

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

<u>Name of Government Entity</u>	<u>Name of Position</u>	<u>Date Service Began</u> (month/year) (check box if estimate)	<u>Date Service Ended</u> (month/year) (check box if estimate) (check "present" box if still serving)
President's Commission on Arts and Humanities, Ex-Officio Member	Board Member	Apr. 2012 Est <input checked="" type="checkbox"/>	Est Present <input checked="" type="checkbox"/>
National Building Museum Board of Directors, Ex-Officio Member	Board Member	Apr. 2012 Est <input checked="" type="checkbox"/>	Est Present <input checked="" type="checkbox"/>
President's Labor Management Partnership Council	Surrogate for Treasury Deputy Secretary	Jan. 2010 Est <input checked="" type="checkbox"/>	Apr. 2012 Est Present <input checked="" type="checkbox"/>
Government Accountability and Transparency Board	Surrogate for Treasury Deputy Secretary	Jan. 2010 Est <input checked="" type="checkbox"/>	Apr. 2012 Est Present <input checked="" type="checkbox"/>

Water and Sewer Authority of Washington, DC	Vice-Chair	Mar. 2007	Est □	Apr. 2009	Est □	Present x
Board of Directors, Metropolitan Washington Council of Government	Member, Chief Administrative Officers Committee	Jan. 2007	Est x	Apr. 2009	Est x	Present x
Mayor's Interagency Council on Homelessness	Chair	Jan. 2007	Est □	April 2009	Est x	Present x
Senior Policy Group, Regional Homeland Security Task Force	Board Member	Feb. 2006	Est x	Apr. 2009	Est x	Present x
Board of Directors, American Public Transit Association	Board Member	Feb. 2006	Est x	Jan. 2007	Est x	Present x
Washington Metropolitan Area Transit Authority	Board Member	Jan. 2005	Est x	Feb. 2006	Est □	Present □
Northeast Association of State Transportation Officials	President	Jan. 2005	Est x	Nov. 2006	Est x	Present x
Northeast Association of State Transportation Officials	Vice President	Jan. 2004	Est x	Jan. 2005	Est x	Present x
Virginia Interstates 95/395 Hotlane Commission	Board Member	May 2005	Est x	May 2005	Est x	Present x
Union Station Redevelopment Corporation	Mayor's Board Representative	Nov. 2002	Est x	Nov. 2006	Est x	Present x
Executive Committee, American Association of State Highway and Transportation Officials	Board Member	Jan. 2004	Est x	Nov. 2006	Est x	Present x
Executive Committee, American Association of State Highway and Transportation Officials	Board of Directors	Nov. 2000	Est x	Nov. 2006	Est x	Present x
District of Columbia, Labor Management Partnership Council	Board Member	Jan. 2002	Est x	Nov. 2006	Est x	Present x

4. Potential Conflict of Interest

(A) Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the General Services' Administration (GSA) Designated Ethics Official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with GSA's Designated Agency Ethics Official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

(B) Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

During my time with the District of Columbia Government and the Washington Metropolitan Area Transit Authority, I provided information and support for our legislative efforts associated with the relevant authorization and appropriations bill.

5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.

Distinguished Federal Leadership Award for 2012, Association of Government Accountants

Italian American Man of the Year 2009, Lido Civic Club of Washington

Boathouse Champion Award, Anacostia Community Boathouse Association, 2008

Achievement Award, Capitol Hill Community Foundation, 2008

Livable Communities Leadership Award, Coalition for Smarter Growth, 2007

International Public Servant of the Year Award, Lambda Alpha International Honor Society, 2005

Annual Award, Georgetown Merchant and Professional Association, 2005

Golden Best Award, Golden Triangle Business Improvement District, 2004

Momentum Award, Downtown DC Business Improvement District, 2004 (Awarded to DDOT)

Administrator's Team Award, Federal Highway Administration (Awarded to DDOT) 2004 (est)

Momentum Award, Downtown DC Business Improvement District, 2003

Certificate of Excellence for Support of the Capital City Fellows Program, 2003

Secretary's Award for Excellence, New York Avenue Infill Station, 2002 (Awarded to DDOT)
 Gruss Fellowship, University of Pennsylvania, Wharton Executive MBA program, 1999-2001
 Find the Good and Praise it Award, US Department of Transportation, 1998
 Cross Cutting Group Award, US Office of Management and Budget, 1997
 Noyes Scholarship, University of Chicago, The College, 1986-1990
 Gannett Scholarship, Milton Academy, 1983-1985

6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of \$1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

<u>Name of Organization</u>	<u>Dates of Your Membership</u> (You may approximate.)	<u>Position(s) Held</u>
National Association of Public Administration (Inactive)	2009 - Present	None
Leadership Greater Washington (Inactive)	2005 - 2009	None
Leadership Washington, Class of 2005	2005	None
Lambda Alpha Land and Economic Society (Inactive)	2004 - 2007 (est.)	None
Stanton Park Neighborhood Association (Inactive)	1994 - 1998 (est.)	None
Capitol Hill Restoration Society	1992 - 1998 (est.)	Former Board Member (Inactive) Left 1997 - 1998 (est.)
St. Peter's on Capitol Hill	April 2005 - Present	None
St. Joseph's on Capitol Hill	1994 - 2005	None

7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?
No.

<u>Name of Office</u>	<u>Elected/Appointed/ Candidate Only</u>	<u>Year(s) Election Held or Appointment Made</u>	<u>Term of Service (If applicable)</u>

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

<u>Name of Party/Election Committee</u>	<u>Office/Services Rendered</u>	<u>Responsibilities</u>	<u>Dates of Service</u>
Obama for President	Campaign calls and Leafleting	Volunteer, get out the vote	2012
Obama for President	Campaign Leafleting	Volunteer, get out the vote	2008
Kerry for President	Campaign Leafleting	Volunteer, get out the vote	2004

(C) Itemize all individual political contributions of \$200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

<u>Name of Recipient</u>	<u>Amount</u>	<u>Year of Contribution</u>
Obama for America	\$250	2008

8. Publications and Speeches

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

I have done my best to identify titles, publishers, and dates of books, articles, reports or other published materials, including a thorough review of my personal files and searches of publically available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find, or remember. I have located the following:

<u>Title</u>	<u>Publisher</u>	<u>Date(s) of Publication</u>
Use of Design Build Construction Methods	Design Build DateLine Magazine (Journal of the Design Build Institute of America)	November 2005
Reforming Government – Better Service, Lower Costs	Treasury Notes (Treasury.gov)	January 16, 2012
At Treasury, Green is Our Favorite Color – But We'll Take (LEED) Gold!	Treasury Notes (Treasury.gov)	December 21, 2011
Treasury's Lapse in Appropriations Contingency Plan	Treasury Notes (Treasury.gov)	December 15, 2011
Supporting Small Business: Treasury Beats Small Business Contracting Goals	Treasury Notes (Treasury.gov)	December 15, 2011
This Old House: An Update on the Repairs	Treasury Notes (Treasury.gov)	September 29, 2011
An Update on Open Government at Treasury	Treasury Notes (Treasury.gov)	September 20, 2011
This Old House	Treasury Notes (Treasury.gov)	August 26, 2011
Investing in Green Technology Through Public-Private Partnerships	Treasury Notes (Treasury.gov)	May 10, 2011
Going Green at the Treasury Department	Treasury Notes (Treasury.gov)	April 22, 2011
Treasury's Lapse in Appropriations Contingency Plan	Treasury Notes (Treasury.gov)	April 8, 2011
The New Treasury.gov	Treasury Notes (Treasury.gov)	December 6, 2010

(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

<u>Title/Topic</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
Confirmation Hearing	Senate Finance Committee	July 14, 2009
GSA Inspector General Report	House Oversight and Government Reform Committee	April 16, 2012
GSA Inspector General Report	House Transportation and Infrastructure Committee	April 17, 2012
GSA Inspector General Report	Senate Environment and Public Works Committee	April 18, 2012
GSA Inspector General Report and Fiscal Year 2013 Budget Request	Senate Appropriations Subcommittee on Financial Services and General Government	April 18, 2012
Senate Homeland Security and Governmental Affairs Committee	Moving from Scandal to Strategy	September 12, 2012
Remarks	National Academy of Science on Sustainability	September 27, 2012
Remarks	NOAA Center for Climate and Weather Prediction Ceremony	October 15, 2012
Remarks	Committee on Arts and Humanities Remarks	November 18, 2012
Remarks	National Press Club DCBIA	December 20, 2012
Oversight Hearing	House Appropriations Subcommittee on Financial Services and General Government	March 19, 2013
Remarks	2013 Acquisition Excellence Conference	March 21, 2013

(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.

None.

Title	Place/Audience	Date(s) of Speech

9. Criminal History

Since (and including) your 18th birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you? (Exclude citations involving traffic infractions where the fine was less than \$300 and did not include alcohol or drugs.) No.
- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official? No.
- Have you been charged, convicted, or sentenced of a crime in any court? No.
- Have you been or are you currently on probation or parole? No.
- Are you currently on trial or awaiting a trial on criminal charges? No.
- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation? No.

If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).

A) Date of offense:

a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

- 1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: Yes / No
- 2) Firearms or explosives: Yes / No
- 3) Alcohol or drugs: Yes / No

D) Location where the offense occurred (city, county, state, zip code, country):

E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: Yes / No

- 1) Name of the law enforcement agency that arrested/cited/summoned you:
- 2) Location of the law enforcement agency (city, county, state, zip code, country):
- F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**
 - 1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):
 - 2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:
 - 3) If no, provide explanation:
- G) Were you sentenced as a result of this offense: **Yes / No**
- H) Provide a description of the sentence:

- I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**

- J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**

- K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:

- L) If conviction resulted in probation or parole, provide the dates of probation or parole:

- M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**

- N) Provide explanation:

10. Civil Litigation and Administrative or Legislative Proceedings

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings.

In 2004, in my official capacity I was named in a Washington Metropolitan Area Transit Authority (WMATA) class action suit. This lawsuit did not involve any allegations against me

personally. The allegations preceded my employment at WMATA, and the suit was settled after my departure from WMATA.

<u>Date Claim/Suit Was Filed or Legislative Proceedings Began</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

As Acting Administrator of GSA, I am routinely named as a party defendant in my "official" capacity. None of these actions has resulted in a finding of wrongdoing against me. The fact that I am the agency head is the only reason I am named in the caption. In 2012, I am aware of a US District Court case pending, Occupy Eugene, Florence E. Semple, Terrill E. Purvis v. Wayne C. Benjamin, Regional Director, GSA, Kimberly S. Gray, Associate Director, US GSA, Civil Action No. 6:12v2286-A, where I have been named in both my official and personal capacities in an amended complaint.

Similarly, in 2004, in my official capacity as Director of the Washington, DC Department of Transportation, I was named in a number of employment related lawsuits. These lawsuits did not involve any allegations against me personally and did not result in any finding of wrongdoing against me.

<u>Date Claim/Suit Was Filed</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

Regarding the Occupy Eugene case, I have no personal involvement regarding this case. The plaintiff alleges that 41 CFR 102-74 Subpart D, which regards permitting for use of public spaces upon federal property, is unconstitutional in that it does not provide exceptions for traditional public fora or individuals or smaller groups. As Acting Administrator, the plaintiffs allege I am responsible for the drafting and enforcement of these provisions.

11. Breach of Professional Ethics

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.

No.

<u>Name of Agency/Association/Committee/Group</u>	<u>Date Citation/Disciplinary Action/Complaint Issued/Initiated</u>	<u>Describe Citation/Disciplinary Action/Complaint</u>	<u>Results of Disciplinary Action/Complaint</u>

(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?

No.

12. Tax Compliance

(This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

REDACTED

13. Lobbying

In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).

No.

14. Outside Positions

See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

<u>Name of Organization</u>	<u>Address of Organization</u>	<u>Type of Organization</u> (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	<u>Position Held</u>	<u>Position Held From</u> (month/year)	<u>Position Held To</u> (month/year)

15. Agreements or Arrangements

See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

<u>Status and Terms of Any Agreement or Arrangement</u>	<u>Parties</u>	<u>Date</u> (month/year)

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16. Additional Financial Data

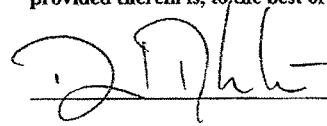
All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

REDACTED

SIGNATURE AND DATE

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

 6/11/2013

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This 11 day of June, 2013



United States
Office of Government Ethics
1201 New York Avenue, NW, Suite 500
Washington, DC 20005-3917

JUN - 6 2013

The Honorable Thomas R. Carper
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Daniel M. Tangherlini, who has been nominated by President Obama for the position of Administrator, General Services Administration.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in black ink, appearing to read "Don W. Fox".

Don W. Fox
Principal Deputy Director

Enclosures - REDACTED

May 9, 2013

Kris E. Durmer
General Counsel and Designated Agency Ethics Official
U.S. General Services Administration
Office of General Counsel
1275 First Street, NE
Washington, DC 20417

Dear Mr. Durmer:

The purpose of this letter is to inform you of the steps that I will take to avoid any actual or apparent conflicts of interest in the event that I am confirmed for the position of Administrator of the General Services.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

If I rely on a *de minimis* exemption under 5 C.F.R. § 2640.202 with regard to any of my financial interests, I will monitor the value of those interests. If the aggregate value of interests affected by a particular matter increases and exceeds the *de minimis* threshold, I will not participate in the particular matter, unless I first obtain a written waiver under 18 U.S.C. § 208(b)(1).

I understand that as an appointee I must continue to abide by the Ethics Pledge (Exec. Order No. 13490) that I previously signed and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in black ink, appearing to read 'DT', with a horizontal line extending to the right.

Daniel Tangherlini
Acting Administrator

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing questionnaire for the nomination of
Daniel M. Tangherlini to be
Administrator, General Services Administration**

I. Nomination Process and Conflicts of Interest

- 1. Why do you believe the President nominated you to serve as Administrator of the General Services Administration ("GSA")?**

My more than twenty years of experience in public sector administration with an emphasis on organizational reform, crisis management and operations improvement combined with my immediate availability as a confirmed member of the Administration team at the Treasury Department, made me a logical choice to take over GSA in the aftermath of the events of last spring.

- 2. Were any conditions, express or implied, attached to your nomination? If so, please explain.**

None.

- 3. What specific background and experience affirmatively qualifies you to be GSA Administrator?**

My work most recently at the Treasury Department organizing and improving administrative functions, combined with my work immediately preceding that as the City administrator of the District of Columbia gave me direct, relevant experience in the work of GSA and the administration of large, complex public sector operations. Combine those two experiences with my other work as Interim General Manager of the Metro system, the Director of the DC Department of Transportation, as well as six years with the Office of Management and Budget, I have gained a deep understanding in agency finance, program planning, operational reform and crisis management.

- 4. Have you made any commitments with respect to the policies and principles you will attempt to implement as GSA Administrator? If so, what are they and to whom have the commitments been made?**

Before this Committee and several Senate and House Committees, I have committed to work tirelessly to improve agency performance, efficiency and transparency.

- 5. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.**

Except as possible related to my financial disclosure information, I believe that there are no issues for which I need to recuse myself at this time.

II. Background of the Nominee

- 6. What specific background and experience do you bring to the various roles of the Administrator? What experiences have you had in managing a large real estate portfolio or in managing large-scale acquisitions, or that are relevant to these two major functions of GSA?**

As stated above, my relevant background and experience has been developed over twenty years of service to the American people in Federal, regional, state and local capacities. My work has always focused on fiscal economy and efficiency and has emphasized the power and value of data to assist decision-making and enhance outcomes. My work over six years of recreating the District Department of Transportation, converting an agency that was seemingly incapable of delivering on its basic mission into one that has served as a role model for creative traffic solutions, energy efficiency and ideas such as bike share, the Circulator and streetcar, seems particularly relevant. The assignment to take over Metro during a crisis in which the management was abruptly replaced and using my tenure to shift the focus to possibility and opportunity also has provided relevant experience to my work at GSA. And, perhaps most useful, was my three years as ASM/CFO at Treasury, where I was able to get a better understanding of the fundamental management challenges and the clear imperative for operational reform and improved efficiency facing Federal agencies at this time.

- 7. What do you view as your major accomplishments since assuming the role of Acting Administrator of GSA?**

The largest accomplishment of the work that I have been part of at GSA over the last year has been moving the focus of the agency from – as this Committee described it in September of last year – scandal to strategy. Bringing a renewed and intense focus on

the agency's core, and incredibly important, mission of delivering value to the American People by improving agency efficiency and economy through leveraging the scope and scale of the Federal Government. We have worked hard to remind our employees and our agency partners of the common sense, business-like approaches that we can use to collaborate and improve outcomes while reducing cost.

III. Role of the Administrator of GSA

8. What do you view as the greatest challenges of the Administrator?

I view as the greatest challenges maintaining organizational focus and intensity; developing partnerships across a broad range of constituencies; providing value; convincing agencies to realize the value that we provide; serving as a role model; motivating a workforce that suffers from reputational slights and challenges; and managing the often conflicting political interests that underlie nearly every decision or choice.

9. Identify, at a minimum, your top three priorities and how you plan to address them.

Working collaboratively with frontline staff and organizational leadership through the Top to Bottom Review process, as well as with external constituencies (such as vendors, agencies, private sector best practice models, associations and other institutions) and input from Congress and relevant Administration stakeholders, we developed six key priorities for moving GSA forward:

1. Delivering better value and savings
2. Serving our agency partners
3. Expanding opportunities for small businesses
4. Making a more sustainable government
5. Leading with innovation
6. Building a stronger GSA

IV. Policy Questions

General Management

10. In your opinion, what is the number one management challenge at GSA right now and how do you plan to address it?

The top management challenge at GSA is the need to build high quality, transparent processes and systems that allow us to consistently manage and continually improve the services we provide agencies and the American people. Through the continuous top-to-bottom reviews of the agency, we have begun the process of addressing this key challenge. For example, we are consolidating key administrative service functions, reviewing information technology systems, and improving reporting processes.

11. Soon after assuming the position of Acting Administrator, you initiated a “Top to Bottom” review of GSA.

a. What are the major changes that you have made to the organization and internal policies of GSA resulting from this review?

One of my first actions was to start a top to bottom review of the entire agency that examined every aspect of how GSA operates and led to a series of common sense internal reforms that have enabled GSA to achieve significant savings over the past year.

Early in 2013, reflecting input and ideas from employees at every level of GSA, we developed a new mission statement to refocus our efforts on our core work of generating savings across the government.

“The mission of GSA is to deliver the best value in real estate, acquisition, and technology services to government and the American people.”

GSA also developed six new priorities to meet its mission. Below are the accomplishments over the past year that reflect these priorities.

Delivering Better Value and Savings

- GSA eliminated nearly 50 conferences and implemented comprehensive internal travel reforms to ensure that all of the agency’s travel and events are limited to necessary and essential functions. In travel alone, GSA saved \$28 million dollars by revising internal travel and conference policies.
- This past fiscal year the agency reduced spending on travel, IT Devices and printing to end the year 43% lower than the FY 2010 baseline for those items.
- Last year, GSA froze per diem reimbursement rates for the first time in a decade. Keeping the federal government’s travel reimbursement rates for lodging, meals,

and incidentals at current levels will help federal agencies save an estimated \$20 million in avoided costs in Fiscal Year 2013.

Serving our Partners

- Over the past year, we put in place new leadership in some of GSA's most important positions, adding to an already exceptional GSA leadership team and making a clear statement about the importance and value of GSA's agency and vendor partners.
- Before and during Superstorm Sandy, GSA secured some 2,100 federal facilities in the path of the storm. After the storm, GSA helped agencies secure needed supplies and services to aid impacted communities and assist agencies in getting back to work.
- GSA is working with federal agencies to help them shift to more modern workplaces and reduce their space needs. This work will create significant savings for taxpayers in reduced rent costs.

Expanding Opportunities for Small Businesses

- In 2012, the Small Business Administration (SBA) recognized the GSA Office of Small Business Utilization with a Leadership Award recognizing their leadership in the small business contracting community.
- During fiscal year 2012, \$1.3 billion in GSA contracts went to small businesses which provided products and services to help agencies meet their missions, 10% over the agency's goal. So far in fiscal year 2013, \$458 million in GSA contracts have gone to small businesses, 3% over the agency's goal.

Making a More Sustainable Government

- GSA is working to develop and install advanced smart building technology in 50 of the federal government's highest energy-consuming buildings. This technology will help us reduce energy consumption and costs.

Leading with Innovation

- GSA is exploring creative approaches to disposing of unneeded federal facilities by trading vacant or underutilized properties for needed capital investments in the federal building portfolio. Our proposed exchanges to date have included: Federal Triangle South, the FBI Headquarters, the David W. Dyer Federal Building in Miami and the Spring Street Courthouse in Los Angeles.

- GSA has made significant progress in transforming its headquarters at 1800 F Street, NW into a highly-efficient, collaborative space that will improve cooperation, mobility, and productivity. The approach will cut costs by reducing our leased space and consolidating employees into one owned building. GSA expects to see the utilization rates increase to an aggressive 136 square feet per person.

Building a Stronger GSA

- The top to bottom review revealed widespread duplication of support services throughout the agency. In response, GSA is consolidating these administrative functions, including IT, HR, and Finance.
- GSA generated more than \$5 million in savings from employee suggestions as part of the "Great Ideas Hunt." This project garnered more than 600 ideas and 20,000 comments.

While GSA has made significant progress over the past year, much work remains to be done. The agency is committed to a continuous top to bottom review process and the implementation of common sense reforms to better meet our responsibilities to the government and the American people.

b. Are there additional changes to the structure or management of GSA that you recommend, and if so, do any of those changes require Congressional approval to enact?

We are continuing to explore changes to the organization that will make it more efficient and effective. In particular, one area is finding ways to make agency processes more consistent and efficient. As we pursue these improvements we may identify areas that require Congressional action or notification. I am committed to working closely with this Committee and other relevant Committees in both houses to identify and implement needed changes.

c. After identifying redundancies and inefficiencies in GSA's structure during your Top to Bottom review, you have undertaken a significant consolidation of activities related to financial management, human resources, information technology, and other acquisition and administrative functions. How should GSA measure the success of these consolidations over time? What evidence of improved performance will you look for to know whether the consolidations have been more than a "moving the boxes" exercise?

First of all, we are evaluating our success by looking at how much we have saved the taxpayers by making these functions more efficient and by reducing overhead. GSA expects to save at least \$200 million over the next decade on this consolidation. Next, we will use performance metrics, such as processing times for common support functions and internal customer service scores to measure program effectiveness and identify areas for potential additional effort.

d. How confident are you that the changes you have made at GSA will prevent the type of wasteful spending exposed by the GSA Inspector General's report on the Western Regions Conference held in Las Vegas in October 2010?

On April 15, 2012, I implemented a new policy on travel and conferences. Under this policy, all travel is suspended unless it meets certain criteria. Only travel for designated GSA operational mission related activities is permitted upon approval of the Regional Administrator or another approving office. Travel may be incurred for a routine management meeting only upon waiver by the Deputy Administrator or Acting Administrator. Travel must be justified and approved, prior to the departure date, by the Head of Service or Staff Office. In addition, conferences must be approved by the Head of Service or Staff Office, Regional Administrator, the Chief Administrative Services Officer, and the Chief Financial Officer before any procurement activity takes place or cost is incurred by the organization sponsoring the event. We also implemented mandatory conference training for all GSA employees.

In addition, we have consolidated financial oversight and operations from PBS and FAS to the Office of the Chief Financial Officer to ensure greater accountability and transparency for all budgeting and expenditures.

Taken together these changes have provided clearer accountability and greatly enhanced transparency that would make the events of 2010 nearly impossible to duplicate. Additionally, GSA staff has become much more aware of and sensitive to the impropriety of such actions and their role and responsibility in reporting any such behavior to leadership and/or the Inspector General.

12. What do you believe is the appropriate role of the GSA Regional Administrators? Do you think GSA's current regional structure – the National Capital region office and ten other regional offices – is the right structure to respond to the needs of customer agencies across the nation while ensuring efficient spending of GSA's own resources in carrying out its missions?

As part of our continuous top to bottom review process we are looking at the various services provided by the two main components of GSA and how those services can be

organized to provide outcomes in the most efficient and effective way possible. As part of those ongoing discussions we are exploring the role that regions play in ensuring local community participation; variations in regional needs, markets and conventions; and ways to enhance process efficiency and transparency. Regional Administrators will play an important and evolving role as we reexamine an operating structure that dates back to the 1950s and largely predates the modern technology and telecommunications era.

13. What steps have you taken to foster a productive working relationship with the GSA Inspector General?

Among the first things I did on my first day as GSA Acting Administrator was to meet with the IG, Brian Miller, and his team to restart the GSA Management/IG relationship. I am proud of the fact that the IG subsequently agreed to co-sign a letter to all GSA employees to encourage them to report anything they see that is illegal or unethical. Since then, I have worked closely with the IG to ensure that our entire agency is working closely with his staff to identify areas of potentially improved efficiency, economy, service and integrity. The IG and I have established a monthly meeting to ensure that we are continually communicating on major issues. I see the IG as a key partner in helping us improve and strengthen GSA.

14. Under what circumstances do you believe direct communications regarding GSA matters between individual GSA employees (including whistleblowers) and Congressional offices is appropriate and desirable? Do you know of any impediments to such appropriate and desirable communications, and are there any steps that GSA has taken or that you believe GSA should take to enable such communications?

I am strongly supportive of whistleblowers using all available avenues, whether the Inspector General or Congress, to report fraud, waste, or abuse. One of my first actions as Acting Administrator was to send a joint statement with Brian Miller, GSA's Inspector General, to every GSA employee stressing the importance of reporting waste and providing information on the IG's hotline.

I believe that open communications between Congress and GSA is critical to effectively accomplishing our mission. I would be happy to work with the Committee on any concerns or suggestions you may have for improving communication.

15. In response to questions from Committee members at the Committee's September 12, 2012 hearing on GSA, you told the Committee that you were

reviewing GSA's performance awards program, including the Senior Executive Service performance management and recognition program.

- a. **What is the status of this review? What actions have you taken or do you plan to take to address the results of this review?**

As you know, we took a hard look at bonuses at GSA. In FY 2013, we cut the budget for Senior Executive Service bonuses by 85 percent – and to date, we have awarded no SES bonus money for FY 2012 performance. Additionally, we have reduced the budget for all other performance awards as well as substantially reduced the types of bonus programs across the agency. We want to ensure that performance awards are being used to reward exemplary public service, and we are developing guidelines to ensure cost savings and efficiency goals are integrated into every employee's job responsibilities.

- b. **In its May 9, 2013 response to the recent GSA Inspector General's report entitled, "GSA Practices for Executive Performance Recognition and Awards," GSA stated it eliminated the Peer 2 Peer awards program. What do you believe should be the appropriate functions of programs offering performance or non-performance monetary award for SES members? With the Peer 2 Peer program having been eliminated, to what extent do you believe that the remaining GSA awards programs that provide either performance or non-performance monetary benefits for SES employees fulfill those functions? Do you believe the remaining programs are necessary, or should they be modified or consolidated?**

I want to ensure that performance awards are only being used to reward exemplary public service. Last year, in response to legitimate concerns over GSA's previous performance awards system, we cut SES performance awards by 85 percent. Going forward, we are pursuing changes to decrease the number of performance award systems and increasing the transparency of those that remain. We recently submitted and received Office of Personnel Management approval for a new SES performance management system that we are implementing for the final quarter of FY 2013 and will use as a foundation for future year executive performance management.

16. **In the GSA IG's Semiannual Report to Congress, October 1, 2012 – March 31, 2013, the OIG highlighted its audit of GSA's FY 2012 Financial Statements. Although no material weaknesses related to financial management systems, internal controls or financial reporting were found by the independent public accounting firm, it did find significant deficiencies in several areas. Those include internal control deficiencies in "financial management systems and financial reporting processes related to the recording of undelivered orders and**

recoveries of prior years' obligations," as well as "in the processing of unfilled customer orders, apportionments and fund controls." Other significant deficiencies were found in GSA's failure to record property disposals when they occurred and inadequate information technology controls over its financial management systems, among other issues. Please provide your assessment of the current status of GSA's efforts to remedy each of these deficiencies in its financial statements identified by the OIG.

I am concerned by any deficiency identified by our Inspector General and am committed to remedying these issues. Based on actions taken and planned, we believe the deficiencies related to Accounting and Reporting of Property and Equipment as well as Financial Management and Reporting are on track to be eliminated. We have made progress on the remaining deficiencies you identify, but do not believe they will be eliminated this year. However, I believe that some of the actions we have taken over the past year, particularly the consolidation of financial functions within GSA's Chief Financial Office, will help strengthen oversight and accountability necessary to make the needed improvements. In addition, I have brought in an experienced new Chief Financial Officer who I am confident will speed efforts to address these deficiencies.

17. GSA is a largely fee-driven agency and therefore it appears most of GSA's budget is unaffected by sequestration.

a. Are you concerned that the budget of the GSA Inspector General (IG) is subject to sequestration while most of GSA's budget is not? What challenges does this create for oversight of GSA, and would you recommend an adjustment to the GSA IG's budget that would better enable the GSA IG office to maintain its workload?

I highly value the work of the GSA Inspector General and have endeavored to develop a partnership with the IG to identify and eliminate waste, fraud, and abuse in GSA. The 2014 President's budget for GSA requests an increase of \$4.553 million in the IG budget to fully fund the required personnel and activities to ensure proper oversight of agency operations.

As with all of GSA's programs and offices, sequestration has required a reprioritization of planned efforts at a time when GSA's services are even more vital to internal customers and its partner agencies. In addition to the Office of Inspector General, GSA has several accounts that are subject to sequestration, such as: Government-wide Policy, Operating Expenses, Former Presidents, Electronic Government Fund and the Federal Citizen Services Fund.

We would be happy to entertain any specific solutions the Committee might have for addressing issues related to IG appropriations.

b. How often do you believe GSA should review and update its fee schedules? What sources would you consult to inform your decision of which fees are appropriate to alter?

We must ensure that our fees strike a balance between collecting sufficient funds to provide services and driving down costs for agencies. In response to GAO and OIG audits, the Federal Acquisition Service (FAS) has developed a set of criteria and methodology for performing in-depth program reviews, including business models and cost and fee structures.

These review efforts have generated proposals such as those put forward in the President's FY 2014 Budget. For FY 2014, FAS is planning a series of fee decreases. For example, FAS plans a reduction in the Assisted Acquisition Services from 3.58% to 3.12%, generating projected savings of \$23 million to partner agencies in FY 2014. The General Supplies and Services portfolio is also planning a reduction in the average markup charged to supply operations customers from 30% to 23%, resulting in projected FY 2014 savings of \$55 million for partner agencies.

Real Property

18. As the government's landlord, GSA has a broad responsibility for effectively managing federal real property. However, GAO has included the management of real property on its High Risk list for the last ten years. What skills and strategies would you bring to bear on this issue that has frustrated multiple administrations?

Improving the management of real property in the Federal government is a major priority of mine. Since being appointed Acting Administrator at GSA, I have looked to use all of GSA's existing authorities to make improvements in the management of our real property, including exploring the use of public-private partnerships to exchange and redevelop GSA's inventory. I believe that we can make further improvements in GSA's management of its real estate, as well as use our expertise government-wide to assist other agencies in making better asset management decisions. In addition, I think we have unprecedented unanimity of opinion in both houses of Congress and the within the Administration that reform is necessary. I believe this cross-branch, bipartisan interest in this subject area provides a rare opportunity for progress.

- 19. GAO has reported extensively on the longstanding problem of excess and underutilized property across government. In recent years, legislative proposals to address the root causes, brought forward by the Administration and Congress, have not been enacted. How would you harness GSA's governmentwide leadership role in real property issues to reach a consensus among stakeholders on a reform framework? Are there specific changes you would recommend to facilitate the sale or reuse of excess or underutilized properties?**

GSA is working with agencies across government to help them increase their space utilization rates and assist them with portfolio planning efforts. I also see GSA playing a greater leadership role through a variety of avenues, including existing working groups like the Federal Real Property Council. Finally, I believe that our real property expertise can be used to provide useful data and technical assistance to evaluate reform proposals and help achieve better policy outcomes. I hope to work with this Committee on meaningful real property reform efforts that generate agency savings as well as reinvestments in our real property assets.

- 20. In most cases of large, long-term need for property, research has shown that ownership is more cost effective than leasing. However, GSA's overreliance on costly leasing has continued to increase in recent years – GSA now leases more property than it owns.**

- a. What could GSA leadership do to reverse this trend and provide better value to the taxpayer?**

I agree that ownership is often more cost-effective than leasing for long-term Federal needs. My experience so far suggests that the biggest hurdle to tackling this issue is the disconnect between Federal Buildings Fund rent revenue and asset reinvestment. If it were allowed to work as designed, the Federal Buildings Fund is a self-funding program that uses market-based rent charges from tenants in Federal Buildings to support a program of repair, renovation, replacement, construction and purchase. I hope to work with this Committee and other Committees of jurisdiction in Congress to tackle this significant challenge of reestablishing the integrity of the Federal Buildings Fund program.

- b. What do you believe should guide decision-making for leasing versus ownership of property and what strategies would you use to achieve that balance?**

I believe that cost-benefit analyses should guide decision-making for leasing versus ownership of property. Unfortunately, in recent years and due to severe budget cuts, GSA's Federal Buildings Fund has not had access to the revenue it collects to make

needed repairs and construct new buildings that will save taxpayers significant amounts of money over time.

21. GSA's National Broker Contract (NBC) program has been in place for several years. What experience have you had with ensuring that large services contracts, such as the NBC program, have the necessary safeguards in place to ensure that the government's interests are well protected?

The National Broker Contract (NBC) is a no-cost, commission-based contract program. We are looking at the effectiveness of the program and the way we utilize it through a broader assessment of the leasing program through our continuous top to bottom review. Overall, the leasing program could benefit from enhanced process review and streamlining, automation and standardization. By extension the NBC program could be more uniformly managed as part of an improved leasing program.

22. Investing in preventative maintenance in buildings requires strategic vision – small repairs today prevent catastrophic problems later. However, cyclical and routine maintenance are often among one of the first things cuts during periods of austerity like we face today. Do you have a plan for how GSA could keep an eye on tomorrow while meeting the budget demands of today? What would you recommend to Congress regarding changes to existing law or regulations to address GSA's repair backlog?

I agree that preventative maintenance is critical and saves money by avoiding larger subsequent repair, replacement or reconstruction costs. A common industry benchmark indicates that \$1 of preventative maintenance can save \$4 to \$5 of major repair later on. We have heavily prioritized repair projects in our capital planning, and hope to have access to the revenue in the Federal Buildings Fund that would allow us to make these crucial repairs and alterations.

23. As Administrator, what steps would you take to promote energy efficiency in federal buildings? Are there actions you believe GSA could take in the area of energy consumption/green buildings that could serve as a model for other agencies?

Improving the energy efficiency of GSA's buildings is an important step in reducing the long-term operating costs of the Federal government and meeting the energy reduction goals outlined in statutes and Executive Orders.

When renovating and repairing our inventory, we look to install new, energy-efficient equipment. We also make assessments of the performance of energy-efficient

technology, and share these findings with other government agencies so they can also make use of this data.

In addition, GSA has also used public-private partnerships such as Energy Savings Performance Contracts (ESPCs) to install new, energy-efficient equipment paid back through the energy savings that are achieved. We have committed to pursuing ESPCs on 30 buildings comprising 17 million square feet of space in our inventory through our Deep Retrofit Challenge.

- 24. As you know, GSA and the Department of Homeland Security have, together, spent over \$1 billion on building a consolidated headquarters for the Department of Homeland Security at the St. Elizabeths campus, and the U.S. Coast Guard will move into its headquarters on the campus later this year. In addition to increasing the operational effectiveness of the Department – which currently is scattered at over 50 sites in the National Capital Region – the project would allow the Department to reduce its footprint in costly leased facilities. However, delays caused by scarcity of funds have increased the projected cost of the project by approximately \$600 million. Given the constraints of the current fiscal environment, what ideas do you have to keep this project on track to prevent further cost escalations, and to reduce the Department's reliance on increasingly expensive short-duration leases?**

I agree that the consolidation project at St. Elizabeths would increase the operational effectiveness of the Department of Homeland Security. It would also consolidate millions of square feet of space currently leased to Federally owned space, saving money over the long term. I share your concern over the continued delays to the project due to budget constraints.

GSA and DHS are committed to moving forward with this critical project, and in FY 2014 GSA has requested \$261 million to renovate the Center building to move the Secretary to the campus. We have also worked together to re-baseline the project to move forward in what we hope are more manageable funding segments.

- 25. What experience do you have managing revolving funds? Do you think this type of fund is an effective tool for GSA to manage its real property investments? Why?**

As Acting GSA Administrator since April of last year, I have worked with GSA's revolving funds. Additionally, as CFO of Treasury, I gained familiarity and worked on issues associated with revolving funds in that agency. I have had several other work-related experiences with governmental revolving fund mechanisms. Given these

experiences, I do believe that a true revolving fund can be an effective tool for managing real property investments. The Federal Buildings Fund (FBF) is designed to function like a private sector real estate firm's investment fund, with revenues collected used to fund the expenses of purchasing, building, operating, repairing, and maintaining buildings. The requirement for agencies to pay rent also forces budget discipline that can help ensure that agencies look for ways to reduce their real estate costs. By ensuring that rents are market based, the FBF also ensures that we are constantly trying to strike the right balance between owned and rental property, with neither receiving an unfair competitive advantage.

Unfortunately, the FBF has not been funded in a manner consistent with its revenue collections, diluting its effectiveness and delaying smart, common-sense investments in the inventory. In this sense, the FBF has not operated as a true revolving fund, forcing agencies to pay market rental rates for which they have not received market-level rates of reinvestment. I hope to work with this Committee and other Committees in Congress to restore funding integrity for this crucial fund.

Acquisition

26. What steps do you think could be taken to strengthen the use of competition under interagency contracts awarded by GSA?

I have learned over the last year that there is an uneven level of understanding from agency to agency about what GSA contracts are available, how to use them, and how to get best value from their use. Competing an agency need between schedule vendors is the best way to quickly and efficiently get a good price and value for an agency. We have been working through the Chief Acquisition Officer Council, the Federal acquisition Institute and on an agency-by-agency basis to improve understanding about how to get the best value from GSA Schedules.

At the same time, I have been working with leaders at other agencies to show that GSA services and contracts can help agencies achieve savings, improve the services delivered to them, and improve their small business participation. For example:

- Using GSA schedules is up to 50% faster for an agency than going open market.
- GSA-leased vehicles are cheaper per mile than agency-owned vehicles, and also allow agencies greater visibility into their vehicle program.

- GSA's strategically sourced solutions are 10-20% cheaper than how most agencies purchase today.
- GSA's new contract for wireless plans and devices will save \$300 million over five years and allows an agency to identify and shut down lines with zero usage, pool minutes like any family plan, and receive an inventory of their devices. Until now, wireless purchasing has been fragmented among multiple buying channels resulting in individual bureaus, departments and operating divisions across the government managing more than 4,000 wireless agreements and 800 wireless plans from various carriers.
- GSA solutions also help an agency meet their small business goals, as eighty percent of GSA schedule holders are small businesses. An example where good prices and small business participation intersect is the strategically sourced office supply solution for office supplies. This solution has generated a 15% reduction in price while 76 percent of dollars went to small businesses.

27. Across the government, agencies have negotiated duplicative contracts for the same or similar services. As a result, the government, as a whole, spends more than it should on contract administration costs and loses out on the opportunity to leverage the buying power of the federal government. One way agencies could increase the efficiencies of their operations – especially in light of sequestration – would be to make greater use of available governmentwide contracting vehicles, including those awarded and managed by GSA.

a. What steps would you take to ensure that contracts awarded and managed by GSA truly represent the best value to federal agencies, so that agencies can harness real cost savings?

GSA is committed to helping agencies make sound resource decisions. For example, the Schedules program reduces duplicative contracts and prevents agencies from having to sift through redundant offerings. Additionally, GSA's office supplies strategic sourcing vehicle requires contractors to report transactional data on all program sales, which allows us, for the first time, to have a detailed understanding of agency spending behavior. Over the last several months, GSA used this data to show contractors their pricing item by item, compared with their competitors. This empowered office supply contractors to understand their competitive position, and in many cases go back to their suppliers and strike better deals. After GSA shared this data, every one of the contractors reduced prices. We believe that by getting more and better data, we can use it to drive better pricing and increased value.

b. What steps are you taking to market GSA's contract vehicles to other agencies? What is GSA's message about the value it can provide other agencies?

Last year I began a round of meetings with agency Secretaries, Deputy Secretaries or Administrators to discuss ways in which we can more affirmatively collaborate. Among the topics is an analysis of each agency's use of schedules and opportunities to expand and improve cooperation. At the same time we are meeting with agencies across government at the program and acquisition staff level to listen to their concerns about using GSA's services so that we can better understand their needs and teach them about the vast array of procurement solutions GSA has to offer. We are now using agency feedback to reevaluate our offerings as well as working with them to achieve their contracting goals. Using agency data, GSA has shown that our solutions are more efficient in both cost and price terms.

c. What do you think are the main reasons that agencies often choose to negotiate their own contracts rather than use contracts negotiated by GSA?

Often agencies believe their requirements are unique and cannot be procured through GSA solutions. However, that is generally not accurate. GSA offers a wide range of solutions through its schedules, government-wide acquisitions (GWACs) and strategic sourcing solutions. GSA creates these solutions through a team of agency acquisition professionals across government to ensure we are meeting their needs. We are exploring ways to make agency leadership and acquisition professionals more aware of the cost of replicating existing, available vehicles. In addition, we are developing a continuous reporting framework to provide agency leadership with feedback on agency use of GSA vehicles and the available opportunities to reduce workload and save time in both developing contracts and fulfilling the agency need.

28. Strategic sourcing involves the analytical assessment of needs across the government, or across an agency, followed by the negotiation of contracts that provide discounted prices based on volume purchases. As a whole, the federal government is the largest purchaser of goods and services in the country. However, last fall, the Government Accountability Office (GAO) released a report (GAO-12-919) showing that instead of leveraging the buying power of the whole government, agencies act more like many unrelated, medium-sized businesses, relying on hundreds of separate contracts for commonly used items, paying prices that vary widely. A related GAO report issued this year (GAO-13-417) highlighted leading procurement practices at seven large U.S. companies. GAO found that these companies reported savings of four to fifteen percent over prior year spending through aggressive use of strategic sourcing.

a. What steps are you taking, in coordination with the Office of Federal Procurement Policy, to create new opportunities for strategic sourcing in the federal government?

At a time when every federal agency is feeling the effects of tightening budgets, GSA's mission to deliver value to our partners and the American taxpayer is more important than ever. This is why, over the next two years, GSA will create ten new government-wide strategic sourcing contracts for a range of products and services commonly purchased by federal agencies – including cleaning products, tools, and wireless devices. This effort will save hundreds of millions in taxpayer dollars and deliver the best value to agency customers.

b. What should be GSA's role in measuring savings under strategic sourcing initiatives? How much do you believe GSA can save? What processes need to be in place to ensure that small- and medium-sized businesses have ample opportunity to participate in strategic sourcing initiatives?

In collaboration with OMB, GSA provides data and regular reporting to agencies that track the savings from strategic sourcing. For instance, the Office Supplies 2 strategically sourced solution resulted in direct savings of \$88.7 million on spending of \$607.9 million through April 2013. Moving forward, we will be increasing the transparency of prices paid for common goods and services for use by agency officials in market research and negotiations. GSA estimates the potential savings from strategic sourcing at \$1 billion annually when all ten solutions are in place and agencies are fully participating.

Strategic sourcing solutions need to be built to ensure opportunities for small and medium size businesses. We believe that we have been able to both make progress in improving value to agency partners through strategic sourcing while maintaining small business participation. In the case of the office supplies vehicle, over successive recompetes, we have been able to drive down prices, reduce price variation, maintain small business participation and increase small business volume to 76% of spending.

c. What data should drive decisions about strategic sourcing and how should that data be collected?

Data on agencies' spending patterns is critical in order to leverage purchasing power, reduce cost and improve overall performance. For each strategic sourcing vehicle we are developing, we organize a team of agency representatives and follow a structured and collaborative process to collect and analyze relevant data on pricing, volumes and specific items purchased.

29. In your September 2012 testimony before the Committee, you indicated that you would review the level of fees that GSA charges other agencies under its “Industrial Funding Fee” for use of contracts under the GSA Multiple Award Schedule program. An audit issued last year by the GSA Inspector General found that as of September 2009, the revolving fund where the fees are deposited had reserves of \$687.5 million.

a. What’s the status of this review? If completed, what were the findings?

I am still reviewing the status of the level of fees associated with the fund. I am examining various proposals and look forward to receiving your input on the matter.

b. Does the Acquisition Support Fund currently hold excess reserves? If so, what is the amount of reserve funding available?

The Acquisition Support Fund (ASF) was designed by Congress to both develop and retain funds to ensure funding is available to operate self-funded acquisition services as well as make necessary capital and development investments in technology, infrastructure, or new service offerings. In addition, reserve funds are used to provide working capital for lease replacements, such as fleets, and we are now exploring information technology and furniture lease offerings. Similar revolving or franchise funds that I have experience with from other agencies are also permitted to retain earnings for reinvestment and cash management purposes. We are committed to a rolling six-month review of balances, performance of funded capital projects and cash demands against the fund in order to set the right level of funding and return any unneeded funds as either reimbursements to the Treasury or reduced pricing for agency customers going forward.

c. For what purposes are these fees used within GSA, beyond the recovery of costs directly associated with the Multiple Award Schedules program? What do you plan to do with any available reserve funds?

The ASF is largely used for cost recovery and maintenance of Schedules. The funds have also historically been used to fund IT investments and other programs that would support greater efficiencies in the program.

As part of my reforms, I put in place new leadership at FAS, and have asked that they review the use of the fund and determine the appropriate levels, as well as identify any investments needed to improve the value delivered in acquisitions to partner Federal agencies.

d. What do you believe is the appropriate process for GSA to set fees for its acquisition services that are not unnecessarily high, and are you confident that such a process is in place?

As I noted last September, I believe it is appropriate to look at the fee structure in place in GSA's acquisition services and assess whether the levels are appropriate for cost recovery and future investment.

I put in place new leadership at FAS and they have been tasked with continuing to explore this issue. Part of this analysis will include a continual assessment of agency concerns and levels of satisfaction. In addition, a relentless focus on programmatic cost reduction should provide us the ability to reduce our fees and improve pricing overall.

30. The GSA IG noted in its March 2013 update entitled, "Major Issues from Multiple Award Schedule Preaward Audits," that commercial sales practices (CSP) disclosures are not current, accurate and/or complete. As a result of this deficient information, "over two-thirds of vendors [examined by the IG] provided contracting officers with flawed commercial sales practices (CSP) information which adversely affected the contracting officers' determination of fair and reasonable pricing for those contracts."

a. What has GSA done to determine the scope of this problem beyond the contracts that the IG audited to determine the extent to which GSA has paid unreasonable prices, which are unnecessary expenses that are ultimately borne by the taxpayers?

There have been several recent audits addressing different challenges across the MAS program. I appreciate the dedicated work of GSA's Inspector General, and share his focus on ensuring efficiency and cost savings.

In response to this March 2013 audit, the Federal Acquisition Service (FAS) initiated over 400 compliance assessments of vendors within 30 days of the release of the report. The risk-based assessment spans the range of issues covered in the IG report to determine compliance with all contract terms and conditions, including the commercial sale practice (CSP). The assessment will be complete by September 30, 2013.

As FAS began its assessment, it issued two instructional letters to the FAS contracting workforce to ensure compliance, as well as the appropriate documentation, around the procurement actions highlighted in the IG report. I've also mandated training for the FAS contracting workforce on contract award and administration, to include CSP procedures.

There is still more work to be done, and I look forward to working with GSA's Inspector General and this Committee on other improvements that can be made.

- b. In evaluating FY 2011 contracts, the GSA IG noted some improvements over FY 2010 in the CSP disclosures, but the IG nonetheless found continued problems. Since assuming your role as Acting Administrator, what steps have you taken to remedy GSA's use of flawed CSP information to set contracting officers' contract pricing determinations?**

In addition to the actions listed above, we are writing stronger language into our contracts that would require contractors to fully disclose their commercial sales practices prior to consideration and failure to do so will result in disqualification from consideration for an award

- 31. The GSA IG reported in its March 2013 update entitled, "Major Issues from Multiple Award Schedule Preaward Audits," that "GSA customers were overcharged for professional services" because the employees providing these services "did not have the minimum educational and/or experience qualifications proposed by the vender and required by their contracts." In fact, the GSA IG states this problem grew between FY 2010 and FY 2011.**

- a. What has GSA done to determine the scope of this problem beyond the contracts examined by the IG?**

As previously described, the 400 compliance assessments of vendors that has been initiated will include a review of professional services pricing.

- b. The GSA IG states this problem "has not shown improvement from FY 2010." Assuming this is accurate, please explain why there has been no improvement. What steps have you taken to ensure that vendors under GSA contracts provide labor that meets the qualifications provided for in the contracts??**

In addition to the additional training and compliance assessments underway, I have put in place new leadership at FAS and tasked them with reviewing these and other issues with the MAS program.

- 32. Do you believe the current Multiple Award Schedule (MAS) system promotes or diminishes competition? Why? What steps could be taken to improve competition under MAS contracts?**

We believe that MAS presents an opportunity for vendors and agencies to compete. GSA's e-Buy site, which allows agencies to request submissions of quotes for goods

and services offered through our solutions, promotes competition by automatically ensuring compliance with the Competition in Contracting Act.

When competing, we also want to particularly ensure opportunity for small businesses. We have done that successfully through the small business set-aside under the Multiple Award Schedules program, which came about as a result of section 1331 of the Small Business Jobs Act of 2010. Since April 1, 2012, through GSA's e-Buy system, we have set aside 15,942 Requests for Quotation (RFQ) (more than 19 percent) for small business. For the month of April 2013, we set aside 22.5 percent of all RFQs -- great progress as the buying season kicks into high gear.

Moving forward, GSA is on track to double the number of acquisition employees across government trained in how best to use the GSA schedules -- from 8,000 to approximately 16,000. GSA's training ensures the acquisition workforce knows how to use the schedules to promote competition to the greatest extent possible.

33. Do you believe there are any needed reforms that should be made to the GSA Schedule process? If yes, please provide examples of reforms you plan to implement, should you be confirmed. If no, please explain why no changes are necessary.

I want to make the schedules easier to use for our agency and vendor customers. The current process by which vendors register, information is accessed by our customers, and even the way information is displayed through GSA Advantage, can be too complicated. Further, the GSA schedules must be more flexible to meet the needs of our agency customers. I also want to focus on lower priced consolidated buying, such as the recently awarded contracts for wireless devices and plans that allow agencies to purchase standardized bundles of voice and data service. This type of buying capitalizes on the vast pool of potential buyers across government.

34. In its FY 2011 memorandum on MAS preaward audits, the GSA IG recommended over \$240 million in cost avoidances and FAS contracting officers concurred with these findings and agreed to use those findings to establish pre-negotiation objectives. However, in its March 2013 update, the GSA IG states GSA "only achieved savings for 36 percent of this amount." What is GSA doing to address the gap in its agreement with 100 percent of recommended cost avoidances and its achievement of only 36 percent of this amount?

This is one of the elements under review as part of GSA's risk-based assessment, and I have asked new leadership at FAS to focus on these concerns. As initial steps, we

believe we need to put in place stronger pre-award documentation requirements and improve information sharing with the IG.

- 35. In a recently released report (June 4th) entitled, "Improper Management Intervention in Multiple Award Schedule Contracts," the GSA IG found there was "improper Federal Acquisition Service (FAS) management intervention in Multiple Award Schedule (MAS) contracts [which] resulted in inflated pricing and/or unfavorable contract terms, and undermined the authority of contracting officers." This finding and the supporting evidence are very disturbing. In GSA's official response to the IG, the Commissioner of FAS outlined several steps he is taking to reinforce the importance of integrity in the procurement process within FAS. He also indicated that he is conducting a review of the contracts at issue to determine whether they should be renegotiated and/or cancelled, and he indicated personnel action has been taken against a supervisor. What other steps are you taking personally to remind GSA employees that contract decisions must be made on the basis of what is best for the taxpayer? What additional protections are necessary to prevent undue interference with the integrity of contract negotiations?**

Since I arrived at GSA, I have made clear that decisions must be made based on what is in the best interest of the taxpayer. I am very troubled by the findings in the report and commit that we will take whatever actions are necessary to prevent undue interference with the integrity of contract negotiations.

I have asked my new FAS Commissioner to take all appropriate action against any officials responsible for this as well as oversee a review on whether any contracts should be renegotiated. In addition, I have asked our Chief Acquisition Officer and FAS Commissioner to co-lead a review of procurement authority and practices and make recommendations on any needed changes in policies or processes.

- 36. As you know, the GSA "System for Award Management" is failing to meet the program's original promise of a seamless consolidation of the numerous databases related to federal contracts. Early last year, GAO reported that the cost of the program had already escalated by \$85 million, and the roll-out of the first phase of the system was characterized by extensive technical problems, many relating to the underlying software. It is clear that the original, long-term plan for this project is unsustainable.**

- a. What role are you playing in getting this project back on track? How do you plan to address any uncompleted phases?**

The actions I have taken so far include moving SAM operations out of a policy focused section of GSA to FAS, which has the experience in systems operations and project management necessary to manage a system on SAM's scale. Additionally, GSA's CIO is now an active partner in helping clarify the technical and structural planning implications a government-wide solution like this entails. I have charged FAS and the CIO to conduct an in-depth analysis of SAM from top to bottom and report out options for SAM's future state.

b. What is the status of an analysis of alternatives that would provide a realistic path forward for reducing duplication in the federal procurement databases and increasing their ease of use for federal officials, the contracting community, and the general public?

I have charged FAS and CIO to conduct an in-depth analysis of SAM from top to bottom and report out options for SAM's future state. I am currently examining a number of alternatives about how best to address the path forward. Our ultimate goal for SAM is a system that saves money, increases flexibility, enhances transparency and enables our customers to be more productive.

37. Federal contracting officers would be better prepared to negotiate with contractors if they had better information on prices paid across the government for the same or similar products or services. What steps do you plan to take to increase the transparency of prices paid for common goods and services for use by agency officials in market research and negotiations? What kind of pricing data should GSA collect about purchases made through GSA contracts, particularly at the transactional level?

Using the purchasing power of the federal government can reduce acquisition time and costs for our agency partners, enabling them to focus on their core missions. For example, the Federal Strategic Sourcing Initiative (FSSI) for office supplies requires contractors to report transactional data on all program sales. This level of financial information collection provides GSA, for the first time, a deep view into agency spending behavior. Over the last several months, GSA has used this data to show contractors their pricing item-by-item, compared with their competitors. This empowered FSSI Office Supply contractors to understand their competitive position, and in many cases go back to their suppliers and strike better deals. After GSA shared this data, every one of the OS2 contractors sharply reduced prices, reflecting a savings of over \$12 million.

In addition to FSSI, GSA is participating with other federal agencies to better understand the federal spending profile and identify buying strategies that will drive efficiency and transparency to improve market research and the government's

negotiating position. The value of this type of business intelligence has long been recognized by the private sector as a key to reducing inefficiency and delivering better results.

38. What should be GSA's role in ensuring that agencies do not pay compensation for contractor employees that exceed competitive market rates in the private sector, or that agencies do not unnecessarily contract for services that could be performed more efficiently in-house?

GSA's role as the government's acquisition agency for the federal marketplace is to lead the way in ensuring that government pays a fair and reasonable price for goods and services. GSA's Schedules program is built around providing commercially available products and services to federal customers; in doing so, acquisition professionals consider multiple sources of information to make a fair and reasonable price determination, such as comparing prices for similar products and services available on the open market. Moreover, GSA uses its extensive purchasing power to identify common requirements for multiple federal agency customers and is able to drive down pricing. A key example is GSA's recently established Federal Strategic Sourcing Initiative for wireless devices.

When contracting for services, agencies are required to perform an analysis to determine whether or not the function to be contracted out is inherently governmental, as well as whether the activity could be more efficiently performed in-house, consistent with the requirements of OMB Circular A-76, "Performance of Commercial Activities." GSA's role, through the Federal Acquisition Institute, is to provide training in these areas as well as in other acquisition requirements, to the Federal acquisition workforce. GSA ensures that risk management controls are in place -- such as periodic review of scopes of task orders -- for contract vehicles such as the GSA Schedules to minimize risk that agencies utilize contracts for inherently governmental services.

39. In 2007, GSA awarded contracts under its Networkx program to provide a new suite of telecommunications contracts for federal agencies. Networkx replaced a set of contracts that expired in June 2010. However, on the eve of that date, less than half of federal communications services had been transitioned to the new Networkx contracts. As a consequence of those delays, GSA had to negotiate sole-source bridge contracts with existing providers to ensure continuity of services at many agencies. Also, during those delays, agencies missed out on savings that they could have achieved by switching to lower-cost services under Networkx.

a. What steps are you taking to learn lessons from the slow transition to Networkx?

GSA has investigated what happened with this contract and we now have in-depth analyses, including recommendations from a soon-to-be-released GAO report, to help us be successful in the next iteration, Network Services 2020 (NS2020). Along with other planning activities, we have already begun reaching out to agency stakeholders to get their buy-in, which is crucial for a successful, timely transition. The Committee's input in preparing for NS2020 is welcomed, and I look forward to working with you.

b. The next suite of telecommunications contracts that will replace Networkx will need to be in place in 2020. What is GSA doing now to plan for post-Networkx contract options for agencies?

Although Networkx's contract was negotiated and began implementation before my time at GSA, moving forward, I want to ensure flexible options for agencies to optimize their needs in order to save time and money. In looking toward next steps, it is apparent that GSA needs to do a better job preparing agencies, big and small, for an appropriate transition period.

40. Last year GAO released a report on the role of Chief Acquisition Officers across the government (GAO-12-792). The Chief Acquisition Officer (CAO) is supposed to be the senior political appointee responsible for an agency's acquisition management and ensuring that the agency complies with procurement regulations. GAO reported that since the creation of the CAO position by Congress in 2003, GSA has had 10 different CAOs. Furthermore, GAO's findings showed that the role of the CAO at GSA is unclear. What steps, if any, have you taken to clarify and strengthen the role of the CAO in GSA?

GSA's CAO plays a critical role in both improving GSA's internal procurement operations as well as driving greater value to our agency customers and taxpayers through cost-effective, high-value contracts. The CAO is helping to drive the expansion of GSA strategic sourcing solutions across government, and is leading the effort to identify savings opportunities for agencies.

41. This year GAO removed interagency contracting from its High Risk list of government operations that are extremely vulnerable to waste, fraud, abuse or mismanagement. GAO noted that Congress, OMB, and agencies have created new policies to govern the creation and use of inter-agency contracts and have increased management controls over these contract vehicles. However, GAO also cautioned that removal of interagency contracting from the High Risk list does not mean that use of these contracts is without challenges, and continued management attention is needed. Given GSA's central role in interagency contracting, what steps do you intend to take to ensure that agencies address the

risks associated with interagency contracts, and to ensure that interagency contracts are used appropriately to streamline the procurement process and leverage the buying power of the government?

GSA has partnered with the Federal Acquisition Institute (FAI) and the Defense Acquisition University (DAU) to produce comprehensive training on effective and responsible use of interagency contracts for the federal acquisition workforce. The training covers the life-cycle of such procurements, from planning through administration and close-out. This training reinforces the new rules that GSA, as a member of the FAR Council, put in place to address GAO concerns. While we are very pleased that the GAO recognized these efforts and removed interagency contracting from their High Risk list, we appreciate that continued management attention is needed. GSA has guidance online for agencies and will continue to work with FAI and DAU to refine and adjust training as needs change. We are working with federal agencies to deepen our understanding of the federal spending profile so that we can elevate the management of common goods and services bought across the federal government, which we expect to produce even greater transparency and accountability.

42. Do you believe all major GSA operating divisions are currently maintaining the appropriate level of overhead costs? Why or why not?

I believe that we can more aggressively and affirmatively reduce the cost of overhead throughout GSA and its programs. Overhead cost reduction and improved accountability and transparency motivated my decision to consolidate finance, human resources, IT and administrative service functions under their respective Chief (e.g. Chief Financial Officer). This is the first step along the road toward streamlining and standardizing processes and reducing overhead expense as well as the cost redundant administrative activities imposed on programs.

The efficiencies gained from this reform are projected to save more than \$200 million over the next ten years, and I am encouraging all divisions to continue to find ways to further reduce their operating costs.

E-Gov and Information Technology

43. The Federal Risk and Authorization Management Program (FedRAMP) provides a government-wide standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. While several companies have been granted an "Authority to Operate" under the FedRAMP security requirements, there are currently dozens more that are waiting to be approved by the Joint Authorization Board. If confirmed, what steps would you

take to ensure that the FedRAMP process is running smoothly and that cloud service providers are able to go through the process in a timely manner without sacrificing thoroughness and security?

I appreciate the Committee's recognition of the challenge we face regarding balancing speed and thoroughness of the vetting process. FedRAMP's 'do once, leverage many times' approach will reduce the time it takes agencies to adopt new, secure cloud IT capabilities. We are engaging agency stakeholders and industry to educate them about FedRAMP's process and benefits. We feel we are making progress in helping industry understand the level of readiness necessary to go through the vetting process and in helping agencies understand their options.

On June 6th, FedRAMP issued two new Joint Authorization Board (JAB) provisional cloud security authorizations to HP and Lockheed Martin. These Infrastructure as a Service offerings join the cloud offerings by Autonomic Resources and CGI Federal under JAB provisional authorities to operate (ATO). Additionally, in May 2013, the Department of Health and Human Services (HHS) granted Amazon and US East / West offerings each an agency ATO using FedRAMP requirements.

We believe these new offerings will build a critical mass of certified vendor choices for agencies as they transition to the cloud. Agencies will be able to review the full provisional authorization packages of these options as well as the independent assessment conducted by a FedRAMP-accredited Third Party Assessor Organization (3PAO) for their own agency specific security authorizations through the FedRAMP secure repository.

The President's FY 2014 budget request includes a request for \$20.1 million for GSA's Electronic Government Fund, which will include support for the FedRAMP program. I look forward to updating the Committee on the progress of this program moving forward.

44. In accordance with section 8(e) of Executive Order 13636, GSA and the Department of Defense, in consultation with the Department of Homeland Security and the Federal Acquisition Regulation Council, are required to make recommendations on the feasibility, security benefits, and relative merits of incorporating cybersecurity standards into acquisition planning and contract administration. What steps can be taken to harmonize existing procurement requirements related to cybersecurity?

GSA is leading an interagency Working Group developing recommendations about improving cybersecurity and resilience through acquisition. The Working Group includes

subject matter experts in acquisition and cybersecurity from GSA, DOD, DHS, OFPP, and NIST. The group has also received significant assistance from the intelligence community. Within the 120 day timeline, the Working Group has conducted extensive outreach with the stakeholder community through numerous engagements with industry associations, individual companies (large and small), academia, public conferences and symposia, and a published request for information (RFI) from the public. As a result, the recommendations reflect a broad perspective relevant to all critical infrastructure sectors. A draft report is currently under review by the agencies and industry; this draft will be refined using the input from stakeholders and the RFI responses, and submitted to the President in June. The report addresses the need to institute baseline cybersecurity requirements in acquisitions, improve training in the acquisition workforce, develop cybersecurity definitions for federal acquisitions, institute a cyber risk management strategy, require purchases from trusted sources as appropriate, and increase government accountability for cyber risk management.

I look forward to updating the Committee on this topic.

45. Do you support additional training for an IT acquisition cadre? Why or why not?

The IT acquisition cadre is a critical part of the federal acquisition workforce, which is why I am very appreciative of this committee's work to pass the Federal Acquisition Institute Improvement Act. In this time of budgetary constraint, we must ensure that acquisition training, planning and delivery is done in the most efficient manner. Working with OMB and our agency partners, FAI has made significant progress in improving collaboration across agencies in the development of training requirements, courses and career management. We would be happy to explore what additional training FAI can offer to support improved capabilities for acquisition staff that specializes in IT and IT services. At the same time, GSA maintains one of the most experienced IT acquisition cadres in the teams that both work on the IT schedules as well as those that provide Assisted Acquisition Services (AAS) to agencies. Expanded use of these resources by agencies could help fill some of the skills and experience gaps that agencies may be experiencing.

46. GSA annually spends more than \$425 million on 25 major IT projects. The IT Dashboard shows that six of these investments require management attention. What does GSA do to manage troubled IT investments?

Ensuring effective management of IT investments within GSA is a high priority for me. The GSA CIO provides me on a bi-weekly basis a status of all critical IT projects and investments within GSA, identifying any critical items that may require management intervention.

The GSA CIO's top to bottom review also highlighted the need to provide better oversight and controls over GSA's IT investments through consolidation of all IT functions under the purview of GSA's CIO. This consolidation is underway, and all major IT offices within GSA now report to the Agency's CIO. This work will provide better oversight and decision making over IT investments and projects moving forward, and will reduce duplication and redundancy across GSA.

Additionally, the CIO, Chief Acquisition Officer, Chief Financial Officer, and Chief Administrative Officer must approve any IT investment over a certain amount. We also developed an "IT spend tracker" to track critical information for all investments over this threshold.

Finally, the GSA CIO's office works closely with the OMB eGov office to conduct TechStat sessions for troubled investments, bringing together key management stakeholders for affected investments to determine a path forward, including consideration for whether further investment in the initiative should be stopped. For example, most recently, through a series of TechStat sessions for the troubled SAM/IAE investment, GSA established a new management team to oversee the SAM program with the appropriate expertise and capabilities to succeed, and has developed a new path forward that will provide better services to the SAM system stakeholders and reduce projected costs by roughly \$100M over ten years.

47. How do you envision GSA's role in helping agencies transition to the cloud?

GSA strives to be both a leader and a trusted business-partner in helping federal agencies transition to the cloud. In accordance with the Administration's Cloud First policy, GSA was among the first agencies to transition major business functions to the cloud. Our cloud-based email and collaboration platform provides GSA significant cost savings as well as improved security, mobility and performance. GSA's first-hand knowledge of transitioning to the cloud has benefited our partner agencies as we are able to share our experience and lessons learned. We also help agencies comply with requirements and guidelines for moving to the cloud. Our cloud IT services provide convenient, on-demand access to a shared pool of computing resources that can be quickly and easily configured, provisioned, and released.

Another way GSA is helping agencies transition to the cloud is through the Federal Risk and Authorization Management Program (FedRAMP). FedRAMP is a government-wide program that provides a standardized approach to security assessment, authorization, and continuous monitoring for cloud products and services. This approach uses a "do once, use many times" framework that saves cost, time, and staff required to conduct

redundant agency security assessments. This program is an innovative policy approach for developing trusted relationships between Federal agencies and cloud service providers. The goal of the program is to reduce duplicative efforts, inconsistencies and cost inefficiencies associated with the current security authorization process. FedRAMP establishes a public-private partnership to promote innovation and the advancement of more secure information technologies.

Additionally, GSA is currently investigating options for a next generation cloud computing services business model. A published Request for Information (RFI) was an inquiry designed to further GSA's understanding of the marketplace and how it can maximize the government's efficient use of Cloud Computing Services through the use of Cloud Brokerage Services.

One of the potential benefits of the Cloud Brokerage Services we are researching is that these brokers could identify competitive services and provide on-going competition among cloud providers to encourage both continual update of the technology and price reductions.

Workforce Issues

48. GSA has made increasing the use of telework a priority within the agency and, both historically and under the Telework Enhancement Act of 2010, also plays a role in providing guidance and assistance to other federal agencies on establishing successful telework programs.

a. What are your views on telework and what steps will you take to ensure that GSA continues to support successful and fully implemented telework programs in Federal agencies?

Telework can help realize greater efficiency within the Federal Real Estate Portfolio. It also can enable the Government to work anywhere and anytime. During Hurricane Sandy, many GSA employees were able to provide timely and essential services outside of their traditional workplace. Telework policies have given employees more choices for where and how they work, benefitting families and personal satisfaction by reducing commuting burdens, congestion, and pollution. However, it is critical that proper controls are put in place for any telework. GSA will continue to work to promote agency understanding and use of telework. For example, telework strategies and policies will be part of our work with agencies on office space efficiency. We will also

continue to market access to technologies that support employee mobility and telework through the schedules and other GSA acquisition vehicles.

b. What do you think the Administration could do to get more positive, measurable results?

GSA will continue its existing partnership with the Office of Management and Budget and the Office of Personnel Management to promote and support employee mobility and telework. We will explore methods of more accurately measuring participation and providing assistance to agencies interested in expanding their offerings. In addition, focus on agency office space utilization under the "Freeze the Footprint" initiative provides an opportunity to expose agencies to the cost savings possibilities of expanded mobility and telework.

49. The adequacy of the government's acquisition workforce, both in size and skill mix, has frequently been cited as a serious problem for government procurement.

a. Do you believe GSA has an adequate acquisition workforce with the right skill sets to meet the government's complex acquisition needs?

GSA's acquisition workforce is fundamentally sound, but much work remains to be done to ensure that they are engaged in continuous learning to stay at the peak of their complex and continually evolving profession. Additionally, we need to ensure that our acquisition staff also possesses a well-rounded set of experiences to qualify them for the diverse and changing acquisition needs of the Federal government. Together, continuous learning and experience are the basis for issuing Contracting Warrants, which are issued based on mission need. Ensuring that staff are properly certified and warranted has been a key challenge.

We know we need to remain vigilant to ensure we are performing to the highest levels. Given this responsibility we have launched a top to bottom review of GSA procurement activities, staffing, policies and procedures to be led by our Chief Acquisition Officer and the Commissioner of the Federal Acquisition Service.

b. As Administrator, what steps would you take to ensure the GSA's workforce is capable of meeting the government's acquisition needs and challenges both now and in the future?

GSA's key mission is acquiring goods, services, buildings and more on behalf of our Federal customers. As such, a highly skilled and agile acquisition workforce that represents the best in Federal Government is essential. I have identified a number of

initiatives that will address succession planning, strengthened policy for Acquisition Planning, greater management accountability, and a more robust warranting program.

For example, with 30% of GSA's Contracting Officer population eligible to retire, GSA must focus on succession planning and recruitment. Workload pressures can result in poor acquisition planning, which may result in reduced competition, higher prices, and ineffective solutions. I am also currently overseeing efforts to strengthen GSA's acquisition planning regulations.

c. What role do you believe GSA plays in ensuring that the acquisition workforce government-wide is properly staffed and adequately trained?

Through the Federal Acquisition Institute (FAI), GSA plays a central role in developing an agile and quality government-wide acquisition workforce. Working with OMB and our partner agencies, FAI work is focused on four areas:

- Facilitating human capital planning and development to assist agencies to effectively manage their acquisition workforce.
- Expanding career development opportunities for the federal acquisition Workforce.
- Promoting and coordinating government-wide research and studies to improve the Federal acquisition process.
- Collaboratively developing and implementing processes, tools, and metrics to support data-driven decision-making and ensure efficient and effective operations.

Data Centers:

50. In 2010, the federal Chief Information Officer (CIO) launched the Federal Data Center Consolidation Initiative (FDCCI). Pursuant to OMB direction, three organizations are responsible for FDCCI oversight activities: the Data Center Consolidation Task Force; the General Services Administration Program Management Office; and OMB. What steps have you taken in your capacity as Acting to ensure the success of this program? What challenges do you see associated with GSA's role in managing the FDCCI?

GSA provides OMB-directed program support on the FDCCI to help agencies adopt feasible cloud based IT solutions. To ensure the success of OMB's initiative, GSA provides the following critical support to OMB:

- Provide common templates and submission process via web portal for agencies to report to OMB (quarterly) on current data center inventories, data center consolidation plans, and progress against established goals (closures and associated cost savings).
- Build and provide updates to a federal Total Cost of Ownership tool designed to help agencies with their data center consolidation planning and optimization; it is intended to provide a uniform and consistent method to derive potential agency cost savings figures and funding needs. As a result, OMB has a common view of data centers across the entire federal government -- a first.
- Plan Federal Data Center Consolidation Task Force meetings in concert with the Task Force Chairperson (currently the CIO/Interior). These forums are used to answer questions about data collection, review and improve upon the Total Cost model, and share data center consolidation experiences and best practices from both the public and private sectors.

The primary challenge that GSA faces in its role in this initiative is responsibility for agencies' data quality. Through interactions between OMB and the Data Center Consolidation Task Force we have built strong consensus across the agencies on what data should be collected. We have created submission templates and common processes to steer data collection and submission to OMB. We have built a total cost of ownership tool to create a common framework for analyzing and planning data center consolidation across the government. However, the departments and agencies themselves are responsible for doing the analyses, requisite planning, data submissions, and data quality checks in a timely manner.

51. The Government Accountability Office recently found that GSA has not fully carried out its oversight role of the FDCCI, such as conducting analyses of agencies data center consolidation inventories and plans. If confirmed, what will you do to meaningfully address the weaknesses recently identified by the GAO?

GSA has been supporting the FDCCI effort since its inception. As a result, the federal government now has for the first time a comprehensive data center inventory.

One of GAO's recommendations in that recent report called for the establishment of a "mechanism to ensure that the established responsibilities of designated FDCCI oversight organizations are fully executed." We agree that this would help clarify responsibilities and look forward to working with all stakeholders, including this Committee, to further support the FDCCI.

52. Within GSA specifically, how many and which data centers have been closed or consolidated within GSA under your leadership as Acting Administrator and what

savings have resulted? How many data centers within GSA will be closed in the future, by what date will such closures or consolidations occur and what savings are estimated to result?

At GSA, we are taking an aggressive approach to consolidation and shutting down non-essential data centers, in collaboration with the Federal CIO's office. In fact, Data Center closures is one of the top five measures in the GSA CIO's new, annual organizational performance plan. By the end of the current fiscal year, GSA will close between 29 and 35 data centers located within various GSA regions and offices, and an additional 43 planned for FY14.

Most of the planned closures are targeted for small data centers located within GSA office buildings, and will not result in direct savings, however, these closures will streamline internal operations, and require less contractor staff to manage and operate the GSA IT systems, as we move more activities to be co-located within our three core national data centers.

I have also made it a priority to use federal shared services, in line with the Administration's recently published Digital Strategy and the Shared first policy. After all, much of what GSA does as an agency is to offer shared services in the areas of acquisition, real estate and innovative technologies to the rest of the federal government. As a result of this priority, GSA is currently planning to migrate one of our large GSA owned/operated data center in Kansas City, into a world class data center managed by NASA. This approach will not only reduce costs to the taxpayers, but will further strengthen an inter-agency shared services approach to solving our most complex problems across the federal government.

53. If confirmed, do you think the current plan for GSA's internal data center closures and consolidations is sufficient, or would you like to see more aggressive closure targets?

As the Acting Administrator of GSA over the past year, I have challenged the GSA CIO to accelerate the data center consolidation plan. As a result, GSA's current plans already exceed the government-wide directives from the Federal CIO. In fact, our current plans to consolidate and migrate a substantial number of GSA internal data centers will be completed by the end of FY14.

In addition, GSA was one of the first agencies in the federal government to move our internal email and related systems to the cloud. In the process, we not only saved over 50% in life-cycle costs, but we shut down over 200 servers, and reduced our carbon footprint for operating the email system by over 75%.

By leveraging technologies like the cloud, public-private partnerships and inter-agency approaches, we feel that the federal government can significantly accelerate our progress towards reducing costs and our environmental impact. GSA is leading the way in these areas through the establishment of the innovative FedRAMP program within the Office of Citizen Services and Innovative Technologies (OCSIT), as well as the planned Cloud Broker approach being led by the Federal Acquisition service. We will continue to explore and champion these innovative approaches to accelerate the federal government's adoption of cloud computing and reducing the data center footprint.

V. Relations with Congress

54. Do you agree without reservation to respond to any reasonable request or summons to appear and testify before any duly constituted committee of the Congress, if confirmed?

Yes.

55. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress, if confirmed?

Yes.

VI. Assistance

56. Are these answers your own? Have you consulted with GSA or any other interested parties? If so, please indicate which entities.

These answers are my own. I have consulted with knowledgeable members of my programmatic team at GSA for technical support in preparing my answers.

I, Daniel M. Tangherlini , hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

**Responses to Questions for the Record
Nomination of Daniel M. Tangherlini to be Administrator
U.S. General Services Administration
Committee on Homeland Security and Governmental Affairs
June 18, 2013**

From Senator Tom Coburn:

- 1. Do you think that the fee-driven nature of GSA's budget provides the right incentives to focus the agency on cost savings, rather than on generating operating revenue?**

The right incentives come from setting the right goals, both organizationally and individually with employees at the agency. In concert with the women and men of GSA, we have put forth a new mission statement and objectives focused on delivering the best value in real estate, acquisition, and technology services. Employees within the agency will be evaluated based on achieving these agency goals, which are focused on cost savings, not the generation of operating revenue.

- 2. What additional steps do you plan to take to further incentivize cost savings behavior at every level in the agency, from senior executives to front-line employees?**

We will work on several fronts to incentivize cost savings behavior at every level in the agency.

We have put together a new mission statement and objectives across the agency focused on delivering cost savings to partner federal agencies. We have been working on new SES performance plans that focus on achievement of these agency goals, particularly on quantifiable cost avoidance and savings that can be generated. These performance plans, set at the top, will flow down from the SES to front-line employees, so that everyone is working to achieve those cost-saving goals.

Additionally, we will continue to engage our employees on their cost savings ideas. We did this last year through the Great Ideas Hunt, and saved \$5.5 million through the implementation of common-sense ideas from employees across the organization. We will continue that dialogue with our employees to continue to make improvements.

- 3. You have discussed implementing changes to senior executive performance plans. Will the new plans include savings targets, or requirements to demonstrate that GSA is negotiating the best pricing possible, particularly for senior executives within the Federal Acquisition Service?**

Yes, these new SES performance plans will include savings targets, among other goals. We have been working with all SES employees to develop aggressive goals that align with the re-invigorated mission statement and objectives of GSA to deliver best value. I have made clear that these goals must, to the maximum extent practicable, be quantifiable. I am committed to rigorously managing against those goals to ensure exemplary performance across the Agency.

4. Short of legislative reforms to the congressional budget scoring process, what concrete steps will you take in the next 12 months to reduce the costs and liabilities of the federal leasing program, and to move away from leases to federally-owned properties where it makes sense?

GSA agrees that reducing the costs and liabilities of the federal leasing program is critical. Federal construction or purchase is often more cost-effective than leasing, particularly for long-term and unique federal requirements.

We plan to take several steps over the next 12 months to address this issue. Most importantly, we want to begin reconnecting the Federal Buildings Fund rent revenue and asset reinvestment. If it were allowed to work as designed, the Federal Buildings Fund is a self-funding program that uses market-based rent charges from tenants in federal buildings to support a program of repair, renovation, replacement, construction and purchase. These investments would allow us to repair our assets and in many cases reconfigure space to consolidate leases into federally-owned space. Additionally, this would allow us to make critical capital investments that in many cases would replace currently existing leased space. The FY14 budget request restores zero-net budget authority and would allow us to make this sort of investment. I intend to work with this Committee and Committees of jurisdiction to stress the importance of these investments.

Secondly, we are working to better manage our lease program. We want to proactively work with agencies to use lease expirations as the opportunity to reduce space, consolidate, or co-locate. Upcoming improvements to our lease management IT systems will be instrumental in assisting us to better manage these transactions.

Third, we will continue to work with agencies to reduce their space requirements, so that when a lease may be necessary, the cost of that lease is driven down.

Fourth, we will continue to aggressively oversee agency requirements to make sure that they do not result in costly lease construction projects.

Fifth and finally, we will continue to explore innovative new uses of our existing outlease and exchange authorities. These may present options for improved utilization of the federal inventory and reduce costs.

- 5. GAO has found that the Federal Real Property Profile, which provides information on the existing inventory of federal real property and is managed by GSA, is not sufficiently reliable to support sound decision-making, due to a lack of guidance from the Federal Real Property Council to agencies (GAO-12-645). In order to succeed in getting rid of excess real property, we need accurate information on existing federal property. What ideas do you have on how to improve the data in the Federal Real Property Profile?**

In concert with OMB and the Federal Real Property Council (FRPC), GSA manages the Federal Real Property Profile (FRPP). The FRPP is the "single, comprehensive, and descriptive database of all real property under the custody and control of all executive branch agencies, except when otherwise required for reasons of national security," in accordance with Executive Order 13327.

The diverse nature of agencies' real property portfolios requires that the data collected be broad and general in order to be addressable by agencies government-wide. Additionally, the data in the FRPP is an annual report, not a living system, so the data is a snapshot taken at the end of each fiscal year. This means that the data can be a useful tool for an inventory, but, as GAO itself has noted, "the FRPP was not designed to be an active asset management system."

Since the database's creation, GSA has worked to improve it by enhancing its technological capability, clarifying terminology, and meeting with agencies to help them better understand the technology and reporting requirements. In line with GAO's recommendations, we are working with the FRPC to clarify the data dictionary with additional detail that will help agencies better understand the data fields; tightening reporting requirements by removing optional data fields; and revising the data elements so that they can support better annual performance measures.

We would be happy to work with you, your staff, and the Committee to make the FRPP a useful tool for assisting in the management of federal real property.

- 6. At the hearing, you mentioned the agency's plan to exchange the current FBI building for construction of a new headquarters facility to be constructed elsewhere. Does GSA have internal policies and procedures in place or under development to ensure that the agency's use of this authority will be transparent, will ensure that taxpayers receive fair market value for the current building, and**

that construction cost overruns for a new facility will not be passed along to taxpayers years after the exchange takes place?

GSA is committed to ensuring that any use of our exchange authority will be transparent, will realize the value of any existing inventory contemplated for exchange, and will not result in unanticipated costs in future years.

While exchanges have been infrequent, GSA has used this tool in the past. When conducting an exchange, we engage with the community and with Congress to ensure there is transparency. We always make sure to conduct an appraisal from a licensed, third-party source to ensure we meet proper expectations of value; the arrangement is limited to the value of the asset to avoid unanticipated costs.

Recently, we have utilized Requests for Information to gather data from both the public and private sector on several proposed exchanges, including a potential new headquarters for the FBI. This approach provides transparency about our intentions and our thoughts. We have also made sure to engage with stakeholders in Congress, and are committed to continuing to do so as we move forward.

7. How has congressional diversion of fees from the Federal Buildings Fund hampered GSA's ability to effectively manage its real estate portfolio and the associated operating costs?

Lack of obligational authority in the Federal Buildings Fund has adversely affected GSA operations in key areas. Consecutive years of reduced levels of funding prevent GSA from appropriately addressing repair and alteration liabilities. Failure to meet our responsibility to properly maintain these assets could lead to major equipment failures and the need to conduct emergency repairs and replacements. These types of repairs cost substantially more than conducting routine repairs and maintenance. In addition, failure to fund the core repair program leaves GSA unable to undertake major life safety and fire protection projects, among other critical investments, in federal buildings throughout the country.

Diversion of fees has also resulted in lost cost-saving opportunities. GSA's proposed capital investments include projects to replace outdated building systems with new, highly efficient ones that would reduce operating costs, as well as consolidation projects that would backfill agencies out of costly leases into vacant federal space.

The lack of adequate FBF obligational authority also results in higher construction costs. When GSA cannot fund critical and ongoing construction and building modernization projects, the extended timeline delays project completion, increases the overall costs,

prolongs the inefficiencies of agency operations, and maintains dependence on leased space.

- 8. Through its pre-award audits of contracts under the Multiple Award Schedules program, the GSA Inspector General consistently identifies missed opportunities each year because vendors 1) do not provide current, accurate, or complete information to support their prices; 2) lack commercial sales on which to base pricing; and 3) supply labor that does not meet the qualifications laid out in their contracts. As a result of these longstanding issues, GSA fails to achieve the best price under contracts in the Schedules program. What steps will you take, beyond conducting additional reviews, to change GSA's management of this program to achieve the best price possible on all Schedule contracts? What incentives could be put into place to ensure better cooperation and collaboration between GSA contracting officers and agency contracting officers to drive better pricing under Schedules orders?**

GSA is driving significant savings through its schedules by providing partner federal agencies with a simple and quick process to acquire goods and services. In many cases, it is thirty to fifty percent faster for agencies to use GSA schedules rather than creating their own contracts. To underscore these process savings, I have been meeting with agency leadership to provide them with the dollars saved in terms of reduced labor hours from using GSA schedules versus going open market.

Additionally, the schedule prices are only a starting point against which agencies should negotiate even lower pricing by competing a larger volume.

GSA has also driven down its pricing through strategic sourcing, which uses the volume of the government to buy items that we purchase in common – like office supplies and wireless plans. For these solutions, vendors provide us detailed data on pricing and usage that allows us to drive even greater savings for agencies. We are able to show the agencies the savings they are leaving on the table by not using our solution. We are also able to use the pricing data to negotiate even greater savings from our vendors.

Finally, GSA has partnered with OMB to provide agencies with greater visibility into prices paid through a portal to provide detailed pricing on several GSA solutions, including its strategic sourcing solutions.

- 9. At the hearing, you cited the award of a number of new contracts in support of GSA's strategic sourcing initiatives. For each of these contracts, has GSA taken steps to terminate or discontinue existing contracts within the agency's portfolio of government-wide acquisition contracts, or Multiple Award Schedule contracts, that provide duplicative goods or services?**

We share your goal to reduce duplication across government, even within GSA solutions. We plan to consider this as part of our overall schedules modernization. Part of this will require us to look at balancing termination of existing contracts with offering a wide array of services, especially from small businesses. We would welcome the opportunity to work with the Committee to strike that appropriate balance.

10. In your questionnaire, you state GSA is “taking an aggressive approach to consolidation and shutting down nonessential data centers.” The Federal Data Center Consolidation Initiative started in 2010. In April 2013, a year after you assumed the Acting Administrator position, GSA had not reported a single data center closed or consolidated, and reported no future planned closures or consolidations. The following month, GSA reported one data center as closed, and that roughly 30 will be closed this fiscal year. Why has GSA not closed more data centers in the 14 months you have lead GSA? As one of the leaders of this initiative along with OMB, what actions will you take to ensure that GSA leads by example in terms of closures and consolidations, but also on the transparency of this process, including addressing GAO’s recommendation to perform effective oversight of agency data center inventories and consolidation plans?

GSA is committed to leading by example on data center closures and consolidations. We have set aggressive goals to close more than 60 percent of our non-essential data centers in the next two years.

Soon after assuming the Acting Administrator position at GSA, the methodology for determining what constituted a data center was changed. This change will mean that much of the progress made to reduce the footprint of existing data centers has not been captured to date, but that a greater level of efficiency and improvement will be delivered over time. We have closed one data center to date in a field office outside of Seattle, WA, with plans to close between 29 and 35 additional data centers by the end of the current fiscal year.

Through interactions between OMB and the Data Center Consolidation Task Force we have built strong consensus across the agencies on what data should be collected. We have created submission templates and common processes to steer data collection and submission to OMB. We have built a total cost of ownership tool to create a common framework for analyzing and planning data center consolidation across the government. However, the departments and agencies themselves are responsible for doing the analysis, requisite planning, data submissions, and data quality checks in a timely manner.

11. Will you commit to providing me and members of this Committee monthly updates of how your consolidation effort is going? In addition, please provide to the Committee a list of GSA data centers with the target date for closure/consolidation; the size of each of these data centers to be consolidated/closed; the projected or actual savings associated with each closure and/or consolidation; and what the average server utilization rate will be at the remaining data centers managed by GSA?

We are happy to provide you and members of the Committee with monthly updates of how the consolidation effort going. Please see below a list of GSA data centers with targeted closure dates. We are collecting the remaining requested data fields and will provide them shortly.

Data Center: Data Center Name	TCO Closing Target Date	City	State
9R-CA5939ZZ	Q4/2014	SAN DIEGO	CA - California
5R-OH2247	Q4/2014	FAIRBORN	OH - Ohio
9R-CA0091AA	Q4/2013	SAN FRANCISCO	CA - California
9R-NV0013ZZ	Q4/2013	LAS VEGAS	NV - Nevada
9R-CA0150CC	Q4/2013	LOS ANGELES	CA - California
9R-CA0260ZZ	Q4/2013	SAN JOSE	CA - California
8R-WY0030	Q4/2013	CASPER	WY - Wyoming
8R-WY0029	Q4/2013	CHEYENNE	WY - Wyoming
5R-MI0131	Q4/2013	DETROIT	MI - Michigan
5R-IN0133	Q4/2013	INDIANAPOLIS	IN - Indiana
3R-WV0053	Q4/2013	MARTINSBURG	WV - West Virginia
3R-VA1608	Q4/2013	NORFOLK	VA - Virginia
3R-MD1440	Q4/2013	BALTIMORE	MD - Maryland
15 SS-DC0207	Q4/2013	WASHINGTON	DC - District of Columbia
11R-DC1472	Q4/2013	WASHINGTON	DC - District of Columbia
11R-DC0001	Q4/2013	WASHINGTON	DC - District of Columbia
10R-WA0101	Q4/2013	SEATTLE	WA - Washington
10R-ID0025	Q4/2013	BOISE	ID - Idaho

12CC-VA0905	Q4/2013	ARLINGTON	VA - Virginia
9R-CA0273ZZ	Q3/2014	LONG BEACH	CA - California
9R-CA0305ZZ	Q3/2014	SAN FRANCISCO	CA - California
9R-CA0168	Q3/2014	LOS ANGELES	CA - California
8R-ND0046	Q3/2014	FARGO	ND - North Dakota
8R-ND0037	Q3/2014	BISMARCK	ND - North Dakota
8R-CO0055	Q3/2014	BOULDER	CO - Colorado
7R-TX0821	Q3/2014	FORT WORTH	TX - Texas
5R-WI0044	Q3/2014	MILWAUKEE	WI - Wisconsin
5R-OH0208	Q3/2014	COLUMBUS	OH - Ohio
5R-OH0192	Q3/2014	CLEVELAND	OH - Ohio
5R-MN0090	Q3/2014	BLOOMINGTON	MN - Minnesota
11R-WV0269	Q3/2014	MARTINSBURG	WV - West Virginia
9R-CA6547	Q3/2013	SAN DIEGO	CA - California
9R-CA0167ZZ	Q3/2013	SAN DIEGO	CA - California
9R-CA0152ZZ	Q3/2013	SACRAMENTO	CA - California
9R-CA0295ZZ	Q3/2013	SANTA ANA	CA - California
9R-AZ0303ZZ	Q3/2013	PHOENIX	AZ - Arizona
9R-CA0915	Q3/2013	MENLO PARK	CA - California
9R-AZ0058ZZ	Q3/2013	TUCSON	AZ - Arizona
9R-NV0012ZZ	Q3/2013	RENO	NV - Nevada
9R-CA0309ZZ	Q3/2013	FRESNO	CA - California
9R-AZ0052ZZ	Q3/2013	PHOENIX	AZ - Arizona
9R-CA6424ZZ	Q3/2013	OAKLAND	CA - California
5R-OH0033	Q3/2013	CLEVELAND	OH - Ohio
3R-WV0163	Q3/2013	CHARLESTON	WV - West Virginia
3R-PA0599	Q3/2013	SCRANTON	PA - Pennsylvania
3R-PA0144	Q3/2013	PHILADELPHIA	PA - Pennsylvania
3R-PA0143	Q3/2013	PHILADELPHIA	PA - Pennsylvania
3R-DE0016	Q3/2013	WILMINGTON	DE - Delaware
10R-WA0045	Q3/2013	SPOKANE	WA - Washington
9R-CA0041ZZ	Q2/2014	LOS ANGELES	CA - California

8R-SD0035	Q2/2014	RAPID CITY	SD - South Dakota
8R-CO0039	Q2/2014	DENVER	CO - Colorado
5R-MI3058	Q2/2014	DEARBORN	MI - Michigan
5R-MI0503	Q2/2014	BATTLE CREEK	MI - Michigan
3R-VA0578	Q2/2014	RICHMOND	VA - Virginia
3R-PA0515	Q2/2014	PHILADELPHIA	PA - Pennsylvania
3R-NJ5003	Q2/2014	CAMDEN	NJ - New Jersey
3R-MD0055	Q2/2014	BALTIMORE	MD - Maryland
5R-IL2221	Q2/2014	FAIRVIEW HEIGHTS	IL - Illinois
12R-VA0506	Q2/2014	SPRINGFIELD	VA - Virginia
11R-DC9995	Q2/2014	WASHINGTON	DC - District of Columbia
11R-DC0459	Q2/2014	WASHINGTON	DC - District of Columbia
10R-WA0953	Q2/2013	SEATTLE	WA - Washington
14 WW-VA0808	Q2/2013	FAIRFAX	VA - Virginia
9R-CA0521SS	Q1/2014	LAGUNA NIGUEL	CA - California
8R-UT0032	Q1/2014	SALT LAKE CITY	UT - Utah
8R-SD0040	Q1/2014	ABERDEEN	SD - South Dakota
8R-MT0028	Q1/2014	BILLINGS	MT - Montana
5R-MI0137	Q1/2014	GRAND RAPIDS	MI - Michigan
5R-IL2225	Q1/2014	SPRINGFIELD	IL - Illinois
11R-MD0811	Q1/2014	SILVER SPRING	MD - Maryland
11R-DC0700	Q1/2014	WASHINGTON	DC - District of Columbia
11R-DC0033	Q1/2014	WASHINGTON	DC - District of Columbia
10R-OR0023	Q1/2014	PORTLAND	OR - Oregon

From Senator Mary L. Landrieu:

- 1. In 2008, GSA began consolidating its portfolio of systems into one integrated system called the System for Award Management (SAM). The original estimated cost for SAM was approximately \$96 million. SAM was supposed to integrate nine systems; today the system only has three systems incorporated. Cost overruns have increased by \$85 million dollars according to the March 2012 GAO report and were now approximately \$181 million. Can you please give us a status update on completion and deployment of SAM and an estimate of total cost incurred to date?**

The System for Award Management (SAM) and the Integrated Acquisition Environment (IAE) are used by nearly 35,000 contracting professionals and over 850,000 entities external to the federal government (including grantees, small and large businesses, financial institutions, mortgage companies, etc). The SAM initiative is designed to transition the multiple, stove-piped IAE applications (from multiple agencies with separate contracts) to a single integrated workforce tool set for awards management across government.

To address challenges with the platform, we have transitioned the management of the project to the Federal Acquisition Service with support from the GSA CIO in order to bring the right resources to the project. As a result of this leadership change, SAM performance has improved substantially since its launch in July 2012. However, there is still much work to be done. GSA management is committed to ensuring improved overall management of IAE/SAM. The objective is to develop a new executable vision of IAE/SAM that comprehensively addresses governance, business, technology, program and project management, contracting and funding requirements.

GSA has spent approximately \$6.4 million since FY 2010 for SAM design, development, testing, and deployment. This includes \$1.62 million in FY 2010, \$3.93 million in FY 2011, \$791,223 in FY 2012, and \$62,377 in FY 2013 (as of April 2013). Additionally, GSA has spent approximately \$42.52 million since FY 2010 for SAM operations and maintenance. This includes \$9.17 million in FY 2010, \$14.73 million in FY 2011, \$13.14 million in FY 2012, and \$5.63 million in FY 2013 (as of April 2013). SAM currently is in an Operating & Management (O&M) status and requires approximately \$1.2 million per month to operate.

- 2. You responded to the committee with the following answers in September 2012: "GSA is actively engaged in restructuring the IBM contract to address GAO report findings and recommendations, particularly regarding cost. For example, a requirement was modified to allow SAM to operate in a cloud environment, which would allow the Government to lower cost by avoiding the**

need to purchase equipment and warranty in the out years. The contract was also modified and restructured to require supporting project documentation to provide greater accountability.”

a) Can you please elaborate on that contract re-structuring?

To clarify, the SAM contract was modified to ensure any non-essential items were made optional. In a separate action, to address Continuity of Operations and Disaster Recovery Services, cloud technology was leveraged to help reduce costs.

b) Can you please elaborate on the progress of modifying SAM to allow it to operate in a cloud environment? How long and how much will that take to implement?

GSA is conducting an alternatives analysis on how best to deliver all Integrated Acquisition Environment services to customers. This analysis and the plan that is being developed will explore options such as leveraging cloud technology. GSA is in the formative stages of this work and will work to deliver improvements and functionality in a modular fashion so as to incrementally improve service delivery. GSA will do this while continuing to address current performance issues that negatively impact system users.

c) Regarding transparency, do you know, on average how much time it takes GSA to respond to Congress for average contract and other financial data from your Agency? If so, in your opinion, is this time reasonable?

GSA takes seriously its obligation to work with Congress and provide appropriate information in response to inquiries. The length of time necessary to prepare a response to a Congressional inquiry varies with the amount and complexity of information involved, but GSA strives to provide appropriate information to Congress as expeditiously as possible.

3. In addition to the current contractors on the SAM project and in light of the 2012 GAO Report, have you explored working with other potential contractors on a “pilot program” or a Public Private collaborations so the GSA would have an alternate solution that would cost the taxpayer little or nothing to help solve the IAE integration problems rather than focusing all your resources on fixing SAM?

a) If yes, can you share some of these contractors’ ideas or public comments with this body today?

Given the challenges that have been encountered with SAM, we are working with OMB and our agency stakeholders on a detailed alternatives analysis to determine the

best technical solution to meet the needs of the Government in delivering IAE services. We expect the initial findings of this analysis sometime this summer, which will help us set the course for how GSA moves forward providing IAE/SAM services to the user community. We are committed to providing transparency during this process and working with Congress on this issue.

- 4. I'm a strong supporter of green building but believe that green building policies should encourage the use of American made products, should use science in determining the most effective materials for green building, and should be developed through a rigorous, widely accepted consensus process. As you know from previous letters I've sent to GSA, I'm concerned that GSA's current policy, which explicitly recognizes the LEED rating system (to the exclusion of other qualified green building rating systems and codes), does not reflect these criteria and as a consequence, hurts US jobs and associated manufacturing activities. Can you tell me what GSA is doing to correct this inequitable policy?**

GSA is currently conducting a review of green building certification systems, as required in Section 436(h) of the Energy Independence and Security Act of 2007 (EISA). EISA requires GSA to identify and recommend a system or systems to the Secretary of Energy every five years.

GSA has worked to ensure that this is a public and transparent process, with opportunity for comment from the public and industry. In 2011, GSA commissioned the Pacific Northwest National Laboratory to conduct a fact finding of green building certification systems in the marketplace. We published this report in March 2012, and found that none of the green building certification systems met 100% of all federal green building requirements.

We have held multiple public listening sessions and, in February of 2013, issued a Federal Register notice soliciting public comments on our initial findings. We are currently reviewing these comments and anticipate making a recommendation to the Secretary of Energy sometime in the late summer or fall.

From Senator John McCain:

On June 17, 2013, I sent a letter to the President regarding reports that top administration officials at various government agencies have created – and used – secret e-mail accounts for activities relating to government business. Furthermore, these agencies reportedly failed to disclose the contents of those accounts pursuant to Freedom of Information Act (FOIA) requests and congressional requests for documents, as well as archiving requirements under the Federal Records Act.

Four years ago President Obama pledged to usher in a new era of government transparency.

News surfaced recently, that former EPA Administrator Lisa Jackson created an alias e-mail account under the name “Richard Windsor” to communicate with people in and outside the agency, including the private sector.

Additionally, Department of Justice Assistant Attorney General for the Civil Rights Division Thomas Perez allegedly used his personal e-mail account almost 1,200 times since 2009 to conduct government business. Last March, these e-mails were subpoenaed by the House Committee on Oversight and Government Reform. However, Mr. Perez has only turned over 34 of the 1,200 e-mails.

Congress cannot perform its constitutionally-mandated duty to report to the people what their government is doing while agencies use secret alternate communications networks, which fuels public distrust in government.

1. Do you have or have you used a non-government or secret e-mail account to conduct government business as Acting Administrator of GSA?

No.

2. Under what circumstances would you approve of the use of such non-government/secret e-mail accounts to perform government business?

I will continue to use my official government e-mail account to conduct all official business.

3. Does GSA have in place or do you plan to issue guidance to address the use of non-government secret email accounts by GSA employees to conduct activities relating to official government business?

The General Services Administration (GSA) takes seriously the matter of compliance

with the Federal Records Act (FRA) to ensure proper documentation, transparency, and accountability with regard to Agency records.

GSA has policies and procedures in place to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Agency while furnishing the information necessary to protect the legal and financial rights of the Government and of persons directly affected by GSA's activities. The seminal policy is GSA's records management order, CIO P 1820.1, that strives to ensure full compliance with the Federal Records Act and other relevant regulations and directives. Every staff and service office at GSA has an employee responsible for records management compliance, and every year hands-on training is provided to all GSA employees and contractors who have a role in managing GSA records for their offices, services or regions. Also, basic training on federal records is required for all GSA employees via GSA's Online University.

4. How are citizens able to effectively utilize the FOIA process when government officials create and use secret e-mail accounts to conduct activities related to government business?

The integrity of GSA's FOIA process is crucial. GSA's records management program is evaluated each year by an outside organization to review its practices and to make recommendations for improvement. These recommendations led to several initiatives currently underway to strengthen GSA's use and effective management of electronic records. GSA also works closely with the National Archive and Records Administration regarding compliance with statutory and regulatory requirements.

5. Given the administration's apparently widespread use of secret email accounts to conduct activities related to official government business, how do you plan to make certain that GSA will be able to ensure that (1) a search for all documents responsive to a given request by Congress, law enforcement or a FOIA requestor has been completed and (2) all responsive documents have in fact been produced?

GSA strives to respond to FOIA requests in a timely and accurate manner. Through education and awareness, the GSA leadership team has ensured program support and responsiveness to FOIA requests by employees at all levels and in all organizations.

From Senator Claire McCaskill:

- 1. In your written responses, you stated that GSA is pursuing changes to decrease the number of performance award systems and increase transparency. Under the new SES bonus system, the Administrator and the employee will work together to develop measurable goals that will be used in determining the issuance of performance bonuses to SES employees. The Administrator can adjust these goals up to 90 days before the end of the review period. How are you going to ensure that this new system does not just turn into another SES entitlement program, where goals are continuously adjusted downward so that everyone gets a high rating and everyone gets a bonus?**

Our reviews of organizational business and performance plans did not reveal aggressive goals or the practice of making meaningful distinctions between levels of performance or awards. I am committed to changing that.

Starting last year, we have been working with all SES employees to develop aggressive goals that align with the re-invigorated mission statement and objectives of GSA. I have made clear that these goals must, to the maximum extent practicable, be quantifiable. I am committed to rigorously managing against those goals to drive improved performance across the Agency.

We will continue to refine how we align executive performance with organizational goals including better ways to measure and monitor both organizational and individual performance, and I can assure you I am committed to only rewarding performance that goes beyond basic levels and demonstrates excellence in achieving Agency goals.

From Senator Mark L. Pryor:

1. **According to a new report from Navigant Research, the worldwide market for green construction materials will grow from \$116 billion in 2013 to greater than \$254 billion in 2020. Because Green Buildings are becoming big business, I think the federal government should encourage more choice and greater standardization of Green Building standards.**

The GSA Green Building Advisory Committee has recommended that LEED be the rating system of choice for all federal government buildings. However, different federal agencies have different needs and a one-size-fits-all approach may not accommodate many building requirements. For example, the Green Globe standard, which is used mainly by the travel and tourism industry, and LEED were comparable in performance across existing and new buildings, according to the GSA study. Why doesn't GSA take a broader view and encourage competition among Green Building standards so that providers can bring costs down, spur innovation, and improve product performance?

- a) **Should Green Building standards used by the federal government be American National Standards Institute certified standards?**

GSA is committed to using voluntary, consensus-based standards as established by the National Technology Transfer and Advancement Act (NTTAA) and articulated by OMB Circular A-119 (1998). These policies define voluntary consensus standards bodies as "domestic or international organizations which plan, develop, establish, or coordinate voluntary consensus standards using agreed-upon procedures..." Voluntary consensus standards are also defined by the attributes of openness, balance of interest, due process, an appeals process, and consensus. The NTTAA directs federal agencies to use voluntary consensus standards to carry out their missions, and allows the use of other technical standards to meet government needs.

The Green Building Certification System Review completed for GSA in March 2012 concluded that the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (USGBC LEED) system and Green Building Initiative's (GBI) Green Globes were developed as voluntary consensus standards, based on criteria developed to address the attributes outlined above.

2. **In 2008, GSA began consolidating its portfolio of systems into one integrated system called the System for Award Management (SAM). The original estimated cost for SAM was approximately \$96 million. SAM was supposed to integrate nine systems; today the system only has three systems incorporated. Cost overruns have increased by \$85 million dollars according to the March 2012 GAO report and were now approximately \$181million. Can you please give**

a status update on completion and deployment of SAM and an estimate of total cost incurred to date?

The System for Award Management (SAM) and the Integrated Acquisition Environment (IAE) are used by nearly 35,000 contracting professionals and over 850,000 entities external to the federal government (including grantees, small and large businesses, financial institutions, mortgage companies, etc). The SAM initiative is designed to transition the multiple, stove-piped IAE applications (from multiple agencies with separate contracts) to a single integrated workforce tool set for awards management across government.

To address challenges with the platform, we have transitioned the management of the project to the Federal Acquisition Service with support from the GSA CIO in order to bring the right resources to the project. As a result of this leadership change, SAM performance has improved substantially since its launch in July 2012. However, there is still much work to be done. GSA management is committed to ensuring improved overall management of IAE/SAM. The objective is to develop a new executable vision of IAE/SAM that comprehensively addresses governance, business, technology, program and project management, contracting and funding requirements.

GSA has spent approximately \$6.4 million since FY 2010 for SAM design, development, testing, and deployment. This includes \$1.62 million in FY 2010, \$3.93 million in FY 2011, \$791,223 in FY 2012, and \$62,377 in FY 2013 (as of April 2013). Additionally, GSA has spent approximately \$42.52 million since FY 2010 for SAM operations and maintenance. This includes \$9.17 million in FY 2010, \$14.73 million in FY 2011, \$13.14 million in FY 2012, and \$5.63 million in FY 2013 (as of April 2013). SAM currently is in an Operating & Management (O&M) status and requires approximately \$1.2 million per month to operate.

- 3. You responded to the Senate Homeland Security Committee with the following answers in September 2012: “GSA is actively engaged in restructuring the IBM contract to address GAO report (GAO-12-429) findings and recommendations, particularly regarding cost. For example, a requirement was modified to allow SAM to operate in a cloud environment, which would allow the Government to lower cost by avoiding the need to purchase equipment and warranty in the out years. The contract was also modified and restructured to require supporting project documentation to provide greater accountability.” Can you speak to the details of what the contract re-structuring entailed?**
- a) Can you provide an update on GSA’s progress of modifying SAM to allow it to operate in a cloud environment?**

To clarify, the SAM contract was modified to ensure any non-essential items were made optional. In a separate action, to address Continuity of Operations and Disaster Recovery Services, cloud technology was leveraged to help reduce costs.

b) How long and how much will that take to implement?

GSA is conducting an alternatives analysis on how best to deliver all Integrated Acquisition Environment services to customers. This analysis and the plan that is being developed will explore options such as leveraging cloud technology. GSA is in the formative stages of this work and will work to deliver improvements and functionality in a modular fashion so as to incrementally improve service delivery. GSA will do this while continuing to address current performance issues that negatively impact system users.

4. With regard to timeliness, what is the average turnaround time for GSA to respond to Congressional inquiries on contract and other financial data?

GSA takes seriously its obligation to work with Congress and provide appropriate information in response to inquiries. The length of time necessary to prepare a response to a Congressional inquiry varies with the amount and complexity of information involved, but GSA strives to provide appropriate information to Congress as expeditiously as possible.

5. In addition to the current contractors on the SAM project and in light of the 2012 GAO Report (GAO-12-429), have you explored working with other potential contractors on a “pilot program” or a public private collaborations so the GSA would have an alternate solution that would cost the taxpayer little or nothing to help solve the IAE integration problems rather than focusing all your resources on fixing SAM?

a) If yes, can you share some of these contractors’ ideas or public comments with this body today?

Given the challenges that have been encountered with SAM, we are working with OMB and our agency stakeholders on a detailed alternatives analysis to determine the best technical solution to meet the needs of the Government in delivering IAE services. We expect the initial findings of this analysis sometime this summer, which will help us set the course for how GSA moves forward providing IAE/SAM services to the user community. We are committed to providing transparency during this process and working with Congress on this issue.

**PREPARED STATEMENT OF PAUL STRAUSS
U.S. SHADOW SENATOR, DISTRICT OF COLUMBIA**

**ON THE NOMINATION OF DANIEL M. TANGHERLINI
FOR THE POSITION OF ADMINISTRATOR OF THE
GENERAL SERVICES ADMINISTRATION**

June 18, 2013

Chairman Carper and Members of the Committee on Homeland Security and Governmental Affairs, I am Paul Strauss, the United States Senator elected by the voters of the District of Columbia. I appreciate the opportunity to provide this statement on behalf of the citizens of the District of Columbia. I wish to express my wholehearted support for President Obama's nomination of one of my most outstanding constituents, Mr. Daniel M. Tangherlini, who appears before you today as the designated nominee for the important position of Administrator of the General Services Administration (GSA).

Mr. Tangherlini has a long and well-documented record of accomplishment. He has repeatedly proven himself in service to both Federal and District of Columbia executive agencies, as well as multi-jurisdictional regional authorities. Mr. Tangherlini worked as a Presidential Management Fellow in the Office of Management and Budget, and he served in the United States Department of Transportation where he worked for the United States Secretary of Transportation. However, I want to call this committee's attention to some of his earlier experience in the District of Columbia government, including his service as the Chief Financial Officer for the D.C. Metropolitan Police Department, serving as Director of the District of Columbia Department of Transportation (DDOT), which is when I had the pleasure of first meeting the nominee.

Mr. Tangherlini subsequently became interim General Manager of the Washington Metropolitan Area Transit Authority, (WMATA) a position which he held until he accepted the position of City Administrator in the Administration of then Mayor, Adrian Fenty. Mr. Tangherlini remained a City Administrator until July 24, 2009, when he became an Assistant Secretary of the Treasury for Management, Chief Financial Officer, and Chief Performance Officer at the U.S. Department of Treasury. As the CPO, Mr. Tangherlini had important responsibilities, such as the oversight of human capital operations.

Finally, in 2012, Mr. Tangherlini became the acting Administrator of the General Services Administration. As the acting Administrator of the General Services Administration for the past year, Mr. Tangherlini has made the General Services Administration more responsible and accountable. His straightforward approach has simplified the process of doing business with the Federal government. Mr. Tangherlini has done a commendable job leading this agency and has fully and easily earned the rank and full title of Administrator. When Mr. Tangherlini first came into the office, he immediately initiated the process of cleaning up the agency by taking steps to improve internal controls and oversight. He cancelled all future Western Regions Conferences, including 35 previously planned conferences, which saved nearly a million dollars in taxpayer expenses. In addition, he cancelled most travel through the end of the fiscal year agency-wide, and centralized budget authority and procurement oversight for regional offices to make them more directly accountable for their expenditures. Mr. Tangherlini enacted these measures so that

the G.S.A. could refocus on its core mission: saving taxpayers' money by efficiently procuring supplies, services, and real estate, and effectively disposing of unneeded government property. In doing this, Mr. Tangherlini demonstrated his commitment to the ethics and integrity that we expect from our government.

When President Obama nominated Mr. Tangherlini for the permanent position as Administrator of the General Services Administration, he said, "As Acting Administrator, Dan helped restore the trust of the American people in the General Services Administration by making the agency more efficient, accountable and transparent." The President thanked Mr. Tangherlini for his leadership at the agency over the past year and for agreeing to continue serving in the Administration.

If there are any doubts to Mr. Tangherlini's integrity or dedication, consider that when Mr. Tangherlini left the Metropolitan Area Transit Authority to work in Mr. Fenty's cabinet, he accepted a pay cut in order to make a positive difference in people's lives. Mr. Tangherlini continues to have that desire today. He is a member of several community groups with the aim of bettering the community he grew up in. Mr. Tangherlini is an upstanding D.C. citizen who deserves the privilege of directing the governmental agency of which he is already acting Administrator. To deny the General Service Administration a strong and experienced leader like Mr. Tangherlini would lead to incredible damage to the Government of the United States and both sides of the political divide.

As the Senator representing the District of Columbia, I cannot be more proud that one of my constituents has been given the opportunity to lead such an important government agency like the General Services Administration. I am even prouder that this DC resident has proven himself so capable in his interim capacity. Regrettably, as the U.S. Senator representing this nominee's home, I cannot cast a vote or even truly advocate for his confirmation by the Senate in the way that a "home-state" Senator from one of the other 50 States would be able to do.

Senator Carper, as you are one of the Senate's leading advocates for Statehood for the District of Columbia, you know how frequently I cite the brave sacrifices of our service men and women who fight for this nation in the various branches of military service. As an outstanding civilian Federal employee, Mr. Tangherlini also represents another example of the service that my fellow DC residents provide to our nation. Having known Mr. Tangherlini for over ten years, I strongly support his confirmation. This nominee is more than qualified to head the General Service Administration, and in fact has already been doing so as acting Administrator. Therefore, today I ask that you vote yes for this nomination, not only because it serves our nation's interest, but also on behalf of the disenfranchised residents of the District of Columbia, who serve this nation, as this nominee does, but do not have a voting member in this body to represent their interests.