

FINANCIAL SERVICES AND GENERAL
GOVERNMENT APPROPRIATIONS FOR 2010

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
APPROPRIATIONS

JOSÉ E. SERRANO, New York, *Chairman*

DEBBIE WASSERMAN SCHULTZ, Florida JO ANN EMERSON, Missouri
ROSA L. DeLAURO, Connecticut JOHN ABNEY CULBERSON, Texas
CHET EDWARDS, Texas MARK STEVEN KIRK, Illinois
ALLEN BOYD, Florida ANDER CRENSHAW, Florida
CHAKA FATTAH, Pennsylvania
BARBARA LEE, California
ADAM SCHIFF, California

NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking
Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

DAVID REICH, BOB BONNER, LEE PRICE,
KARYN KENDALL, and ANDRIA OLIVER,
Subcommittee Staff

PART 7

	Page
District of Columbia	1
General Services Administration	75
National Archives and Records Administration	137



Part 7

FINANCIAL SERVICES AND GENERAL GOVERNMENT APPROPRIATIONS FOR 2010

FINANCIAL SERVICES AND GENERAL
GOVERNMENT APPROPRIATIONS FOR 2010

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
APPROPRIATIONS

JOSÉ E. SERRANO, New York, *Chairman*

DEBBIE WASSERMAN SCHULTZ, Florida JO ANN EMERSON, Missouri
ROSA L. DeLAURO, Connecticut JOHN ABNEY CULBERSON, Texas
CHET EDWARDS, Texas MARK STEVEN KIRK, Illinois
ALLEN BOYD, Florida ANDER CRENSHAW, Florida
CHAKA FATTAH, Pennsylvania
BARBARA LEE, California
ADAM SCHIFF, California

NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking
Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

DAVID REICH, BOB BONNER, LEE PRICE,
KARYN KENDALL, and ANDRIA OLIVER,
Subcommittee Staff

PART 7

	Page
District of Columbia	1
General Services Administration	75
National Archives and Records Administration	137



U.S. GOVERNMENT PRINTING OFFICE

COMMITTEE ON APPROPRIATIONS

DAVID R. OBEY, Wisconsin, *Chairman*

JOHN P. MURTHA, Pennsylvania	JERRY LEWIS, California
NORMAN D. DICKS, Washington	C. W. BILL YOUNG, Florida
ALAN B. MOLLOHAN, West Virginia	HAROLD ROGERS, Kentucky
MARCY KAPTUR, Ohio	FRANK R. WOLF, Virginia
PETER J. VISCLOSKEY, Indiana	JACK KINGSTON, Georgia
NITA M. LOWEY, New York	RODNEY P. FRELINGHUYSEN, New Jersey
JOSÉ E. SERRANO, New York	TODD TIAHRT, Kansas
ROSA L. DELAURO, Connecticut	ZACH WAMP, Tennessee
JAMES P. MORAN, Virginia	TOM LATHAM, Iowa
JOHN W. OLVER, Massachusetts	ROBERT B. ADERHOLT, Alabama
ED PASTOR, Arizona	JO ANN EMERSON, Missouri
DAVID E. PRICE, North Carolina	KAY GRANGER, Texas
CHET EDWARDS, Texas	MICHAEL K. SIMPSON, Idaho
PATRICK J. KENNEDY, Rhode Island	JOHN ABNEY CULBERSON, Texas
MAURICE D. HINCHEY, New York	MARK STEVEN KIRK, Illinois
LUCILLE ROYBAL-ALLARD, California	ANDER CRENSHAW, Florida
SAM FARR, California	DENNIS R. REHBERG, Montana
JESSE L. JACKSON, JR., Illinois	JOHN R. CARTER, Texas
CAROLYN C. KILPATRICK, Michigan	RODNEY ALEXANDER, Louisiana
ALLEN BOYD, Florida	KEN CALVERT, California
CHAKA FATTAH, Pennsylvania	JO BONNER, Alabama
STEVEN R. ROTHMAN, New Jersey	STEVEN C. LATOURETTE, Ohio
SANFORD D. BISHOP, JR., Georgia	TOM COLE, Oklahoma
MARION BERRY, Arkansas	
BARBARA LEE, California	
ADAM SCHIFF, California	
MICHAEL HONDA, California	
BETTY MCCOLLUM, Minnesota	
STEVE ISRAEL, New York	
TIM RYAN, Ohio	
C.A. "DUTCH" RUPPERSBERGER, Maryland	
BEN CHANDLER, Kentucky	
DEBBIE WASSERMAN SCHULTZ, Florida	
CIRO RODRIGUEZ, Texas	
LINCOLN DAVIS, Tennessee	
JOHN T. SALAZAR, Colorado	

BEVERLY PHETO, *Clerk and Staff Director*

**FINANCIAL SERVICES AND GENERAL
GOVERNMENT APPROPRIATIONS FOR 2010**

THURSDAY, MAY 14, 2009.

GOVERNMENT OF THE DISTRICT OF COLUMBIA

WITNESSES

ADRIAN M. FENTY, MAYOR, DISTRICT OF COLUMBIA

VINCENT C. GRAY, CHAIRMAN, COUNCIL OF THE DISTRICT OF COLUMBIA

NATWAR M. GANDHI, CHIEF FINANCIAL OFFICER, DISTRICT OF COLUMBIA

Mr. SERRANO. The subcommittee will come to order.

We welcome our guests today and tell you how happy we are to see all three of you.

This hearing may not be as attended by members as other hearings are, and it is no reflection on the issue before us or the folks before us. It is the fact that both sides of the aisle are diligently discussing a very big bill that is coming up today called the supplemental bill, and there are some last-minute decisions to be made. That is the reason that our hearing will start earlier today, to accommodate the possibility of votes. But we will get through it, as we do all the time.

Now, before I start, I just wanted to make a personal comment. Sometimes we do things that some folks would consider symbolic, but in the process of doing that, we make a strong statement. For 10 years, I kept asking the U.S. Mint to include D.C. and the territories in the 50 State Quarters Program. And they kept telling us that they were not States, so they could not be included. And Ms. Norton was doing the same thing, and they kept telling her, they are not States, they cannot be included.

Then, if there is something you can teach American children about our political process, what you do is you become chairman of the committee that oversees the U.S. Mint. Then you do not ask them, you kind of tell them. And so the first quarter was D.C.'s quarter, and it had Duke Ellington on the other side of the quarter. My understanding is that that was historic in itself, not only because it was the first non-State on American currency, but it was the first time an African American had been on a regularly circulated coin. I want to clarify that. Booker T. Washington, George Washington Carver, and Jackie Robinson have been on commemorative coins, but not a coin put into general circulation. So D.C. created that historic moment.

The second quarter came out, and of course I understood D.C. had to go first, but darn, I am the chairman of the committee, so

Puerto Rico went second. And you have in front of you, from the first print, both a card where I take credit for it all and the quarter. The quarter on the back has the part of El Morro Castle, it has a flower, and it has the saying, "Isla del Encanto," "Island of Enchantment." Now, Rush Limbaugh has not noticed that there is Spanish for the first time ever on American currency. That may start a whole different discussion.

But I wanted you to share in this, because, as one who was born in a territory and who cares much for the District of Columbia, we did this together. I believe Guam goes next, and by the end of the year every territory and D.C. would have had their own quarter. And somewhere in this Nation a child will ask why, and the parent will either say, "Let's Google it," or strongly say, "Because they are part of the American family," or, "Wait until your father comes home." I do not know which question will be answered.

But that is the quarter. And, you know, maybe 50 years from now folks will not remember much what some of us did, but this quarter will still be in circulation.

The subcommittee today will hear testimony on the fiscal 2010 budget request for the District of Columbia. I would like to welcome back Mayor Adrian Fenty, Council Chairman Vincent Gray, and District Chief Financial Officer Dr. Natwar Gandhi.

I welcome you all to today's hearing. We are getting a bit of an early start today because we will be on the House floor later this morning concerning the Fiscal Year 2009 Supplemental Appropriations Bill. I appreciate you adjusting your schedules to be here.

The District budget request, as I understand, the fiscal year 2010 request is currently being reviewed by the Council and will not be transmitted to Congress until early June. As presented to the Council, the District's fiscal year 2010 request totals \$11 billion, including \$5.4 billion in local source general funds. For fiscal year 2010, the President's budget recommends Federal payments to the District totalling \$188 million, a net decrease of \$14 million.

The request includes \$27 million for several new initiatives, including \$19 million to provide permanent housing for the homeless and \$5 million for education and job training opportunities for young people. I look forward to hearing more about these initiatives in your testimony.

The request also includes \$62 million to improve the District's public and charter schools and \$12 million for the school voucher program.

As I have said in past hearings, I feel a special kinship with the people of the District. As one born in Puerto Rico, a territory which shares the District's condition of having an undefined political status, I sympathize with your situation. I am a strong supporter of the voting rights bill now pending in Congress. I am hopeful that legislation will be enacted without unrelated provisions that encroach on local District laws. This legislation is long overdue.

When I became chairman of this subcommittee 2 years ago, one of my top priorities was to give the District of Columbia more autonomy in managing its fiscal affairs, particularly in deciding how local funds are spent. In fact, I may be the only chairman in the history of this Congress to actually want to give up power rather than take some more than what we were given. I am a strong be-

liever that the District is in the best position to set local spending priorities, and not Congress. In the last 2 years, we have made progress, but I know there is more work to be done. I look forward to working with the District's leadership to see how we can further increase the city's autonomy on local spending matters.

In closing, I would like to commend the three of you for your strong fiscal stewardship of the city. The District has completed 12 consecutive balanced budgets, turned deficits into surpluses, and steadily improved the city's credit rating. Even in these difficult economic times, with plunging tax revenues and real estate values, the District's finances are sound, and it is a credit to the three of you here today. I look forward to working with you as we go through this process.

One of the things that I have always mentioned to all three of you and to our ranking member is that, for too long, D.C. has been used by Congress as a testing ground for issues that many Members of Congress would not dare test in their own districts. So I suspect with some of the bold and courageous and humane steps you have taken in the last few months, especially in the City Council, that we will hear more of this kind of debate in Congress. But rest assured that this Member believes that the District should get more and more autonomy, and I respect your desire for self-government.

And now I would like to turn to my colleague and a friend, true friend, our ranking member, Jo Ann Emerson.

Mrs. EMERSON. Thank you very much, Chairman.

Welcome, you all. I appreciate so much your being here. You may know I am the new ranking member on this subcommittee, and so it is really with great pleasure that I greet you all. And I once, when I first got on the Appropriations Committee, was on the D.C. Committee when it existed on its own, just for one term, and enjoyed it very much then. So I am glad to be back with you all.

And I understand, too, the challenges that you all are facing in the city during a recession, when tax revenues are declining. And, as a result, your budget, Mayor, is 3.9 percent less than it is from this current year. And I have to congratulate you all, I mean, for putting together a fiscally responsible budget. We might actually learn a lot from you all here in the Congress. But, certainly, it is very encouraging to see at the local level government can make tough decisions and live within available means. And so I congratulate you all on that.

And I also want to congratulate you, Mayor and Chairman Gray, for the efforts that you are making to reform our schools in the District. I am supportive of your efforts to consolidate schools, implement personnel reforms, and improve gifted and talented, music, art, and special education programs. And living right around the corner from the Duke Ellington School myself, I am always thrilled to see the young students. And that is a wonderful place in which to learn, and I wish we could have more opportunities for students like that. And I know that you all are going to be working hard to continue your reform efforts, and believe very strongly that the children of our city and the entire region will benefit from it.

I am pleased that the budget request from the President proposes the continuation of the Federal Government's three-sector

commitment to education in the District by including funding for public schools, public charter schools, and Opportunity Scholarships. As you may imagine, I am disappointed that the proposed budget prohibits additional students from receiving an Opportunity Scholarship, and noted this morning's Washington Post probably feels the same way when they say that, if the program is working, why not continue it so more children can benefit. That being said, I am glad that the President at least believes strongly that the current number of children who are enrolled should be able to continue to finish their education within that scholarship program.

I look forward to working with you all. I look forward to working with the chairman. I, too, am a supporter of D.C. voting rights. I just want you all to know that, for the record. So thank you for being here.

Mr. SERRANO. Thank you.

We will recognize our three witnesses in the order of Mayor Fenty, followed by Chairman Gray, and then Dr. Gandhi. We ask that you keep your testimony down to 5 minutes. Your full statement will go in the record, and then we can grill you with incredible questions.

I understand and I realize that we start this on a sad note because Ryan Zimmerman's streak ended at 30 games, but maybe we can start another streak here today of good things for D.C.

See, I keep up to date, Mayor.

Mrs. EMERSON. He certainly did a good job. He and Jordan Zimmermann did a good job against my Cardinals. Very sad, very sad. But, anyway, what can I say?

Mr. SERRANO. They do not get to play the Yankees any time soon.

Mr. Mayor.

Mayor FENTY. Chairman Serrano, Ranking Member Emerson, and distinguished subcommittee members, it is my pleasure to be here today to speak to you about the President's proposed fiscal year 2010 appropriation for the District of Columbia.

I would like to begin with a brief overview of the District's fiscal condition before discussing the specifics of the President's request.

In keeping with the District's commitment to fiscal responsibility and sound financial practices, our budget proposal is balanced for the 14th consecutive year. The \$10.3 billion spending plan includes \$5.4 billion in local funds, more than a 3 percent decrease from the prior year's budget, and \$2.5 billion in Federal grants to States for Medicaid, education, transportation, and other initiatives.

The proposed budget also includes a total of \$186 million in State fiscal stabilization funds made available through the American Recovery and Reinvestment Act. Those funds have enabled us to continue to provide many critical services on which District residents depend.

Education remains our top priority. The District is moving forward with an aggressive public education reform agenda under the dynamic leadership of Chancellor Michelle Rhee. Your commitment has enabled us to make radical improvements in our public schools. The President's budget request includes \$42 million to directly support our efforts to create a diverse school portfolio that offers op-

tions to students and their families within the traditional public school system.

We will attract and retain highly effective teachers to the District's public schools by providing innovative compensation, strengthening our early childhood programs as well as gifted and talented education initiatives. We will prepare DCPS students for careers in science, technology, engineering, and mathematics.

I am pleased that the President's budget also continues \$20 million in funding to support charter school facilities with a credit enhancement program as well as a \$35.1 million continuance of the Tuition Assistance Grants program, which goes to District residents pursuing higher education. I support the President's proposal to continue funding Opportunity Scholarships for students who currently have them.

The President's fiscal year 2010 budget proposal includes funding for several partnerships with the Federal Government to improve public safety and the environment in the District of Columbia. Last week, I announced that the District selected the contractor to build the Consolidated Forensic Laboratory. That will help law enforcement solve crimes quickly and house public health and safety functions within the same facility for the first time. A final \$15 million Federal payment in fiscal year 2010 will fully fund this important public safety, public health, and homeland security project. And I commend the President for including that in his submission.

The District hosts a broad range of major public events due to our role as the seat of the United States Government. In January of this year, the District was proud to successfully host the new President's inauguration. Regular events expected in fiscal year 2010 include protests, demonstrations, and many other major national and international events. The complexity and costs of planning and security for these events are high and growing. And, as in previous years, the District is requesting Federal funds to cover our expenses for these events.

The President's fiscal year 2010 budget also contains funding for improvements to our Combined Sewer System to help protect the Chesapeake Bay and Potomac and Anacostia Rivers from pollution and funding for the Criminal Justice Coordinating Council, which implements the JUSTIS database to help Federal agencies and the District share information throughout the justice system.

In addition to all of these efforts, the President's budget contains funding for two new exciting initiatives designed to meet the needs of two important groups in our Nation's capital: one, our homeless neighbors; and two, our disconnected youth.

The District has made developing effective solutions to homelessness a top priority. The Housing First initiative has begun to transform the delivery of homeless services from meeting survival needs to providing housing with wraparound support services. The Housing First initiative has housed 427 individuals and 34 families just in the past 2 years. In 2009, the number of unsheltered people in the District decreased by nearly 15 percent, an unprecedented year-to-year reduction. Our new Federal partnership on the Housing First program will enable us to house up to 400 additional individuals and 150 additional families and will significantly decrease our chronically homeless population.

Federal funds for our efforts to reconnect disconnected youth will improve the community-based services provided to court-involved youth and their families. Our overarching goal is to ensure that our young people have the tools to become active and productive residents of the District of Columbia.

As the District's Mayor and lifelong resident of this great city, I view Members of Congress as critical partners in our work to improve the lives of District residents and ensure a positive experience for District visitors. I look forward to continuing to work not only with our Council of the District of Columbia and our fabulous chairman, Vincent Gray, the hardworking team of the chief financial office, led by CFO Natwar Gandhi, and you, Chairman Serrano and Ranking Member Emerson, and the rest of Congress to make sure that our mutual goal of making Washington, D.C., our Nation's capital, a world-class capital city.

This concludes my prepared remarks, and I am happy to answer any questions.

[The information follows:]

**THE MAYOR'S FISCAL YEAR 2010
BUDGET AND FINANCIAL PLAN:
"MEETING THE CHALLENGE"**

**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT**

**THE HONORABLE JOSÉ SERRANO, CHAIRMAN
THE HONORABLE JO ANN EMERSON, RANKING MEMBER**



**TESTIMONY OF ADRIAN M. FENTY
MAYOR
DISTRICT OF COLUMBIA**

THURSDAY, MAY 14, 2009

Introduction

Chairman Serrano, Ranking Member Emerson and distinguished subcommittee members, it is my pleasure to be here today to speak to you about the President's proposed FY 2010 appropriations for the District of Columbia. I'd like to begin with a brief overview of the District's fiscal condition, before discussing the specifics of the President's budget request.

District Budget Summary

In keeping with the District's commitment to fiscal responsibility and sound financial practices, our budget proposal is balanced for the 14th consecutive year. The \$10.3 billion spending plan includes \$5.4 billion in local funds - more than a 3 percent decrease from the prior year's budget - and \$2.5 billion in federal grants to states for Medicaid, education, transportation and other initiatives. The proposed budget also includes a total of \$186 million in "state fiscal stabilization funds" made available through the American Recovery and Reinvestment Act. Those funds have enabled us to continue to provide many critical services on which District residents depend.



Education

Education remains a top priority for our residents and the District is moving forward with an aggressive public education reform agenda under the dynamic leadership of Chancellor Michelle Rhee. Your commitment has enabled us to make radical improvements in our public schools.

The President's budget request includes \$42 million to directly support our efforts to create a diverse school portfolio that offers options to students and their families within the traditional public school system. We will attract and retain highly effective teachers to the District's public schools by providing innovative compensation, strengthen our early childhood and gifted and talented education initiatives, and prepare DCPS students for careers in science, technology, engineering and math.

I am pleased that the President's budget also continues \$20 million in funding to support charter school facilities with a credit enhancement program, as well as \$35.1 million to continue tuition assistance grants to District residents pursuing higher education. And I support the President's proposal to continue funding opportunity scholarships for students who currently have them.

■■■

Other Key Federal Funding Priorities

The President's FY 2010 budget proposal includes funding for several partnerships with the federal government to improve public safety and the environment in the District of Columbia.

Last week, I announced that the District selected the contractor to build the Consolidated Forensic Laboratory (CFL) that will help law enforcement solve crimes quickly and house public health and safety functions within the same facility. A final \$15 million federal payment in FY 2010 will fully fund this important public safety, public health and homeland security project.

The District hosts a broad range of major public events due to our role as the seat of U.S. government. In January of this year the District was proud to successfully host the new President's inauguration. Regular events expected in FY 2010 include protests, demonstrations, and other major national events. The complexity and costs of planning and security for these events are high and growing. As in previous years, the District is requesting Federal funds to cover our expenses for these events.

■■■
■■■

The President's FY10 budget also contains funding for improvements to our combined sewer system to help protect the Chesapeake Bay and Potomac and Anacostia rivers from pollution and the Criminal Justice Coordinating Council, which implements the JUSTIS database to help federal agencies and the District share information throughout the justice system.

Permanent Supportive Housing

In addition to these efforts, the President's budget contains funding for two new initiatives designed to meet the needs of two important groups in the District of Columbia - our homeless neighbors and our disconnected youth. The District has made developing effective solutions to homelessness a top priority. The Housing First initiative has begun to transform the delivery of homeless services from meeting survival needs to providing housing with wraparound support services. The Housing First initiative has housed 427 individuals and 34 families to date. In 2009, the number of unsheltered people in the District decreased by nearly 15 percent, an unprecedented year-to-year reduction. Our new federal partnership on the Housing First program will enable us to house up to 400 additional individuals and 150 additional families and significantly decrease our chronically homeless population.



Reconnecting Disconnected Youth

Federal funds for our efforts to reconnect disconnected youth will improve the community-based services provided to court-involved youth and their families. Our overarching goal is to ensure that our young people have the tools to become active and productive residents of the District of Columbia.

Conclusion

As the District's mayor and a lifelong resident of this great city, I view Members of Congress as critical partners in my work to improve the lives of District residents and ensure a positive experience for District visitors. I look forward to continuing to work with you on our mutual goal of making Washington a world-class capital city.

This concludes my prepared remarks and I'm happy to answer any questions.



Mr. SERRANO. Thank you.
Chairman Gray.

Mr. GRAY. Thank you very much, Chairman Serrano, Congresswoman Emerson, Congressman Edwards. I am delighted to be here, to be a part of this hearing today and to represent the city, to be here with the Mayor, our chief financial officer, and to represent the Council of the District of Columbia.

This year, the Council, along with the Mayor, had the difficult task of determining how to continue to provide the services our citizens deserve in an environment of reduced revenue projections. For the first time in many years, the District is proposing a reduced local budget of about \$100 million for fiscal year 2010, as compared to fiscal year 2009, a 2 percent decrease. The proposed overall budget for fiscal year 2010 is \$10.4 billion, and, as has been pointed out already, is a local budget of \$5.4 billion.

In spite of the adjusted revenue projections, the proposed fiscal 2010 budget will be the District's 14th consecutive balanced budget, as we all like to say, as you have heard probably 10 times today already.

I would like to thank Congress for passing the American Recovery and Reinvestment Act of 2009. The provisions in the act have markedly assisted the city in funding needed services.

The Council is committed, as is the Mayor, to improving the educational system in the District and the performance of our students. The Council continues to back the Mayor's efforts to improve and restructure our school system. With these objectives in mind, the Council provided full funding for the second year of implementation of the pre-kindergarten learning program, restored funding for the charter schools facilities allotment, and funding for a capital project that is a student center for the University of the District of Columbia.

In addition, the Council has provided funding for the prestigious National Research Council of the National Academy of Sciences to carry out an independent review of school reform, as required by the Public Education Reform Amendment Act of 2007.

The Council supports the continuation of the Federal payment for school improvement. The payment is essential to continuing the enhancements that both the District and the Federal Government want to see in the District schools. Due to the success of this program, the President has proposed \$74.4 million for the three-sector funding for fiscal year 2010, and I ask that you support this proposal.

The Tuition Assistance Grant Program has been very successful since its inception 8 years ago. The students in the program have attended schools in 47 different States. Many of the students who participate are the first in their family to attend college. And I want to thank the President for including funding of \$35.1 million for the program in fiscal year 2010.

As mentioned already, the District has begun an effort to place homeless families and individuals in permanent housing. As part of this initiative, other support services are provided to these families to assist them in addressing other issues in their lives that prevent them from being fully contributing members of society. To assist the District with these efforts in this area, the President has

provided \$19.2 million for permanent supportive housing, and we ask for your support.

As the District now prepares to break ground for our new Consolidated Forensic Laboratory, we are making a final request for Federal funding to ensure the timely completion of the facility. The ability to complete forensic analyses in a timely manner will aid the city in resolving crimes and putting criminals behind bars.

The continuing threat of terrorist activities makes the need for a forensic laboratory in the District even more important. Therefore, I would like to ask the committee to support the District's final request for funding in the amount of \$15 million for the laboratory, which was included in the President's proposed budget.

Also, I ask the committee's support for \$15 million for protection to support the city's public safety agencies for demonstrations against the Federal Government and the daily transport/escort service for the President, Vice President, First Lady, as well as frequent deployments of fire and emergency medical services, equipment to helicopter arrivals.

The city continues to face the problems of the inability to tax a large portion of the property within the city. GSA is looking at acquiring additional property that they currently lease. This will have a severe negative financial impact on the city and its ability to maintain services. It is a financial benefit to the city to have buildings leased and not owned by the Federal Government. I ask that this be taken into consideration as requests come before you from GSA to purchase properties.

I would like to request support for two bills currently pending in the House that were introduced by Congresswoman Norton: H.R. 1045, the District of Columbia Budget Autonomy Act of 2009; and H.R. 830, the District of Columbia Legislative Autonomy Act of 2009. Passage of these two bills will greatly aid the city in improving operating efficiencies and, of course, increase our autonomy.

Finally, I would like to end my testimony by asking the committee and the other Members of the House for your support and passage of H.R. 157, the District of Columbia House Voting Rights Act of 2009. Last year, at about this same time, I was thanking the members of this committee and the House for their passage of an earlier version of this bill and asked for your help with passage in the Senate. A year later, I am here again, making the same request for passage of a voting rights bill for the residents of the Nation's capital.

In addition to having to ask for a right that is owed to the residents of the District of Columbia by their status as U.S. citizens and also paying annually about \$3.6 billion in Federal taxes, I ask you also for a clean bill that does not include any amendments, in particular the amendment that would essentially remove the majority of the District's gun laws.

I am disappointed that the voting rights bill has not been passed and that I have to ask that no amendments be placed on the bill. This is important to the citizens of the United States who reside in the District, both Republican and Democrat. They want their voices heard via a vote in the House of Representatives. As a leader of the free world, we should set an example for providing all citizens the rights of citizenship.

In closing, I would like to ask that you pass this year's budget request in time for the start of the new fiscal year and that no extraneous riders be placed on the bill.

I would like to thank the President for removing the ban on the use of local funds for abortions.

I want to thank you, Chairman Serrano, and the other members of the subcommittee for this opportunity to share my thoughts on the District's budget and other issues important to the city. I look forward to working with you on the city's appropriations legislation, and I will be available for any questions that you may have.

[The information follows:]

Council of the District of Columbia



Testimony of Vincent C. Gray

Chairman

The Council of the District of Columbia

Before the

Committee on Appropriations

Subcommittee on Financial Services and General Government

On the

District of Columbia

FY 2010 Budget Request

May 14, 2009



Introduction

Good morning, Chairman Serrano, Ranking Member Emerson and members of the Committee on Appropriations' Subcommittee on Financial Services and General Government. I am pleased to speak to you today about the District's appropriations and other operational items.

Budget Proposal

This year the Council along with the Mayor had the difficult task of determining how to continue to provide the services our citizens deserve in an environment of reduced revenue projections. For the first time in many years the District is proposing a reduced local budget of \$0.1 billion for FY 2010 as compared to FY 2009, a 2% decrease. The proposed overall budget for FY 2010 is \$10.4 billion and the proposed local budget is \$5.5 billion. In spite of the adjusted revenue projections the FY 2010 proposed budget will be the District's fourteenth consecutive balanced budget.

I would like to thank Congress for passing the American Recovery and Reinvestment Act of 2009. The provisions in the Act have assisted the city in funding needed services.

The budget represents a continued focus of attention and resources in the areas of public education, workforce development and affordable housing. Even in these difficult times it is important that the District of Columbia continue to improve the lives of our residents who are most in need.

Education

The Council is committed to improving the educational system in the District and the performance of our students. The Council continues to back the Mayor's efforts to improve and restructure our school system. The Council supports the continuing efforts to consolidate schools to cut costs, enhance teacher training and aid student learning through a revised and improved curriculum. This will allow for additional teachers in the areas of the arts, music and physical education, along with additional social workers and school psychologists. With these objectives in mind the Council provided full funding for the second year of implementation of the Pre-K learning program, restored funding for the Charter Schools Facilities allotment and funding for a capital project for the University of the District of Columbia. In addition, the Council has provided funding the prestigious National Research Council of the National Academy of Sciences to carryout an independent review of school reform as required by the Public Education Reform Amendment Act of 2007.

The Council supports the continuation of the federal payment for school improvement. The payment has been an important source of funds for improvements in curriculum, educational systems and training. The payment is essential to continuing the enhancements that both the District and Federal Governments want to see in the District schools. Due to the success of this program the President has proposed \$74.4 million for the three-sector funding for FY 2010, \$42.2 million for DC Public School improvement, \$20 million for Public

Charter Schools and \$12.2 million for the opportunity scholarships. Included in the \$42.2 million for DC Public Schools is \$20 million to help "Jump Start Public School Reform." This additional funding which was included in last fiscal year's appropriations assisted Chancellor Rhee in the recruitment, training and development of principals and teachers, development of optimal school programs, improved data reporting, and the ability to measure student gains. The continuation of this appropriation will go a long way in assisting the Chancellor in achieving her objectives for school reform.

The President has proposed the continuation of the opportunity scholarships for those students currently enrolled in the program. This would allow all students currently enrolled, no matter what the grade, to complete their education in the school of their choice. The Council supports the President's proposal for the private school tuition assistance and would ask that this Committee adopt his proposal along with granting the proposed funding for the other two sectors.

The Tuition Assistance Grant Program has been very successful since its inception eight years ago. The students in the program attended schools in 47 different states. Many of the students who participate are the first in their family to attend college. I want to thank the President for including funding of \$35.1 million for the program in his FY 2010 budget. Congress approved \$35.1 million for this program last year. Although tuition rates are increasing at schools across the country, thus increasing the costs for this program, we support funding at last

year's level and will address these cost increases through locally initiated cost containment strategies.

Youth

The District Government has proposed a new initiative to help youth who have dropped out of school and who may also be unemployed. This initiative will provide job training and participation in the GED program. It will provide services to youth involved in the criminal justice system. Community based organizations will be involved in providing support services to the youth and their families. The President has supported this initiative with an appropriation of \$5 million.

Housing

As stated earlier, one of the Council's objectives is to provide housing for the working poor by providing affordable housing and to place our homeless community in permanent housing. The District has begun an effort to place homeless families in permanent housing. As part of this initiative other support services are provided to these families to assist them in addressing other issues in their lives that prevent them from being fully contributing members of society. To assist the District with its efforts in this area the President has provided \$19.2 million for permanent supportive housing. It is anticipated that this endeavor will assist the District in reducing homelessness in the city in 2010 and in future.

Public Safety

The FY 2010 budget continues the city's efforts to combat crime and to improve our law enforcement efforts. As the District now prepares to break ground for our new Consolidated Forensic Laboratory, we are making a final request for federal funding to ensure the timely completion of the facility. The completed lab will provide services to all law enforcement agencies in the city including the U.S. Capitol Police, U.S. Park Police and U.S. Secret Service. The facility will contain both anti-terrorism and criminal forensic components. The overall cost for this project is \$219 million to which the District Government has already provided \$110 million with an additional \$50 million committed for FY 2010. The Federal Government has contributed \$45 million through FY 2009.

The District has used the FBI's laboratory for a number of years. However, when there is a high level of usage of the laboratory by the federal authorities, the District's work is delayed. This has a direct impact on the resolution of crimes in the District, including the identification of the criminal. The ability to complete forensic analysis in a timely manner would aid the city in resolving crimes and putting criminals behind bars.

As the nation's capital, the District is a prime target for terrorist activities. With the continuing threat of these activities, the need for a forensic laboratory in the District, that is readily available, becomes more and more important. Therefore, I would like to ask this committee to support the District's final request for funding

in the amount of \$15 million for the laboratory which was included in the President's proposed budget.

As the Nation's Capitol, the District is also the center for demonstrations against the Federal Government. Therefore, the city's police, fire, emergency management and other city services must expend time and manpower to provide protection and security for the federal enclave during these demonstrations. In addition, the District's public safety agencies must provide daily transport/escort service for the President, Vice President, First Lady, as well as frequent deployments of fire and emergency medical services equipment to helicopter arrivals. I ask that this Committee fully fund the planning and security costs associated with the federal presence.

Autonomy for the District of Columbia

I would like to request support for two bills currently pending in the House that were introduced by Congresswoman Norton, H.R. 1045, "District of Columbia Budget Autonomy Act of 2009," and H.R. 830, "District of Columbia Legislative Autonomy Act of 2009." Because the District's budget must be approved through the congressional appropriations process, the District must formulate a budget nearly a year in advance of a fiscal year. This formulation therefore cannot include revised revenue estimates and newly identified expenditure needs that would affect decision-making. If the Congress were to determine that a District

request to modify its own local budget could not be included in a subsequent supplemental appropriation, service delivery could be disrupted in several troublesome ways. It should be noted that notwithstanding the fact that the District has been included in the congressional supplemental appropriations in prior years, the District still suffers the impact of the delays in the appropriation process.

Allowing the District to implement its local budget without the current congressional review can prevent delays in service funding and therefore, service delivery. The local budget is based on revenues raised by the city. Therefore, the District Government should have the ability to develop and implement its budget based on its local revenues. It is worth recalling that when the 1997 Revitalization Act was passed, one recommendation was that Congress would not need to review or approve the District's budget because the city would no longer receive any federal payments. However, under the budget autonomy proposal the Mayor would notify the Committees on Appropriations of the House of Representatives and Senate in writing 30 days in advance of any obligation or expenditure, thus maintaining Congress' oversight authority as provided in the Constitution.

H.R. 830, "District of Columbia Legislative Autonomy Act of 2009." would remove the requirement for a 30 and 60 day review for civil and criminal legislative acts of the District Government, respectively. Currently, the review period causes

several months of delay in implementing laws that impact both the services and operation of the District Government. Congress no longer uses the layover process. The current congressional review of District acts requires the Council of the District of Columbia to operate using a cumbersome and complicated process of emergency, temporary and permanent legislation so that there will be no gap in its laws. A review of the Council's legislation demonstrates that approximately two-thirds of the bills the Council adopts could be eliminated if there was no congressional review requirement. To give some degree of predictability to our process, we must pass emergency acts that remain in effect while our legislation is pending congressional review. These acts are known at the Council as gap-fillers, or more specifically as congressional review emergency acts, congressional recess emergencies, congressional adjournment emergencies, and legislative review emergencies.

While removing the review period under the proposed legislation the Congress would still have its oversight authority as provided in Article I, Section 8 of the Constitution. This bill however, would allow the city to operate more efficiently and to apply its laws to current problems in a timely manner.

Voting Representation

I would like to end my testimony by asking the Committee and the other members of the House for your support and passage of H.R. 157 "District of Columbia House Voting Rights Act of 2009." Last year at about this same time I

was thanking the members of this committee and of the House for their passage of an earlier version of this bill, and asked for your help with passage in the Senate. A year later I am here again making the same request for passage of a voting rights bill for the residents of the Nation's Capitol. In addition to having to ask for a right that is owed to the residents of the District of Columbia by their status as U.S. citizens, I must ask that you pass a clean bill that does not include any amendments, in particular the amendment that would essentially remove the majority of the District's gun laws. Let me state for the record, the District did comply with the Supreme Court's decision in the *Heller* case. We removed the restrictions for registering handguns in the city including semiautomatic weapons. We also revised the definition of a machine gun to comply with federal law. We repealed our prohibition on keeping a gun unloaded and locked in the home thus restoring the right of self-defense. We also provided for the transportation of firearms to and from recreational shooting activities and training seminars. Therefore, the position of the National Rifle Association and others that the city is denying residents the right to own and register handguns is incorrect.

Like every other jurisdiction in this country, the District has responsibility for providing protection for its resident. But the District has an additional responsibility that no other city has, protecting the President, the members of Congress, other federal officials, visiting dignitaries and federal buildings. Therefore, additional regulations are required to provide protection for these special cases.

I am disappointed that the voting rights bill has not been passed and that I have to ask that no amendments be placed on the bill. The residents of the District of Columbia deserve to be represented in Congress like every other citizen. This is important to the citizens of the United States who reside in the District, both Republican and Democrat. They want their voices heard via a vote in the House of Representatives. As a leader of the free world we should set an example for providing all citizens the rights of citizenship.

Closing

In closing I would like to ask that you pass this year's budget request in time for the start of the new fiscal year and that no extraneous riders be placed on the bill. I would like to thank the President for removing the ban on the use of local funds for abortions.

I thank you Chairman Serrano for this opportunity to share my thoughts on the District's budget and other issues important to the city. I look forward to working with you on the city's appropriations legislation. I am available for any questions you may have.

Mr. GRAY. I have to take note of the lamenting the end of the streak by Ryan Zimmerman, but, as I recall, I think that record is held by a New York Yankee. Is that right, Chairman Serrano?

Mr. SERRANO. Yeah, but I also root for the Nats.

Mr. GRAY. The great Joe DiMaggio, is that right?

Mr. SERRANO. That is right. 56. What people forget is that then the streak broke, and then I think he went on another 16-game hitting streak.

Mr. GRAY. Well, he was obviously one of the greatest players to ever step on the field.

Mr. SERRANO. Thank you, sir.

Dr. Gandhi.

Mr. GANDHI. Thank you, Mr. Chairman.

I need that mike, sir.

Mr. SERRANO. The sharing of the mike is not a sign of how we feel about the District.

Mr. GANDHI. Good morning, Mr. Chairman, Ranking Member Emerson, Mr. Edwards, and members of the committee. I am Natwar M. Gandhi, chief financial officer for the District of Columbia.

As you can see from the chart here, Mr. Chairman, since 1996 the responsible actions of the District's elected leaders have resulted in a \$1.8 billion turnaround in the cumulative general fund balance, from a \$518 million deficit to a \$1.2 billion positive balance.

It is important to note that, of the \$1.8 billion increase in the general fund balance, over \$700 million, roughly 40 percent, has been accumulated in the post-Control Board period. Indeed, our turnaround from the junk bond status to triple-A bond ratings was faster than every other major city that has undergone a period of financial crisis, including New York, Philadelphia, Cleveland, and Detroit.

For the 2010 budget, this has been an exceptionally challenging budget and planning cycle. And I commend Mayor Fenty and City Administrator Tangherlini for sending the Council a balanced budget proposal. Since the proposed budget was submitted on March 20th, the Council, under the able leadership of Chairman Gray, has been hard at work. We will continue to work diligently with everyone in this collaborative process, and we expect to submit a balanced budget, our 14th budget in a row, to the Congress on June 8th.

For the first time in many years, we have a budget that is smaller than the previous years. In addition to producing a balanced budget, we maintain the required levels of rainy day funds of at least \$360 million throughout the 4-year plan. And in our capital budget, we continue to be prudent in our borrowing by imposing an even stricter limit than the level set in the Home Rule Act.

It is important to note that bond rating agencies have stated that economic downturns are the true test of financial management. This balanced budget is testimony to our elected leaders' commitment to manage effectively in both good times and bad. In summary, the District continues to demonstrate sound financial management and fiscal prudence.

Certainly, the greatest budget challenge for the District this year is the significant drop in estimated revenues over the next four years. Since June 2008, projected revenues have dropped nearly \$400 million in 2009, \$800 million in 2010, and about a billion each in 2011 and 2012. It will not be until fiscal year 2013 that we expect revenues to exceed 2008 levels. Clearly, the national recession has affected the District's revenues.

The District also faces a variety of infrastructure needs placing great demands on its capital improvement plans and resultant borrowing. Both for the operating and capital expenditures, the District is responsible for multiple government functions that normally are associated with those of a city, a county, a school district, and a State.

Using a ratio of total tax-supported debt to population, the District is dramatically out of step with other large cities. Compared to the District's \$10,000 per capita borrowing, New York City's is less than \$7,000; Chicago, \$4,000; Boston, \$1,800; and Baltimore, only \$1,200.

Further, the District, as the urban center of a large metropolitan area, houses a disproportionately large share of very poor and needy citizens. The District's overall poverty rate of 16 percent and the child poverty rate of 23 percent are among the worst in the Nation and more than three times the comparable rates across neighboring counties. Unlike other urban jurisdictions, the District cannot divert resources from wealthier suburban areas to serve its urban poor. Additionally, higher costs of service delivery further threaten the District's fiscal health. In this environment of continuing expenditure needs, the challenges posed by reduced revenue is substantial.

The U.S. Congress plays an important role here, and I would like to briefly note two areas that merit continuous attention. Both go to the Federal preemption of the District's taxing authority.

First, consider that 66 percent of the income earned in the District is earned by nonresidents, mostly commuters from the suburbs, and the District is prohibited from taxing it. Second, the District has an especially high concentration of nontaxable real property, much due to the presence of the Federal establishment. The Federal Government holds 39 percent of the land area of the District. Further, the congressionally imposed height limitation prevents the District from maximizing its limited land mass as a revenue source.

Because of our inability to tap these resources, our residents must shoulder a disproportionate share of the cost of providing public services, while the benefits generated by the city's taxpayers are shared by a much larger non-taxpaying community.

There is a looming danger here. The Nation's economic condition, combined with the District's high expenditure needs, raise the prospect that, should revenues drop significantly from already reduced levels, the District could be severely impaired. This stark reality must not be ignored.

In conclusion, Mr. Chairman, I would like to thank you for your leadership of this committee and for its diligent, continuous oversight work on the District's finances during this difficult economic

period. We look forward to continuing to work with you and the subcommittee during the forthcoming budget deliberations.

Mr. Chairman, this concludes my oral remarks. I would like to request that my formal statement be included in the record. And I would be pleased to answer any questions you and other members may have. Thank you, sir.

[The information follows:]

HEARING ON
THE MAYOR'S FY 2010
PROPOSED BUDGET AND FINANCIAL PLAN

Before the
Subcommittee on Financial Services and General Government
Committee on Appropriations
U.S. House of Representatives

The Honorable José Serrano, Chairman

May 14, 2009; 9:15 a.m.
2362A Rayburn House Office Building



Testimony of
Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia

Good morning, Chairman Serrano and members of the subcommittee. I am Natwar M. Gandhi, Chief Financial Officer for the District of Columbia, and I am here to offer brief remarks about the Fiscal Year 2010 proposed budget and financial plan for the District. In this testimony, I will discuss how the current economic situation has affected the District's revenue estimates. I will also address our capital needs and the challenges we face in meeting those needs, and I will briefly describe our very successful new bond program secured by income taxes.

Mr. Chairman, the District's sound financial standing was recently demonstrated again by the results of the FY 2008 Comprehensive Annual Financial Report ("CAFR"): a \$191 million General Fund surplus (including \$116 million local source funds) marking a dozen consecutive years of balanced budgets. As you can see from the chart in Attachment A, since 1996, the responsible actions of the District's elected leaders have resulted in a \$1.8 billion turnaround in the cumulative General Fund balance, from a \$518 million deficit to a \$1.245 billion positive balance. It is important to note that of the \$1.8 billion increase in General Fund balance, over \$700 million has been accumulated in the post-Control Board period. Indeed, our turnaround from "junk bond" status to "A" category ratings was faster than every other major city that has undergone a similar period of financial crisis, including New York, Philadelphia, Cleveland and Detroit. We have substantially improved general obligation bond ratings, well-deserved respect in the financial markets and currently, we enjoy a triple-A rating on our income tax bonds.

FY 2010 Budget and Financial Plan

This has been an exceptionally challenging budgeting and planning cycle and I commend Mayor Fenty and City Administrator Dan Tangherlini for sending the D.C. Council a balanced budget proposal. Since the proposed budget was submitted on March 20th, the Council, under the leadership of Chairman Gray, has been hard at work. We will continue to work diligently with everyone in this collaborative process and we expect to submit budget books reflecting the final Council actions to the Congress by June 8.

For the first time in many years we have a local funds budget proposal that is smaller than the previous year's approved budget, \$5.4 billion compared to \$5.6 billion. Despite lower revenues, the District's FY 2010 proposed budget and five-year plan is balanced, and is our 14th consecutive balanced budget. (See Attachment B.)

In previous years, we looked for ways to spend rising revenues efficiently and effectively. This year, working with less, we have had to find ways to continue to provide the services our residents need at the levels of quality they expect. In addition to producing a balanced budget for FY 2010, we maintain the required levels of "rainy day" funds – the emergency and contingency cash reserves – of at least \$360 million throughout the four year plan. (See Attachment C.) And, in our capital budget, we continue to be prudent in our borrowing by imposing an even stricter limit on debt service expenditures than the level set in the Home Rule Act. (See Attachment D.)

It is important to note here that bond rating analysts have stated that economic downturns are the true test of financial management. This balanced budget

proposal is testimony to our elected leaders' commitment to manage effectively, in both good times and bad. In summary, the District has continued to demonstrate sound financial management and fiscal prudence.

Economic and Revenue Outlook

The economic outlook for the District has changed dramatically. One year ago, the outlook was for a slowdown in the economy and reduced revenue growth, but the consensus was that the District would likely avoid a recession.

District Employment

But now the U.S. is in its 17th month of recession, the longest since the 1930s. The District of Columbia's total job base has been weakened, but it is faring better than many places. For the fifteen months from December 2007 through March 2009, total jobs located in the District of Columbia grew by 6,700 (1.0 percent) with gains in the federal government, education and health, and food services. However, during the same period, *District resident* employment has fallen sharply, at a rate worse than that of the U.S. as a whole. From December 2007 through March 2009, 15,000 jobs held by D.C. residents were lost and the unemployment rate in the District rose from 5.8 percent to 9.8 percent.

This data is contrary to the "conventional wisdom" that D.C. is recession proof. In all four of the recessions that have occurred since 1980, the percentage declines for D.C. resident employment has been greater than the U.S. as a whole.

Our current economic forecast assumes that District economic conditions will continue to deteriorate as employment and wages edge downward, commercial property vacancies rise, real property transfers slow further, and construction

projects are delayed. The unemployment rate is projected to increase from its current 9.8 percent (in March 2009, latest available data) to an annual rate of 11.5 percent in 2010. Similarly, Real Gross State (DC) Product is projected to fall in 2009 (-1.2 percent) and 2010 (-0.7 percent).

Revenue Implications

Certainly the greatest budget challenge for the District this year is the significant drop in estimated revenues over the next four years. Since the June 2008 estimates for the FY 2009 budget and five-year plan, projected revenues have dropped nearly \$400 million in FY 2009 and over \$800 million in FY 2010 (the equivalent of more than 12 percent of expenditures). For FY 2011 and FY 2012, the decreases are about \$1 billion and \$1.1 billion, respectively. (See Attachment E.) It will not be until FY 2013 that we expect revenues will exceed FY 2008 levels. Clearly, the national recession has affected the District's revenues.

To ensure a balanced financial plan for the District of Columbia government and to minimize expenditure cuts and their effects on service delivery during the current recession, the proposed budget incorporates a series of revenue adjustments designed to maintain financial balance over the four-year plan period. These adjustments range from adding language to correct and/or improve previously enacted laws that created unintended revenue losses to the General Fund, to increasing selected fees that have failed to keep up with inflation. Each of these proposals will be listed and described in the Revenue Chapter of the Executive Summary of the budget that you will receive in June.

The FY 2010 Mayor's proposed budget uses a total of \$183 million in General Fund balance, including \$107 million Local fund balance. Of the \$107 million in

Local fund balance proposed for use, \$57 million was already so designated in the FY 2008 fund balance and \$50 million comes from the \$86.7 million unreserved and undesignated balance as of September 30, 2008.

Capital Spending, Contemplated Borrowing, and Debt Burden

The District faces a wide variety of infrastructure needs, placing great demands on its Capital Improvements Plan and the resultant borrowing. (See Attachment F.) The Mayor's proposed FY 2010 capital program includes \$468.1 million in planned capital expenditures to be financed by \$433.5 million in new income tax secured revenue bonds (so long as they remain more cost effective than General Obligation (GO) bonds), \$3 million of PAYGO transfers for a Department of the Environment project required by the Environmental Protection Agency, and \$31.6 million from the Master Equipment Lease Program. An additional \$198 million in income tax revenue bonds will be issued for government centers, the consolidated lab, and capital deficit reduction.

Both for operating and capital expenditures, the District of Columbia is responsible for multiple government functions that normally are associated with those of a city, a county, a school district and a state. Using a ratio of total tax supported debt to population, the District is dramatically out of step with other large cities. Compared to the District's \$10,000 per capita for all tax supported debt, New York City's is less than \$7,000, Chicago's is \$4,400, Boston's is \$1,800 and Baltimore's is \$1,200.

From the broader viewpoint – that the District shoulders the burdens usually carried by multiple governments – it is proper to use a ratio of debt service to expenditures as the measure for judging debt burden. Our debt service at the

beginning of the current fiscal year was around 9.1 percent of expenditures. With currently planned amounts of future borrowing, that percentage is projected to rise to 11.9 percent by the end of FY 2013, just below the new statutory cap of 12 percent and above the Moody's median of 11.5 percent for large cities. (See Attachment D.) This phenomenon highlights the challenge of addressing the District's comparatively high spending needs with a restricted tax base.

High Needs and Restricted Tax Base

The District, as the urban center of a large metropolitan area, houses a disproportionately large share of very poor and needy citizens. The District's overall poverty rate of 16.4 percent and child poverty rate of 22.7 percent are among the highest in the nation and more than three times the comparable rates across neighboring counties.¹ Unlike other urban jurisdictions, the District cannot divert resources from wealthier suburban areas to serve its urban poor.

Higher costs of service delivery compared to the average costs of similar services in the 50 states further threaten the District's fiscal health. Labor costs for public services in the District are 23 percent higher than the national levels, and capital costs (primarily buildings) are 65 percent higher than the national average. Because of this combination of a needy population and high service costs, our expenditure needs are very high. If the District were to offer a basket of public services similar to what is offered across all states and localities in the nation, for each of its residents, it would have to spend 30 percent more than what other states and localities spend on average.

¹ The U.S. averages are 13 percent for poverty and 18 percent for child poverty. The average across Arlington, Fairfax, Montgomery and Prince George's counties is 6.0 percent poverty and 7.2 percent child poverty.

In this environment of continuing expenditure needs, the challenge posed by reduced revenues is substantial. The U.S. Congress plays an important role here, and I would like to briefly note two areas that merit continuous attention. Both go to the federal preemptions of the District's taxing authority.

First, consider that two-thirds of the income earned in the District is earned by non-residents, mostly commuters from the suburbs, but the District is prohibited from taxing that income. This limitation illustrates the kind of uniquely restricted tax base with which we are compelled to fund services to our residents

Second, the District has an especially high concentration of non-taxable real property, much of it off the tax rolls due to the presence of the federal establishment. The federal government holds 39 percent of the land area of the District. If we were to add to our tax base the sixty largest federal office buildings in the District, the commercial real property tax base would rise by 20 percent and, in turn, generate additional tax revenues of \$270 million. If all commercial-like federal property (excluding the monuments, the Mall, Capitol Hill and the Federal Triangle), the added revenues would add up to another \$270 million. Further, the Congressional imposition of a height limitation on buildings prevents the District from maximizing its limited land mass as a revenue source. One only has to look at the office and apartment buildings in every other major city to recognize how the District is penalized by this one restriction.

Because of the inability to tap these resources, our residents must shoulder a disproportionate share of the cost of providing public services, while the benefits generated by the city's taxpayers are shared by a much larger non tax-paying community. Yet, the District's 14th consecutively balanced budget attests to our

resolute determination that these disadvantages should not become an excuse for fiscal irresponsibility. However, there is a looming danger. The nation's economic condition, combined with the District's high expenditure needs raise the prospect that, should revenues drop significantly from the already reduced levels, District services could be severely impaired. This is a reality that must not be ignored.

Income Tax Bonds

Mr. Chairman, I would like to conclude with positive news. I take great pleasure to inform you and the Subcommittee about the District's new form of borrowing - Income Tax Secured Revenue bonds. As the name makes clear, these bonds are secured by our individual income and business franchise taxes.

Standard & Poor's assigned the bonds their highest possible rating of AAA. Moody's Investors Service and Fitch Ratings assigned double-A ratings (Aa2 from Moody's and AA from Fitch). Together, these ratings are the highest endorsement that District of Columbia bonds have ever achieved. It is a far cry from the Control Period only a decade ago, when, as I noted earlier, the District's bonds were in the "junk bond" category.

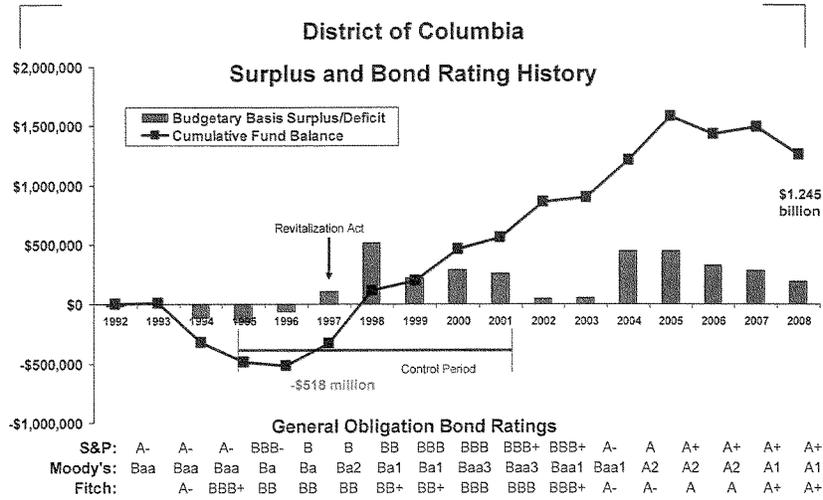
When we went to the market with the first issue of Income Tax bonds in March, we were offering to sell about \$445 million (and planning to sell more of the bonds later in the year). Investor demand was so great and the interest rates were so advantageous that we increased the size of the issue to meet that demand. We sold over \$800 million, most of which will fund projects in the Capital Improvement Plan, including school modernization and transportation projects. The remainder

was used to refinance outstanding general obligation bonds at lower interest rates to reduce our debt service obligations.

Conclusion

Mr. Chairman, I would again like to take this opportunity to stress the particular challenges the District faced in preparing this budget in an environment of declining revenues. As I stated at the beginning, the leadership provided by the Mayor and the Council made it possible for the District to produce this balanced budget proposal for FY 2010. As a result, we certified that the FY 2010 budget and financial plan, as proposed, is balanced for FY 2010 and beyond. I would like to thank you, Mr. Chairman, for your leadership and this committee for its diligent and continuous oversight work on the District's finances during this difficult economic period. We look forward to continuing to work with you and the subcommittee during the forthcoming budget deliberations.

ATTACHMENT A



2009 Income Tax Secured Revenue Bonds:	S&P: AAA	Moody's: Aa2	Fitch: AA
---	---------------------	---------------------	------------------

Government of the District of Columbia
Office of the Chief Financial Officer
Natwar M. Gandhi, Chief Financial Officer

ATTACHMENT B

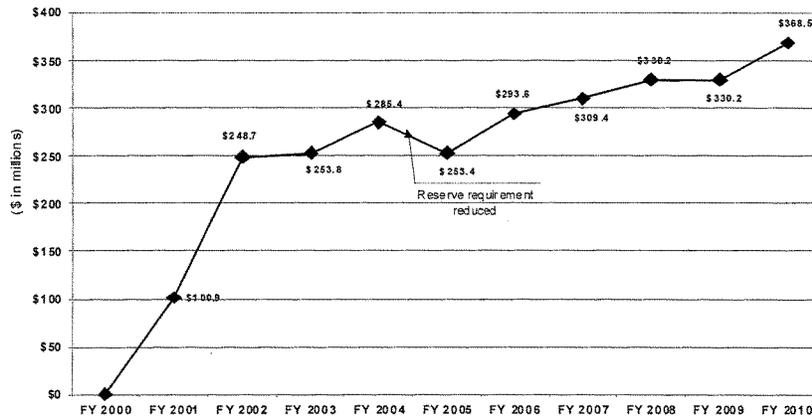
FY 2010 BUDGET AND FINANCIAL PLAN

FY2010 - FY 2013 General Fund - Local Funds Component
 (\$ thousands)

	FY 2008 Actual	FY 2009 Approved	FY 2009 Adjusted	FY 2010 Proposed	FY 2011 Projected	FY 2012 Proposed	FY 2013 Projected
Revenues							
Local Fund Revenues	\$5,436.8	\$5,432.2	\$5,169.4	\$5,029.5	\$5,132.0	\$5,298.8	\$5,540.0
Bond proceeds for issuance costs	\$16.2	\$15.0	\$15.0	\$15.0	\$15.0	\$15.0	\$15.0
Transfer from other funds	\$6.3	\$3.9	\$3.9	\$3.5	\$3.5	\$3.5	\$3.5
Fund Balance use	\$426.6	\$146.3	\$161.8	\$145.7	\$0.0	\$6.5	\$0.0
Revenue Proposals		\$4.5	\$185.8	\$176.3	\$176.3	\$193.8	\$204.0
Total Revenues	\$5,885.9	\$5,597.4	\$5,354.6	\$5,379.5	\$5,326.8	\$5,517.6	\$5,762.5
Expenditures							
Total in Appropriation Titles	\$4,971.5	\$4,830.9	\$4,649.4	\$4,672.3	\$4,578.8	\$4,784.4	\$4,929.6
Financing and Other	\$547.8	\$624.2	\$608.8	\$615.7	\$603.6	\$629.4	\$653.7
Operating Cash Reserve	\$0.0	\$46.0	\$0.0	\$0.0	\$40.5	\$0.0	\$0.0
Paygo Capital	\$139.5	\$14.7	\$14.7	\$0.0	\$0.0	\$0.0	\$0.0
IB	\$110.9	\$81.1	\$81.1	\$88.7	\$94.7	\$101.2	\$108.2
Total Expenditures	\$5,769.7	\$5,596.9	\$5,354.0	\$5,376.7	\$5,317.6	\$5,515.0	\$5,691.5
Operating Margin	\$116.2	\$0.5	\$0.6	\$2.8	\$9.2	\$2.6	\$71.0

Rainy Day Fund

(FY 2008 Actual, FY 2009-2010 Projected)
Congressionally Mandated Emergency (2%)/Contingency (4%) Cash Reserves



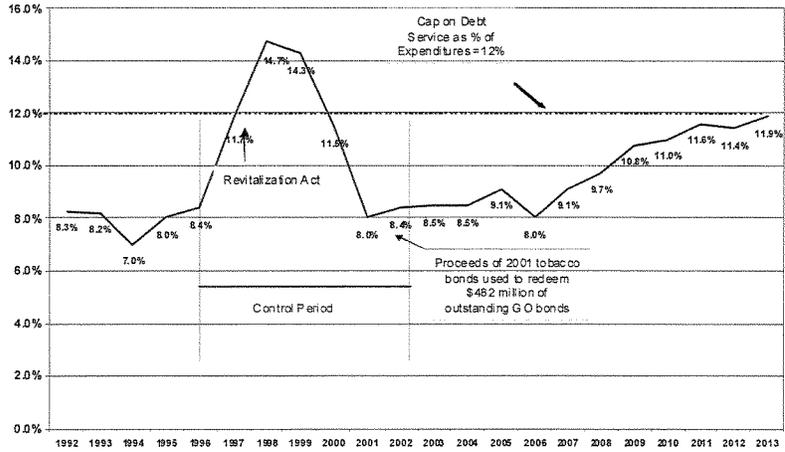
Government of the District of Columbia
Office of the Chief Financial Officer
Natar M. Gandhi, Chief Financial Officer



Growing Debt Burden

Debt Service as % of Expenditures

(as of September 30 of each fiscal year)



Government of the District of Columbia
 Office of the Chief Financial Officer
 Netwar M. Gandhi, Chief Financial Officer



ATTACHMENT E

Local Source, General Fund Revenue Estimate					
(\$ millions)					
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
1 Revenue estimate included in June budget	5,562.9	5,831.7	6,099.2	6,402.5	-
2 Change in the estimate (September 2008)	(130.7)	(151.9)	(148.5)	(162.3)	
3 Revenue estimate of September 2008	5,432.2	5,679.7	5,950.7	6,240.2	
4 Change in the estimate December 2008)	(127.1)	(303.8)	(330.4)	(327.5)	
5 Revenue estimate of December 2008	5,305.1	5,375.9	5,620.3	5,912.7	6,216.9
6 Change in the estimate (February 2009)	(135.7)	(346.3)	(488.3)	(613.8)	(676.9)
7 Revenue estimate of February 2009	5,169.4	5,029.5	5,132.0	5,298.8	5,540.0
<hr/>					
Dollar Change in General Fund revenues					
8 compared to prior year		-139.9	102.4	166.9	241.2
<hr/>					
Percent Change in General Fund revenue					
9 compared to prior year		-2.7%	2.0%	3.3%	4.6%
10 Change in the estimate since June budget	(393.5)	(802.1)	(967.3)	(1,103.7)	n/a
11 Loss sustained compared to June budget	-7.1%	-13.8%	-15.9%	-17.2%	n/a

Government of the District of Columbia
Office of the Chief Financial Officer
Natwar M. Gandhi, Chief Financial Officer



ATTACHMENT F

Capital Fund Pro Forma

(Dollars in thousands; excludes Highway Trust and Local Streets Maintenance Funds)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Total, FY 2010 - FY 2015	Percent of FY 2010
Sources:								
G.O. Bonds	\$433,522	\$501,002	\$498,820	\$542,851	\$425,858	\$418,949	\$2,821,003	
Master Equipment Lease	31,636	40,894	34,814	30,739	29,468	21,346	188,897	
Pay-As-You-Go (Paygo)	2,984	0	0	0	139,269	147,818	290,071	
Subtotal, Sources	\$468,142	\$541,896	\$533,634	\$573,590	\$594,596	\$588,113	\$3,299,971	
Additional G.O. Bonds - Large Scale Financings	16,478	20,000	5,000				41,478	
Total, Sources	\$484,620	\$561,896	\$538,634	\$573,590	\$594,596	\$588,113	\$3,341,449	
Uses:								
Office of Public Education Facilities Modernization	\$236,435	\$250,202	\$268,825	\$288,886	\$306,198	\$321,508	\$1,672,055	50.5%
Washington Metropolitan Area Transit Authority	72,700	73,700	74,800	78,800	81,200	83,500	464,700	15.5%
Department of Parks and Recreation	31,900	57,610	45,520	42,020	42,810	39,998	259,858	8.8%
Department of Mental Health	15,770	0	0	0	0	0	15,770	3.4%
Fire and Emergency Medical Services Department	11,846	23,686	29,726	29,716	18,896	15,536	129,406	2.5%
Office of the Chief Technology Officer	11,649	20,931	14,685	12,581	11,115	12,565	83,506	2.5%
District of Columbia Public Library	11,236	21,880	17,893	27,000	27,000	27,000	132,010	2.4%
Office of Property Management	10,260	18,570	22,730	38,050	62,620	58,000	211,230	2.2%
University of the District of Columbia	8,540	8,015	5,520	4,150	2,700	0	28,925	1.8%
Department of Consumer and Regulatory Affairs	7,000	9,000	5,000	5,000	2,500	0	28,500	1.5%
Office of the State Superintendent of Education	7,000	0	0	0	0	0	7,000	1.5%
Department of Public Works	6,500	7,560	8,800	8,800	7,800	1,500	40,960	1.4%
Department of Housing and Community Development	6,375	7,675	4,950	7,500	4,250	5,000	35,750	1.4%
Office of the Chief Financial Officer	5,600	6,200	3,200	600	0	0	15,600	1.2%
Metropolitan Police Department	5,000	11,679	8,879	10,200	10,200	10,200	57,158	1.1%
Department of Transportation	4,700	8,300	9,300	7,500	7,500	6,000	43,300	1.0%
Department of Corrections	3,750	3,582	2,000	0	0	0	9,332	0.8%
Commission on Arts and Humanities	3,565	2,700	2,700	2,700	2,700	2,700	17,085	0.8%
Office of Unified Communications	3,500	6,000	5,000	5,000	5,000	2,500	27,000	0.7%
District Department of the Environment	2,984	0	0	0	0	0	2,984	0.6%
Office of Planning	1,311	2,106	2,106	2,106	2,106	2,106	11,843	0.3%
Office of the Deputy Mayor for Planning and Economic	500	1,500	1,000	3,000	0	0	6,000	0.1%
Subtotal, Uses:	\$468,142	\$541,896	\$533,634	\$573,590	\$594,596	\$588,113	\$3,299,971	100.0%
Large-Scale Financings (Office of Property Management)								
Consolidated Laboratory Financing	\$16,478	\$20,000	\$5,000	\$0	\$0	\$0	\$41,478	
Total, Uses	\$484,620	\$561,896	\$538,634	\$573,590	\$594,596	\$588,113	\$3,341,449	

Note: Details may not sum to totals due to rounding.

Government of the District of Columbia
Office of the Chief Financial Officer
Natwar M. Gandhi, Chief Financial Officer



GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF FINANCIAL OFFICER



Biography
Natwar M. Gandhi
Chief Financial Officer

Natwar M. Gandhi is the chief financial officer (CFO) for the District of Columbia and is responsible for the city's finances, including its approximately \$7 billion in annual operating and capital funds. He was appointed to this position on June 7, 2000, and was reappointed by Mayor Adrian M. Fenty in January 2007.



As the independent CFO, Gandhi manages the District's financial operations, which include more than 1,000 staff members in tax and revenue administration; the treasury, comptroller and budget offices; economic/fiscal analysis and revenue estimation functions; agency financial operations; and the DC Lottery. He works closely with congressional committees and the US Office of Management and Budget staff that oversee District affairs. He also regularly interacts with the Wall Street financial community, including rating agencies, regarding the District's financial matters.

Gandhi has built on the District's financial progress by securing multiple rating upgrades (a total of 13 rating steps since FY2000) from the major rating agencies for its general obligation bonds, which are currently rated A+ by Standard and Poor's and Fitch Ratings and A1 by Moody's Investors Service. These are the highest ratings ever assigned to the District of Columbia's general obligation bonds. In 2009, Standard & Poor's assigned a rating of AAA to the District's inaugural offering of income tax revenue bonds, which were rated AA by Fitch and Aa2 by Moody's. Savings on debt service costs from the income tax bonds are estimated to total \$28 million between FY2010 and FY2013.

As CFO, Gandhi sits on the boards of the Washington Convention Center Authority and Destination DC.

Prior to this appointment, Gandhi served as deputy chief financial officer for Tax and Revenue, leading an organization that administers the District of Columbia's tax laws. When Gandhi joined the Office of Tax and Revenue (OTR) in 1997, the agency was in disarray. Its revenue base was shrinking, and employee morale was sinking. Under his leadership, OTR demonstrated a remarkable turnaround. Successes included collecting substantially more in tax revenue than in previous years, turning projected city deficits into huge surpluses; issuing more than 150,000 tax refunds within 15 days during the 1999 and 2000 tax-filing seasons; and establishing a new one-stop, walk-in customer service center to improve public outreach.

Natwar M. Gandhi

The momentum Gandhi established at OTR has continued under his leadership as the city's CFO. In 2002, OTR received the Federation of Tax Administrators "Award for Outstanding Technology Applications for State Administrations" for its Electronic Taxpayer Service Center.

Prior to his appointment to OTR, Gandhi served as associate director of Tax Policy and Administration for the US General Accounting Office (GAO), where he managed major research projects involving tax policy relating to large financial institutions. In that capacity he worked closely with the US House Ways and Means Committee and the US Senate Finance Committee, among others, and he testified numerous times on tax and financial issues before congressional and state legislative committees.

In 1991, Gandhi served as a special assistant to New Jersey Gov. Jim Florio, where he studied the state's pension system and advised on changes in its funding.

From 1973 to 1976, Gandhi was assistant professor of accounting and then coordinator of the Department of Accounting in the University of Pittsburgh's Graduate School of Business. From 1976 until 1998, he was an adjunct professor for the MBA programs of American University, Georgetown University, and the University of Maryland.

In 2007, Gandhi was named one of *Governing* magazine's 2007 Public of Officials of the Year and *Washingtonian* magazine's 150 most powerful public officials. He was also named one of *Washingtonian* magazine's 2006 Washingtonians of the Year and was a recipient of the Association of Government Accountants' (AGA) 2007 Distinguished Local Government Leadership Award. His other honors include The Morris & Gwendolyn Cafritz Foundation Meritorious Leadership Award (Inaugural Recipient) and the D.C. Chamber of Commerce Impact Award in 2005, as well as Achievement of the Year Awards from the AGA (National chapter in 2000 and Washington, D.C., chapter in 1999). He also received the President's Award from the Greater Washington Society of CPAs in 2000, and Distinguished Service and Meritorious Service Awards from the GAO.

In 2005, the National Academy of Public Administration elected Gandhi as a fellow for his "sustained exemplary contributions and continuing active commitment to the improvement of public administration." He is also a member of the Metropolitan Club of Washington, DC.

Gandhi holds a doctorate in accounting from Louisiana State University, a master's degree in business administration from Atlanta University, and an LLB and BCom in accounting from the University of Bombay.

###

Mr. SERRANO. Thank you. And it will be submitted, as will the other two.

Just two quick comments. We may be running into a difficult situation here. We have about five votes coming sooner rather than later, including a motion to recommit, which takes 15 minutes of debate. So we may be talking about 45 minutes to an hour. It would be improper to ask you to wait for us that hour, so we will try to get as many questions in as possible. We will submit the other questions for the record. This should not be taken as any lack of respect for the District in any way, but asking you to stay here for an hour, as we try to kill each other on the floor, may be more of a disrespect.

Also, I would like to acknowledge the presence of our leader in D.C., Eleanor Holmes Norton, who has joined us.

And before you came in, Ms. Norton, all three members expressed their desire that you have full voting rights on behalf of the District. And that is a first.

Mayor Fenty, I know that school reform is one of your top priorities, so I would like to start with that topic.

Mayor FENTY. Okay.

Mr. SERRANO. The President's budget includes \$62 million in Federal payments to improve the District's public and charter schools. This request comes on top of the \$60 million this subcommittee provided in 2009 for the same purpose, which included a one-time payment of \$20 million to jump-start school reform.

How will you use these funds to improve the District's public and charter schools? And, in your view, what is the best way to measure improvement? In other words, how will you know if you are succeeding in improving the schools?

Mayor FENTY. Thank you, Chairman Serrano.

The additional dollars that will be provided can be broken down into about four buckets. First of all, there is \$42 million for the District of Columbia Public Schools, \$20 million for the charter schools, \$12.2 million for the Opportunity Scholarships, and then \$35.1 million for the heralded D.C. College Tuition Assistance Program, all of which are extremely important.

The school system is broken down into two particular areas. One is \$18 million for performance pay for DCPS teachers, something that the chancellor not only thinks is innovative but will be a real strong point of her complete reform.

And then the remaining \$24 million is broken down into such things as new science, technology, and engineering schools; gifted and talented programs, which have been neglected in the city for too many years; youth engagement programs; early childhood education; special education; partnership schools, where we work with private companies and management organizations to turn around chronically low-performing schools; and then the chancellor's comprehensive staffing model to make sure that the public schools have what successful private and public charter schools have, and that is arts, music, phys. ed, mental health support, social workers, in each and every school.

Mr. SERRANO. Yeah, that is an area that I wanted to quickly touch on. You know, during difficult times, it seems that the arts are always set aside. And while we know the importance of the

“three R’s,” there is a special effort being made, you say, to maintain arts programs in the schools.

Mayor FENTY. There definitely is.

One of the things that Mayor Michael Bloomberg from New York was most heralded in and didn’t cost him as much as some of his other initiatives was to say we are going to have arts in every school in New York City. The chancellor had the same enthusiasm for that when she took over. And now, for the first time, we not only have arts in every school in the city but language and music, as well. And the dollars that the President has in his proposal would just go to build upon that.

Mr. SERRANO. And, Chairman Gray, do you wish to comment on the Mayor’s efforts to reform and improve the District’s charter school system? And, also, the whole issue of how we believe the system will gauge itself to find out what the success rate is.

Mr. GRAY. Well, thank you very much for the question.

First of all, the Council enthusiastically supported this reform effort when the proposed legislation from the Mayor came before us early in 2007. We had an overwhelming vote in support of it. And one of the tangible examples, I think, of our support was to move education out of simply being a committee, in which several members participated, but we placed it into the committee of the whole, which engages now all 13 members in this effort. We have worked closely with the Mayor and with his team and with others who are concerned with education reform in the District of Columbia.

One of the things that I alluded to in my testimony was the legislation that calls for an independent evaluation, which we now are moving towards effectuating. We have been delighted to have the cooperation of the National Research Council, the National Academy of Sciences. Not only are they going to assist us with an independent evaluation, but they actually are going to share 80 percent of the costs of that evaluation so that the city will pay very little.

We will then have a set of criteria that will be established, which will be shared of course with the Mayor and others as we develop those. And then we will have an annual look at how we are doing, so that it will not be anecdotal, it will not be conjecture, it will be an independent entity that will look at these issues and will issue a report as to how we are doing in that regard.

Mr. SERRANO. Okay.

You know, just one quick personal comment. A thousand years ago, when I first met Mrs. Norton, I worked for the New York City school system. And one of the things we did in those days, which I do not know if New York City still has or if Washington ever had, was the ability to take local artists who had a track record but, in some cases, did not have a college degree and certainly not a teaching license, and they were allowed to come into the classroom and participate in seminar-type workshops. And it wasn’t just adding to the arts program, but it was bringing in names that the folks knew. And that is a way, at times, to kind of supplement. And D.C. is not short on talent; we know that.

Let me touch on a subject here that everyone expects us to touch on, and that is the D.C. Opportunity Scholarship program, the federally funded program that provides vouchers to help some D.C. students attend private schools. On this, as in other D.C. matters,

I believe in the principle of home rule and that Congress should be guided by decisions made by the duly elected officials of the District of Columbia.

The 2009 Financial Services Appropriations Bill provided that the voucher program would continue beyond the next school year only if it is reauthorized through the normal congressional process and if that continuation is approved by legislation enacted by the District of Columbia Council. Now, President Obama is proposing that Federal support for the program be continued for those students currently in the program until they graduate but that no new students be added.

So I think you said it, but I need to get in the record: Both of you do support the President's proposal, am I correct?

Mayor FENTY. Yes, that is correct, Chairman Serrano.

Mr. SERRANO. Chairman Gray.

Mr. GRAY. Yes, that is correct.

Mr. SERRANO. Okay. We just wanted to make sure that that was on the record.

And in view of the scheduling issue, I will hold up on some of my questions and give an opportunity for Mrs. Emerson.

Mrs. EMERSON. Thank you.

I am going to continue, you all, if it is okay, with schools. And I am tremendously thrilled to hear about having art in all the schools, because it is a wonderful outlet for students and a great learning tool. The National Endowment for the Arts has had some wonderful programs using art to teach history and those sorts of programs. Not all children learn the same way, so I think it is a great addition to have.

My question, probably to you, Mayor Fenty, and Chairman Gray, is, how many more years do you think additional Federal funding will be needed to implement the reforms you want to undertake in the schools?

Mayor FENTY. Well, that is a fantastic question. And, you know, I think for the past couple years the Federal Government has supported not only the public school system but charter schools and then the Opportunity Scholarships, as well.

We will get it done under any circumstance. But what the Federal dollars have allowed us to do—and if you look at some of the initiatives I listed, everything from gifted and talented programs to early childhood education, special education—is just to allow the chancellor to move even faster.

And so I would say that, you know, we can get you an exact answer, if there is an exact answer, but I bet it is one of those things where the chancellor is a shrewd enough manager that, so long as the funding continues, she will put it to good use.

I should answer Congressman Serrano's question, as well. I think that, were the chancellor sitting where I am sitting, she would say that you measure her performance based upon whether test scores are improving, graduation rates are going up, the dropout rate is going down, and the amount of kids going to college and finishing college is increasing—so, really, on objective measures of performance across the board.

Mrs. EMERSON. So, in essence, what the chancellor has done, or is doing, has put together metrics to measure, for example, how

long it is going to take student achievement in D.C. public schools to be at the national average and those sorts of things?

Mayor FENTY. Yeah. And I think, to connect both of the questions, I think the chancellor can show, you know, as we have tried to do—and we can get you more detail—what every single additional dollar received from the Federal Government will do to improve test scores, to improve graduation rates, to lower the dropout rate, so that—you know, obviously, Federal dollars are as scarce as local dollars, but to the extent that the Federal Government sees investing in the Nation's capital's education system as a priority, you know that it is money well spent from the American taxpayer.

Mrs. EMERSON. I don't disagree with that.

The issue of violence in schools and violence in families and the issues that we read about in the newspapers are very troubling. And I know they happen in other schools and it is not just in D.C., but because we are talking about D.C., I want to raise it.

You know, what kind of reforms might be necessary to, number one, address violence in the public schools, but also what measures—or how would you describe the process of what the city does to ensure that our children in the public schools are provided quick and accurate access to social services inquiries?

Mayor FENTY. Well, let me just talk about the violence issue first.

We approach it on both fronts. The chief of police is actually in charge of school security. She works closely with the chancellor. They both report to me. And we will be very candid, an overhaul of our entire security system was needed when we took over, and we are still moving in that direction. Everything from cameras to better metal detectors to shoring up the exits—there is story after story we could tell you about. So we are looking at it on the back end.

Looking on the front end as well, the chancellor believes that a successfully run school that engages young people is probably the best way to reduce crime. You could pick any school, pick any private school that is successful, pick a charter school like KIPP or SEED, pick a public school like School Without Walls or Banneker, where the kids are 100 percent engaged there, and you could probably take out all the metal detectors in all of those types of schools because the kids, you know, feel that there is a real connection between what they are doing and not getting into trouble. And I think that, ultimately, is where the chancellor is going.

We have made a lot of social service advances. I mean, the Banita Jacks case, which highlighted the failure of the child welfare system to connect with the school system, is the biggest example. There is a lot more training for teachers to be that point of contact, advising when there may be some trouble at the home by some evidence they are seeing through the school system. I would be glad to get you more information on that so we can have a dialogue.

Mrs. EMERSON. I appreciate that. I have two more quick questions, the first of which is with regard to the D.C. Teaching Fellows Program—

Mayor FENTY. Yes.

Mrs. EMERSON [continuing]. Which is tremendous, and really you have such a group of highly motivated and passionate young people, perhaps untrained educators, but they will learn it on the job. And I think there have been a few little glitches with the D.C. public school mentor piece to those fellows. And I would appreciate you looking into that.

But my question is, what are the D.C. public schools doing to ensure that all of these young, passionate educators, or untrained albeit, what are you all doing to ensure that they will become quality educators as opposed to just giving you lots of extra bodies in the classroom?

Mayor FENTY. Well, three things: training, training, and training.

Really, the chancellor, through her 12 years leading the New Teacher Project understands, you know, that passion does not equate into ability. So we are using a lot of resources to make sure that they have all the resources needed and that the managers know the difference between an untrained and trained teacher.

Obviously, there are still a lot of certification requirements in the District of Columbia Public School System. That is something that also guarantees that they have ability, but I think the right mix, the right mix of training, the right mix of making sure that there is adequate certification and you are going through all the different standards is what the chancellor is working on.

And, listen, I think that everyone knows about the chancellor's landmark proposal to our teachers union. It calls for some of the most aggressive pay increases in the country. It would have teachers being able to make up into the \$110,000, \$120,000 range. We think that, just as in any other private-sector organization, putting a carrot out there for teachers to go to is the best way to ensure that we have the most highly qualified teachers in the country here in our Nation's capital.

Mrs. EMERSON. I appreciate that.

And then I must ask one more question with regard to the Opportunity Scholarship proposals. My time is not up yet—

Mr. SERRANO. No, no, no.

Mrs. EMERSON [continuing]. And I want to ask this.

I want your opinion about the younger brothers and sisters of those current scholarship recipients and whether or not, until you have completed the reform process, whether you feel like the younger siblings should be allowed into the program.

Mayor FENTY. I think that has tremendous merit, Congresswoman. And the administration would be welcome to talk to Congress or the Federal administration about that.

I do think what President Obama has done has provided a great deal of—a tremendous public service to the city and to the kids in the system. Because before he made his statement, there was great uncertainty about not only the future of the program but what would happen, you know, just this year. So I know parents are relieved. I think it is a great foundation to figure out just how much stronger you make the program.

And so we are open to it, and we would be glad to discuss it further.

Mrs. EMERSON. I appreciate that.

Chairman Gray, would you concur in that?

Mr. GRAY. We would certainly be happy to have any discussions you would wish around this issue.

I certainly, like the Mayor, am committed to having the strongest possible public education system we can have in the District of Columbia. Again, we focused a lot on that effort; we will continue to focus energy on that.

And I say that not only as the Chair of the Council, but I also say that as a K-through-12 product of the public education system in the District of Columbia. And I certainly want to see it restored to the level of effectiveness that we have known it has had in the past.

Mrs. EMERSON. I appreciate that. Thank you.

I am sorry that I have overstepped my time limit, Chairman.

Mr. SERRANO. No, no, no, you did not. You have no time limit.

Mrs. EMERSON. Oh, I don't? I am glad to know that from now on. I didn't know that.

Mr. SERRANO. When D.C. is here, you have no time limit.

Mrs. EMERSON. Especially since I was born in D.C.—not many people can claim that—at the old Sibley Hospital, when it was on Eye Street, Northwest. Mayor, you were not born at that time, but perhaps the rest of us—at least I was. 1950, what can I tell you?

Mr. SERRANO. 1950? That is when I came from Puerto Rico. So because of that, when D.C. is here, you have no time limit. Other times, we can discuss it.

Just for the record, because while the committee was portrayed as killing the voucher program, this committee funded it until next June. So, technically, the program is still in operation until next June. It is after next June that decisions have to be made by the City Council and by the administration and by Congress.

Mr. Edwards.

Mr. EDWARDS. Thank you, Mr. Chairman.

Mayor Fenty, I have been in Congress for 18 years, but this is my first time on this subcommittee. So let me begin by saying I consider the District of Columbia to be a national treasure. And I want to thank you and Chairman Gray, Dr. Gandhi, and my friend and colleague with whom I came to Congress a number of years ago, Eleanor Holmes Norton, for being good stewards of this great community.

Mayor FENTY. Thank you.

Mr. EDWARDS. I salute your focus on education and addressing the needs of the homeless, and will not make my role on this subcommittee to try to micromanage the District, but hopefully be a partner in supporting the good things you are doing for the people of this community.

On education, I might just ask, since really the question I was going to ask has been asked about measures of performance—

Mayor FENTY. Yes.

Mr. EDWARDS [continuing]. I might just add a footnote question to that. Do you have a sense of what would be a fair time frame by which to judge those measures of performance and the improvements being made? It is not fair to judge a football coach after a year, and an education system is far more important and complex

than that. Would it be a 5-year time frame? Longer than that? Shorter than that? Any general sense?

Mayor FENTY. Yeah, Congressman, the enabling legislation put a 5-year review period in it. It is not a sunset, but it is a time when the legislature is legally mandated to come back and look at the bill they passed which gave the Mayor the control over the school system. So that is pretty much what we went with.

I remember, in our preparation for the takeover, we talked to Schools Chancellor Joel Klein, who talked about 5 years was the time when he was really starting to see significant increases in the test scores of the kids in the New York City school system, as well.

Mr. EDWARDS. Great. Thank you for that.

My only other comment would be, another hat I wear in Congress is to Chair the Veterans Appropriations Subcommittee. And there are, tonight, sadly, 154,000 homeless veterans on the streets of our country. And I would have to believe that a number of those are here in the District of Columbia, being in our Nation's capital.

Mayor FENTY. Sure.

Mr. EDWARDS. If there is any way we can work together to be partners to address the needs of homeless veterans in the District of Columbia, I hope our subcommittee could play a productive role with you.

Thank you.

Mayor FENTY. Thank you, Congressman.

Mr. EDWARDS. Thank you very much.

Thanks, Mr. Chairman.

Mr. SERRANO. Thank you.

Ms. Lee.

Ms. LEE. Thank you very much.

Good morning. Good to see you, Mr. Mayor. And this also is my first year on this subcommittee. And I am very delighted to be on here because, as Members of Congress, we all live here in Washington, D.C. Congresswoman Norton is my Representative, you are my Mayor. And I actually, in my last life, I worked for Ron Dellums, who chaired the District of Columbia Committee. My children went to D.C. public schools—Brent, Alice Deal, and Wilson.

Mayor FENTY. Oh, wow.

Ms. LEE. And so, it is really a pleasure to meet you. And I just have to salute you for everything that you are doing, because this is all of our city.

Mayor FENTY. Thank you.

Ms. LEE. So thank you.

I remember when Ron chaired the District of Columbia Committee, part of his mission was to turn over the authority and jurisdiction, the fiscal authority, a home rule strategy, to make sure that the District residents had full representation and didn't actually have to come to Congress, you know, for the budget.

And so I do support Congresswoman Norton's H.R. 1045, the District of Columbia Budget Autonomy Act of 2009, and H.R. 830, the Legislative Autonomy Act of 2009. Because I really am—I have believed this since the 1970s, that flexibility, D.C. autonomy, full voting representation, full voice in Congress would address the needs and concerns of the District residents that we all, in this country, believe should happen. And so, while this committee, though, until

we get to that point, I am really delighted to be on this committee, to be able to support the District and its needs from Congress's vantage point.

I wanted to ask you about the whole HIV and AIDS pandemic here in the District of Columbia. I come from Alameda County, Oakland, California, where we did declare a state of emergency in 1999. And I know you have mounted an effort here, "go fast, go far, don't go it alone." You have a variety of initiatives on HIV and AIDS. I have worked with your representative to address it.

Could you just paint a picture of what is going on and what you think we need do at the Federal level to support your efforts and to really begin to help turn this around? Because I think the District, unfortunately, probably has the highest incidence of HIV and AIDS in the entire country.

Mayor FENTY. That is true.

Ms. LEE. Largest African American population with it.

Thank you very much. I am glad you are here.

Mayor FENTY. Thank you, Congresswoman.

We are touching this at every angle. For instance, I think we are the top-three jurisdiction in the country now in the distribution of condoms. Thanks to congressional action, we no longer have a prohibition on being able to use local dollars for a needle-sharing program. So we are addressing this. And we know some people, unfortunately, involve themselves in drug use, but we know that if we can get them a clean needle, it is not going to add insult to injury, where they are involved in drug use and then pick up HIV and AIDS along the way.

The biggest thing that we are doing is transforming the District of Columbia into a jurisdiction where we just emphasize testing. Over the past year, we have increased the number of people who have been tested in our 600,000 city from 40,000 to 70,000. You read the article in the Post which showed that the number of people with HIV/AIDS is now certified at around 3 percent. The numbers will actually probably go up for a while, as we test more people, but that is the point of our Department of Health's strategy. We want to know everyone who has the disease so that they can know their status, communicate it to others, not spread the disease, and get early treatment.

If you ever get a second to read our report on heterosexual behavior that was just put out, first ever in the District of Columbia, it will make your jaw drop, because it has stories of heterosexual adults in the District of Columbia who don't know their status, don't know their partner's status, who themselves are engaging in extra-relationship sex, know their partner is engaging in extra-relationship sex, and don't know the status of any of the people who are engaged in any of those relationships.

With that type of what can only be described as irresponsible behavior, we know that that is one of the root causes of why the disease is spreading. So we are going after it.

Ms. LEE. Do you have the resources to go after it—Mr. Chairman, that is my final question—in terms of your budget, in terms of what type of resources do you need, or do you feel like you have the adequate resources to do the job.

Mayor FENTY. I think that the combination of dollars received from the Federal Government and what we receive from our local taxpayer base is in the range. And then as additional grant dollars are made available, and I will get a supplemental through you to the committee Chair, about how extra dollars can help in our efforts. Obviously, as I told Congresswoman Emerson, we will make sure that each additional dollar is well-tailored to the reduction of the HIV/AIDS rate. But a lot of what we are going to do is use those dollars to get out into communities where we can do a much better job of educating and testing.

Ms. LEE. Thank you very much, Mr. Chairman. I look forward to reviewing it.

Mayor FENTY. We will get that to you, Congresswoman, through the Chair.

Mr. SERRANO. Thank you. Two quick comments. Before you came in, in my opening statement I said I may be the only chairman in the history of Congress who wants to give up power. I don't want to oversee the District of Columbia.

Ms. LEE. Let's work on that.

Mr. SERRANO. For giving up my power?

Ms. LEE. We won't have a committee anymore if we do the right thing.

Mr. SERRANO. Just on that, just on that.

Mr. Fattah.

Mr. FATTAH. Thank you, Mr. Chairman. I don't want you to give up your power, but if you give up jurisdiction over D.C. that is fine. There are plenty other things for you to handle, and the committee has a broad jurisdiction.

But, Mr. Mayor, welcome. I have served a number of years ago as the ranking Democrat on this subcommittee so I am somewhat familiar with the issues at hand. But I did want to compliment you on the work that you are doing. I think you are providing extraordinary leadership here in the District on a range of issues. If you could update the committee on where you are in your school reform efforts, that would be I think useful to me in terms of the work that we are all engaged in. And I was out with you, I guess, maybe a year or two ago when the announcement was made to really ramp up college access and scholarship guarantees for young people. And so the foundation community has been supportive, but if you could just talk a few minutes about what is going on.

Mayor FENTY. Working backwards, you can't emphasize enough what the President has proposed and what has been approved repeatedly out of this committee. The Tuition Assistance Grant Program, which allows more kids to go to college at the in-state tuition rates, that just gives a great carrot for our kids moving through the system. But the Chancellor has the school system in a great place. After one and a half years, obviously, our hardest work is ahead of us. But in the first year we saw test scores go up about 10 percent, which as I mentioned was kind of where New York was after a few years. We hope to continue to increase that as we go toward that 5-year review period.

We talked earlier about language, arts and music now being in each and every school. While dropout rates haven't reduced to where we want them, they have been reduced and graduation rates

have gone up. And I think over the past 5, 10 years we have doubled the number of kids going to college. So a school system that when we took it over ranked at the bottom, still ranked pretty far down, is headed in the right direction.

The Chancellor also has some very aggressive reform initiatives that she still is undergoing. We just this week announced six schools we are going to completely reconstitute. Everybody has to reapply for their jobs. I think four of them were some of our biggest high schools.

These are the types of things that happen almost on a monthly basis by the schools' Chancellor. And then the pinnacle of all of our reform is our negotiations with the Washington Teachers Union. I think the Chancellor has put forward a proposal that will move school systems in this country ahead by decades, because what it says is that every teacher will get a huge increase in how much they are paid already. And then teachers who opt out of the tenure system, who just are going to allow the Chancellor to judge them on their own ability and whether or not they qualify, have the opportunity to receive pay increases of anywhere from say 20, 30, to \$40,000 up to the point where teachers can make 105, 110, \$115,000 a year. So it is a proposal that both protects teacher tenureship if you want and pays you more, or if you want to opt out of it allows you to go for astronomical dollars as a teacher.

I think that is where school systems are headed. We are in the process of negotiating that with the Washington Teachers Union right now.

Mr. FATTAH. One thing I would say is, and I appreciate that, one of the things that has always interested me about the District is that you don't always have a one-company town here, you have the government and ancillary businesses. And there doesn't seem to be a focus, and maybe this is something we could work together on, on preparing young people for jobs with the Federal Government and really creating a pipeline. We have probably close to 40, 50 percent of the employees here in the Federal Government, all of this bureaucracy that exists in Washington, are baby boomers, they are going to be retiring. There is a real dearth of people to prepare themselves and position themselves to be able to follow into these job cycles in a variety of these departments. And D.C. is right here. And it would seem to be that maybe with the Obama administration and your leadership and maybe a hand by our committee that we could really kind of look at what the personnel needs are down the road, all of the classifications of jobs, and really create a pipeline that doesn't just take kids to college, but brings them home to D.C., into jobs that would pay well and in which they could also serve their country and help make a difference.

Mayor FENTY. We would love to follow up with you on that. One of the things we are trying to do along those lines is I think we are going to have a thousand jobs in the Federal Government for our Summer Youth Employment Program this summer. The Obama administration has I think got a thousand set aside. And we would love to build on that for the entire school year, and then obviously when kids graduate from high school and college.

Mr. FATTAH. Thank you very much. Thank you, Mr. Chairman.

Mr. SERRANO. Thank you. Mayor Fenty and Chairman Gray, I don't want to put you at odds with the leader of the free world, President Obama. But my question is, the President in the amounts proposed for Federal payments to D.C., has his list of priorities. Are there any priorities you have that you would like to see added to what the President has requested? And here is the tough one. Are there any that you would suggest to the committee we should consider prior to considering one that the President has submitted where you say, look, if you have got \$100 million, well, don't use it for this purpose that he has proposed, instead use it for this other purpose that we need?

Mayor FENTY. The answer to the second question is no. I think if we had this amount of dollars that it would absolutely be this combination. I think it is the right proposal. There are a couple of things. I will actually submit a list to you which has kind of where we would go with additional dollars consistent with what we have had a conversation with other Congress people.

One thing that does jump off the page though is the combined sewer-water problem with the Anacostia River. That is a \$3.2 billion problem, as you know, Congressman. We have a river in the Anacostia that is as polluted as any in the country, and I do think we have a unique opportunity to show how a local government and the Federal Government could partner to turn that around. No one is going to be able to swim or fish in the Anacostia River for probably 35 years or so unless we make some investments now and really turn around Blue Plains.

I think that is probably the one place that jumps off the page in terms of the real need for Federal dollars. But there is a little bit of a list that I will submit to the committee.

Mr. SERRANO. Okay. Thank you. We would appreciate that.

Chairman Gray.

Mr. GRAY. Well, I would mention two things on both ends of the education spectrum. First of all, we appreciate the support of the President investing in prekindergarten services. The investments that the Council is making, the investments that the Mayor is making, the investments that the Obama administration has proposed will help to get us to where we are and where we need to be with services to all 3- and 4-year-olds. But we need to make investments even earlier than that in the zero to 3 population. Certainly we have services now, but it would be wonderful if we could make a full commitment to all young people from the time of their birth until the time that they get into school.

So that would be the first effort. And then on the other end of this, the University of District of Columbia. We are making Herculean efforts to move the university forward. As you heard earlier, the Council is helping to invest in a new student center. We are looking at some of the capital improvements there. We are supporting a community college. So I would love to see the administration help us with our own local university, our own State university, if you will, Mr. Chairman. And again, I appreciate the investments that they are making. So I don't have any quarrel with what they are doing at this stage, but it would be helpful if we could find ways to do more.

Mr. SERRANO. Just a note, the Corps of Engineers and NOAA have been very instrumental in my district in the Bronx in cleaning up the river, the Bronx River. Most people didn't even know we had a river in the Bronx. It didn't have banks on the side, it had cement. And now fish have returned and a beaver. For the first time in 200 years a beaver returned to the Bronx. Of course they named the beaver José, I don't know why. A change in times. Years ago it would have been Victor or Harry, right?

A quick question. I want to comment to Mr. Fattah and Ms. Lee that we had decided that in view of the fact that the next series of votes will be a long vote that we would conclude and not to keep them around waiting an hour or so until we came back. Just very quickly.

As you know, I have been vocally active to telling everyone that will listen that it is my intent to take more and more restrictions that Congress imposes on D.C. away from our legislation and from our bill, and we have done so.

Mayor Fenty and Chairman Gray, anything that pops off the page on restrictions that you would like to see removed from Congress in addition to the obvious ones that we know about, the non-voting and so on?

Mayor FENTY. I think the big ones are the ones that were focused on. Obviously, I should say, for the record, that any restriction on our ability to spend our dollars for any reason we think is inappropriate. But the big ones are the measures surrounding guns and any type of social riders. I think that we respect each and every Congress person and their particular point and position, but we think that to hold back our voting rights legislation by putting a rider about gun rights on there is inappropriate.

And I do just want to say that I think through your leadership, your predecessor, my predecessor, I think there has been an amazing advancement on this issue. Obviously there has to be a day, as I have said, where the residents of the District of Columbia have the same autonomy and independence and rights as every other American citizen. But I have been in this City a long time, been in this government now for about 10 years, and the days when we were fighting riders every week and every month, which were not too long ago, seem to now have been long gone.

So I just want to appreciate your leadership on that as well as the other four members here and the entire committee.

Mr. SERRANO. Thank you. Chairman Gray.

Mr. GRAY. Mr. Chairman, I would revert to the obvious, I guess. That is legislative and budget autonomy. The bills proposed by Congresswoman Norton would go a long ways towards, I think, honoring autonomy in the District of Columbia. It is a nightmare for us as legislators in the District of Columbia to deal with the reality of having to send bills here. We have this convoluted and complicated process in which in order to be able to accommodate the time involved we often have to do emergency legislation which lasts for 90 days, legislation that will be sometimes called gap fillers before legislation becomes effective because of the period of review here at the Congress, temporary legislation which has to be done to extend the emergency period. It really makes it very difficult. Obviously from the autonomy perspective we would like to have

our legislation at the District level. But just in terms of being able to administer the legislative process, it is far more difficult.

Budget autonomy, I think with 14 consecutive balanced budgets, we have amply demonstrated that we can manage our affairs in the District of Columbia, and we believe that ought to be honored as well.

And then of course the issue of voting rights. It is very disappointing to sit here in 2009 and not be engaged in a celebration of having our outstanding Congresswoman Norton having a vote in this Congress and to have to face the prospect of a completely unrelated and frankly for me onerous and odious amendment being attached to the voting rights bill, now having once again slowed down the process for it.

So if we took care of those three I think a lot of the other issues would be taken care of as a result.

Mr. SERRANO. Thank you. Mrs. Emerson.

Mrs. EMERSON. I am going ask Dr. Gandhi a question because I am feeling bad that you are just sitting there and listening.

Mr. GANDHI. I don't mind.

Mrs. EMERSON. Well, that is all right. I will ask you a question anyway, Dr. Gandhi. Last year we learned that the D.C. Tax Office had issued millions, tens of millions of dollars in fraudulent tax rebates. And I understand that you have been working very, very hard on reform in the Tax Office. So I wonder if you could give us an update on your reforms, let us know whether or not this has impacted the City's bond rating, and if you are looking at things today do you believe that a fraud such as that which happened last year could occur today?

Mr. GANDHI. Well, I will start—may I have the mic please? With the last question first, that it is quite unlikely that something like that would happen primarily because of the changes that we have made. The lesson that we have learned from that scandal, which incidentally was a dark professional hour for me personally, is that you have to be eternally vigilant. And eternal vigilance is not a cliché anymore for us in the District.

So what we have done is to first, strengthen our internal controls so that we are absolutely sure that something like this would not happen again.

Two, we appointed a new leadership after having fired the entire leadership. There are 100 less people working today in the Tax Office because of that. The new leadership encompasses a very distinguished group of people that are working with us.

Three, we have an Audit Committee chaired by a former IRS Commissioner and members of the Security and Exchange Commission.

Four, we have basically revamped our automated systems and we are in the process of getting a new system there.

Five, and most important, is training. Training in ethical conduct, code of conduct training to make sure that people know what they are supposed to do, that they do that, and that there are things that they should not do.

So more than anything else, changing the culture of our Tax Office in particular is very, very important, and we are engaged in doing that.

Mrs. EMERSON. I appreciate that. And I know it has been because you have paid very, very close attention with the Mayor and with the Chairman as well. How about has your bond rating been impacted at all by this?

Mr. GANDHI. Not at all. Indeed, as you see here, we have received triple-A ratings now. And that is the highest you ever can go in a municipal jurisdiction. We are in the company of very few select municipalities around the country to have achieved a triple-A rating. I think what the Mayor and the Council Chair Gray and the rest of the Council have done is to give us the fiscal prudence and financially responsible budgeting. As I pointed out earlier, even in the face of a \$800 million decline in 2010 of revenues these leaders have produced a balanced budget, and maintained a rainy day fund among the highest in the country. We will have roughly \$360 million in fund balance, include in what you see here, a \$1.2 billion fund balance.

This is a remarkable turnaround, as I pointed out in my testimony, that very few cities can match this level of financial performance and great credit goes to our elected leaders for that. We are indeed a shining city on the Hill in the financial market.

Mrs. EMERSON. And we could learn a good lesson from you. Thank you very much. Dr. Gandhi, thank you.

Mr. SERRANO. Well, we have a few minutes left so do you have a question?

Ms. LEE. I just wanted to ask you very quickly about housing and the impact of the recession here in the District. I really have to applaud you on how you are addressing the homeless population here with your Housing First Initiative.

Mayor FENTY. Thank you.

Ms. LEE. Again, gentrification I know had occurred in the District of Columbia, like it has in Oakland and other cities. What is going on now in terms of the ability of people to hold on to their homes, speculators, and how the economic recovery package is assisting with your efforts here on housing?

Mayor FENTY. That is a great question, Congresswoman. We were not nearly as impacted as other jurisdictions around foreclosures and other related housing problems. The biggest impact for us has been that when the economy was a little bit stronger and more housing was being built we tied our deed and recordation tax to our Housing Production Trust Fund. So we were probably getting maybe almost double the amount of money in for our Housing Production Trust Fund which we were using to build affordable housing in the City.

So what we are doing now is trying to supplement that. The Federal Government is a huge part of this. I can't say enough about money that comes in through HUD to our DHCD housing community development. Almost every month I am at a new groundbreaking. Just yesterday we were breaking ground, doing ribbon cutting for some new housing for domestic violence victims who otherwise wouldn't have had this new housing.

So the local dollars, the Federal Government partnership, the new Obama budget which proposes \$20 million, before we got that money we would have probably just been able to have enough money to keep everyone we put into the new Housing First model,

just keep them, so it would have just kept the number exactly what it is. Now we think we can do the exact same thing this year we did last year, which is add about 500 new individuals and families who are homeless into housing. So hopefully as you drive around the City you are seeing less homeless people on the streets. Those people are now in housing.

Ms. LEE. Thank you very much.

Mr. SERRANO. Thank you. Just one final comment before we close. Last year we were very successful in getting the restriction done away with on D.C. being able to use local funds for a needle exchange program, syringes exchange program. We now have legislation with about 110 sponsors to lift the ban on the use of Federal funds throughout the country for these kinds of programs. So we are making some progress.

Well, I want to thank the three of you for being here today. I want to thank you for your service to the District of Columbia. I want to thank you for your success in turning around a lot of things. That started some time before you, but as Dr. Gandhi said, some major changes have been made. I am sorry about the end of the hitting streak.

Mrs. EMERSON. The Caps too.

Mr. SERRANO. And the Caps. I am from Puerto Rico. The whole idea of ice, it is a tough thing. But I do want to thank you, and reiterate once again for the 100th time that it is my intention as chairman of this subcommittee to see to it that you have more and more and more autonomy and less restriction on being able to function as full citizens of this country.

Mayor FENTY. Well, thank you for the quarter. I think that was huge. Congratulations on the Puerto Rico quarter. In our local budget process, the three of us I think thank our staff immensely. We should do that again here for the record while we are here on the Hill. Our staffs do all the work preparing these budgets. And then thank your staffs, the staffs of both you and Ranking Member Emerson, for working with us to get ready for this hearing.

Mr. SERRANO. So a friend from Puerto Rico calls me up and he says, Joe, we finally got a quarter, we Puerto Ricans, and now it is worth about \$0.10.

The hearing is adjourned.

Financial Services and General Government Subcommittee
Hearing on the District of Columbia's FY 2010 Budget Request
Questions for the Hearing Record from José E. Serrano

Questions for Mayor Adrian Fenty:

1. For the "Federal Payment to the District of Columbia Water and Sewer Authority" appropriation, the President's budget proposes to drop language specifying that the payment is for continuing implementation of the Combined Sewer Overflow Long-Term Plan. How much of the proposed \$20 million appropriation would you expect to use for the Combined Sewer Overflow plan, and how much would you use for other purposes? Please explain those other purposes, including the expected multi-year costs, the portion that would come from Federal payments, and the other sources of funding that would be used.

2. What is the status of the D.C. Water and Sewer Authority's Combined Sewer Overflow Long-Term plan? Please provide an estimate, by fiscal year, of the amount of Federal and local funds that will be required to complete the project. Also, please include an explanation of the methodology used to develop these annual cost estimates, particularly for the Federal payment portion of the project.

3. The President's budget proposes a new \$2 million Federal payment for the D.C. National Guard. What costs is that payment intended to cover? How have these costs been covered previously? What is the rationale for beginning this new Federal payment?

The proposed \$2 million Federal payment for the D.C. National Guard is intended to support the District of Columbia National Guard's D.C. Government Operations, which is a component of the Joint Forces Headquarters – National Capital Region. As a Federal entity, the DC National Guard responds to the orders of the President of the United States, who is the Commander-in-Chief of the DC National Guard, pursuant to the District of Columbia Official Code § 49-409 and Executive Order No. 11485 (October 1, 1969). The Mayor is not authorized to deploy the DC National Guard under any circumstances. In comparison, a governor is the commander-in-chief of his or her state's National Guard. Despite this fact, the District of Columbia spends approximately \$3 million of local funds each fiscal year to support what is in essence a federally run entity.

4. The President's budget proposes a new \$19.2 million Federal payment for permanent supportive housing. Please explain this initiative and the role of the proposed Federal payment. As part of your explanation, please indicate—

- Whether the D.C. permanent supportive housing initiative is already underway and, if so, how much funding has been provided and from what sources;
- The expected total funding for fiscal year 2010 and the sources in addition to the Federal payment;
- The number of units of housing expected to be produced in each year and the number of clients expected to be served;
- Whether the program is intended to support development of new housing units and, if so, through what mechanisms;
- How annual operating costs will be handled, including the costs of supportive services; and
- The expected future-year costs and the portion of those costs expected to be covered through Federal payments.

Since January 2007, the District of Columbia has made developing effective solutions to homelessness a top priority and has begun to transform the delivery of homeless services from an approach that simply meets the survival needs of individuals with blankets and shelter to a system that works to move our neighbors beyond homelessness by providing housing with tightly linked supportive services. This administration shares the shock and dismay that visitors to the nation's capital express at the sight of individuals living on Washington, DC's streets, often in the shadow of our most venerated monuments and government buildings. As a result, the District has approached homelessness with a level of urgency that is long overdue.

The Mayor's Housing First initiative has housed 427 individuals and 34 families to date. The District's 2009 homeless enumeration report revealed that the Emergency Shelter population (for singles) decreased by nearly 10 percent from the 2008 count, and the number of unsheltered persons counted decreased by 15 percent. The District has never seen such a dramatic year-to-year decrease in the street count portion of Point in Time. Additionally, the number of HUD-

defined chronically homeless^[1] also decreased by 12 percent. (The figure stands at 1,923, down from 2,184 in 2008).

Studies have shown that the District's shelters have long served, inappropriately, as permanent housing for a significant number of individuals who would be far better served in a different setting. In fact, of single adults entering shelters in fiscal year 2006, four percent stayed 365 days or longer and another ten percent stayed between 181 and 364 days. This 14% of individuals accounts for over half of emergency shelter bed nights used in the District each year. From studying best practices in other cities, and in particular the Housing First approach, we are confident that we can serve these individuals more effectively in permanent supportive housing, and that this will allow us to transition from an ever-expanding but stopgap system that only meets emergency needs to one that will finally move many people who have lived on the street for years (and in some cases decades) beyond homelessness.

The Housing First approach requires that we stabilize vulnerable individuals and families by first placing them in permanent housing, rather than conditioning housing on compliance with behavioral requirements they do not currently have the tools to meet. Housing First is premised on the realization that vulnerable individuals and families are more responsive to intervention and social services support after they are in their own permanent housing. For instance, once an individual is in a stable living environment, he or she is in a better position to respond to treatment for the mental health, addiction and other challenges that may be at the root of the homelessness and to access education and other supports.

This approach has had tremendous success in New York, San Francisco, Seattle, and Denver. Two long term studies have shown that more than 83% of the homeless individuals placed in permanent supportive housing remain in permanent housing and ultimately are reintegrated into mainstream society. In addition, research shows that the program is highly cost effective. Specifically, significant decreases in substance abuse incidences, hospital visits, incarcerations, and shelter costs nearly covered the cost of developing, operating and providing services in supportive housing. So, even without taking into account the positive impacts on health and employment status, or improvements to neighborhoods and family relations, it costs roughly the same to permanently house and support people than it does to leave them homeless.

The District government is committed to solving homelessness one individual and one family at a time. With a Federal partnership to provide increased resources, the District is poised to deliver results that can be a model for the entire county. The District made a significant investment in addressing chronic homelessness by creating a Housing First fund in our FY 2009 budget. The approved FY 2009 budget included \$19.2 million in local funds. Due to the downturn in the

^[1]A chronically homeless person is "an unaccompanied homeless individual with a disabling condition who has either been continuously homeless for a year or more, or has had at least four episodes of homelessness in the past three years." As directed by HUD, this definition excludes any persons in families from being counted as chronically homeless and does not include any persons in Transitional or Permanent Supportive Housing.

national economy, however, the budget for the FY 2009 Housing First fund was decreased to \$12 million in local funds, and the proposed budget for FY 2010 is \$10.1 million in local funds. This funding level allows the District to support the 427 individuals and 80 families currently housed through Housing First, and we are seeking Federal funds in FY 2010 so that we can serve even more individuals and families.

The President's budget would provide an additional \$19.2 million for housing and wrap-around supportive services. This would enable us to house up to 400 individuals and 150 families in addition to those already housed through Housing First. The proposed Federal partnership will significantly advance the District's progress toward providing 2,500 units of permanent supportive housing by 2014, a commitment set by the District in our 2004 "Homeless No More Plan."

Funding summary:

	FY 2009	FY 2010
DC Local Funds	\$12,071,000	\$10,071,000
Proposed Federal Contribution	\$0	\$19,200,000
Total	\$12,071,000	\$29,271,000

5. The President's budget also proposes a new Federal payment for "Reconnecting Disconnected Youth." Please explain how this program would work and what services would be provided. Is this initiative already underway, and, if so, using what funding sources? What sources of funding are anticipated in fiscal year 2010 in addition to the Federal payment? Would services be delivered by grantees and, if so, what eligibility and selection criteria would be used to award grants?

The District's Deputy Mayor for Education and his Interagency Collaboration and Services Integration Commission are working together to significantly reduce the number of young people not currently connected to positive school or work activities or at risk of becoming disconnected from these critical influences. This group has identified two high priorities in this effort: providing young people who have dropped out of school with job training and access to GED programs, and improving the services provided to court-involved youth (who are at higher risk of dropping out of schools) and their families, in the communities where they live. Initiatives in both of these areas are discussed below.

The District intends to help young people who have become involved with the juvenile justice system become more productive citizens by building on the strengths of these youth and their

families in the least restrictive environment possible consistent with public safety. Our goal is to create the nation's best continuum of care for these youth and families through a neighborhood based program that emphasizes individual strengths, personal accountability, skill development, positive family interaction and support, and community involvement in the process.

In 2005, when a new Director of Youth Rehabilitation Services was hired and the agency was elevated to cabinet level, the District dramatically shifted its approach to youth rehabilitation, implementing a therapeutic model of Positive Youth Development ("PYD"). We have made substantial investments in the agency's workforce, hiring new managers experienced with PYD and training all staff on the approach and the investment has paid off -- there has been a substantial decline in unnecessary secure confinement and significant improvement in the conditions of confinement for youth still requiring a secure setting. Most importantly, recidivism of youth under the department's care has dropped by 19% while there has been an overall decline in serious juvenile arrests in the District of 24%. An advocacy group that once sued the agency over poor conditions and programs recently testified that they have seen more progress in the past 3 years than in the previous 20, and the agency was recognized this year as one of the "Top 50" government programs in the country by Harvard University's Kennedy School.

We propose to use Federal funds to support new **Neighborhood-based Service Coalitions**, which will provide greater supports and opportunities to youth and families by fully engaging the community-based organizations that are most invested in the neighborhoods where our clients live in this process. Specifically, we intend to augment the agency's current programs with a coordinated array of neighborhood-based services, provided by a number of local non-profit organizations with strong ties to these communities. Each of these Neighborhood-based Service Coalitions will be led by a "lead entity" with a proven track record in the area and appropriate organizational and management capacity.

This concept -- which has had demonstrated success in Milwaukee and Detroit -- is rooted in the belief that communities should be engaged in resolving their own problems. Research supports the premise that youth from disjointed neighborhoods end up in the juvenile justice systems at higher rates than youth from more organized communities. Ironically, the research also shows that incarcerating large numbers of people from neighborhoods further destabilizes those neighborhoods. Thus, we believe that by building the capacity of DC's communities to work with their own court-involved youth, the Neighborhood-based Service Coalitions go a long way to help rebuild fragmented communities and also to involve young people in community development, thereby improving their opportunity for success.

The Service Coalitions will serve between 550 and 650 youth and their families, supporting them as much as possible within their own homes and neighborhoods. We believe the relationships that are established between and among providers and individuals within each designated Service Coalition area will result in increased monitoring of and support for families of court-involved youth that will, over time, translate into increased community/neighborhood responsibility for

this issue. Creating this sense of shared responsibility will mean that ownership over the futures of these young people will no longer be held by a single case manager or government agency; it will become a community responsibility. Specifically, the Service Coalitions will:

- Provide increased oversight and monitoring of youth in their communities in a manner that promotes their positive development;
- Assure that the services, supports and opportunities identified for the youth and family are provided in a timely fashion and achieve desired goals; and
- Assure round-the-clock staff support and availability to youth and their families.

This approach represents a watershed reform that will greatly enhance the provision of services and supports to youth committed to DYRS' care, their families and communities, and we think it will become a model for replication nationally. Specifically, this paradigm shift will allow us to:

- Foster the development of a more comprehensive and effective, community-based network of support for system-involved children and their families;
- Reduce the use of institutional care, residential treatment centers and inpatient psychiatric hospitals, while providing more intensive services in the community and in the home;
- Promote the role of family and other adults vested in the success and positive development of each youth through their active inclusion in the individualized planning process and service delivery for the young person; and
- Increase coordination of services, supports and opportunities among other public youth serving organizations such as child welfare, education, recreation, workforce development, alcohol and substance abuse prevention and mental health service agencies.

In November of 2008 DYRS released an RFP to identify the two organizations that will provide the engine through which the community-based element of the reform effort will be implemented. The response to the RFP was tremendous, resulting in the submission of nine applications from organizations interested in serving as either the Region I or II Lead Entities. The applicant organizations represented a broad spectrum of community-based organizations with long histories in the communities serving the DYRS population and their families. DYRS has completed the review process and has selected the organizations that will fulfill this critical function.

Eligibility Criteria:

Applications were accepted from non- and for-profit, faith-based and civic organizations which demonstrated the ability to meet the needs identified in the RFP, and that were able to commit to implementing the program measures over the grant period. Successful applicants were asked to demonstrate:

1. Experience with the target population;
2. Capacity to manage organizational budgets of \$2,000,000 or more;

3. Experience with applying the values, principles and practices of Positive Youth and Community Development within its current organizational structure;
4. Advocacy on behalf of families involved with the Districts juvenile justice system;
5. An understanding of the juvenile justice, judicial and behavioral health systems;
6. Knowledge of and ability to access community resources available within the designated regions identified in the RFP; and
7. Knowledge of and ability to establish and maintain effective linkages to services, supports and opportunities provided by relevant District agencies.
8. Ability to assess the quality of its own services, policies and procedures as well as those of its service coalition partners and the ability to undertake corrective actions.
9. Capacity to measure, analyze and report on process and outcome measures for youth, families, programs and the service coalition.
10. Good standing status with the DC Office of Tax and Revenue.

Funding summary

	FY 2009	FY 2010
DC Local Funds	\$5,000,000	\$11,000,000
Proposed Federal Contribution	0	\$ 5,000,000
Private Grants	\$ 700,000	\$ 500,000
Total	\$5,700,000	\$16,500,000

6. The President’s budget proposes \$500,000 for a new Federal payment to support two judicial commissions. What are the functions of these commissions? How have they been funded in previous years? What is the rationale for beginning a Federal payment for this purpose?

The Judicial Nomination Commission (JNC) and Commission on Judicial Disabilities and Tenure (CJDT) provide support to the District of Columbia Court of Appeals and Superior Court through reviewing and investigating judicial misconduct complaints and recommending candidates to the President of the United States for nomination to judicial vacancies. Under the National Capital Revitalization and Self-Government Improvement Act of 1997, the Federal Government is required to finance the District of Columbia Courts, including the operations of the District of Columbia Court of Appeals, Superior Court, the Court System, and the Capital Improvement Program. To properly reflect funding responsibilities in the post- Revitalization era, we are requesting a technical adjustment to recognize the JNC and CJDT as Judicial Branch agencies and include funding to support their operations in the federal payments to the District of Columbia for the Courts. Both the JNC and CJDT provide important functions to the Court system that deserve full funding and operational support. As it stands, the District of Columbia utilizes local funds to support these entities.

7. The Resident Tuition Support program provides eligible college-bound District residents the opportunity to expand their higher education choices by attending non-District colleges without having to pay out-of-state tuition rates. The Subcommittee is interested in learning more about the impact of this program on District residents. Please provide, by year, the number of students that have received tuition support under this program since its inception. Also, please provide the graduation rates for students since the program started.

App Year	DCTAG Apps.	DCTAG Eligible	DCTAG Enrolled	%DCTAG Enrolled vs. Eligible	DCTAG Enrolled Freshman	Birth Year Used
2000/2001	3,593	2,494	1,943	78%	653	1982
2001/2002	4,055	3,247	2,943	91%	530	1983
2002/2003	5,042	4,474	3,758	84%	504	1984
2003/2004	5,410	5,047	4,337	86%	1,170	1985
2004/2005	5,967	5,543	4,762	86%	1,292	1986
2005/2006	7,370	5,328	4,630	87%	1,096	1987
2006/2007	7,688	4,838	4,451	92%	1,178	1988
2007/2008	7,709	4,977	4,579	92%	1,270	1989
2008/2009	8,718	5,172	4,603	89%	1,409	1990
Total	55,552					

The Office of the State Superintendent of Education is currently conducting a comprehensive review of graduation rates for students enrolled in the DCTAG program and the data will be available in July 2009. However, according to data collected by the National Student Clearinghouse (NCS), more than 3,600 students have received two or four year degrees. Please note that this is not a District government figure as many schools across the nation do not report graduation data to NCS. When the District's review is complete the information will be forwarded to the appropriate congressional committees.

Questions for Mayor Adrian Fenty and Council Chairman Vincent Gray:

8. The President's budget proposes to retain the language carried as section 805 of FY 2009 Financial Services and General Government Appropriations Act, but to modify the section so that the reprogramming rules it establishes apply only to Federal funds. Do you support that change? Please indicate why or why not.

9. What, in your view, is the impact of section 807 of the FY 2009 Financial Services and General Government Appropriations Act, which prohibits the use of

Federal funds in that Act for implementation or enforcement of the Health Care Benefits Expansion Act of 1992 or any other system of domestic partnership registration. Would you support elimination of that prohibition? Please explain why or why not.

The District supports the elimination of section 807 of the FY 2009 Financial Services and General Government Appropriations Act. Currently there are no federal dollars available for the implementation and enforcement of the Health Care Benefits Expansion Act of 1992 and the continuation of this provision amounts to an unwarranted attack on gay and lesbian couples in the District of Columbia.

10. What, in your view, is the impact of section 812 of the FY 2009 Financial Services and General Government Appropriations Act, which prohibits the use of Federal funds in that Act for needle exchange programs? Would you support elimination of that prohibition? Please explain why or why not.

The District supports the elimination of section 812 of the FY 2009 Financial Services and General Government Appropriations Act. While federal dollars are currently unavailable for needle exchange programs, the District of Columbia, like other states, should be in a position to utilize federal dollars for needle exchange programs should funding become available at some point in the future.

11. What, in your view, is the impact of section 819 of the FY 2009 Financial Services and General Government Appropriations Act, which prohibits the use of both Federal and District of Columbia funds in that Act to carry out any law or regulation related to legalization, or reduction in penalties for possession or use, of certain controlled substances? Would you support elimination of that prohibition? Please explain why or why not.

The District supports the elimination of section 819 of the FY 2009 Financial Services and General Government Appropriations Act. The residents of the District of Columbia spoke on this issue and the referendum should be allowed to stand and be implemented. In banning the use of District funds to implement a local initiative, this provision undermines the District's right to govern itself and conduct its own affairs and should therefore be eliminated.

12. Do you support the changes proposed by the President to the language carried as section 820 in the FY 2009 Financial Services and General Government Appropriations Act, relating to use of funds for abortion? What would be the impact of those changes on District of Columbia programs?

The District of Columbia supports the changes proposed by the President to the language carried as section 820 in the FY 2009 Financial Services and General Government Appropriations Act because it ends the ban on the use of local funds to provide family planning services to the residents of the District.

Addendum:

The President's FY 2010 budget includes \$100 million to purchase the Columbia Plaza Office Building (2401 E Street, NW) and the District of Columbia has grave concerns about this proposed action. The Federal government leases in excess of 19 million square feet of office space in the District. If it were to convert these leases and begin to purchase buildings, just as the FY 2010 budget proposes doing with Columbia Plaza, it would severely constrain the District's tax base, considerably impact the City's ability to maintain services to its residents, and do damage to the general obligation bond holders of the District. If the Federal Government purchases Columbia Plaza, the bond market may react negatively about the precedent and it could endanger the District's hard fought AAA bond rating. Loss of property tax revenues will only put increased pressure on the federal government to increase the federal payment to the District. Further review of the General Services Administration's lease vs. purchase policy as it relates to property located in the District of Columbia is needed.

Financial Services and General Government Subcommittee
Hearing on the District of Columbia's FY 2010 Budget Request
Questions for the Hearing Record from John Culberson

1. Mayor Fenty, what was the detailed reasoning behind the District's decision to halt the demonstration of Envion's waste to energy technology at the District of Columbia Fort Totten Waste Transfer Station? The concerned parties were notified of this decision in April, but the Office of the General Counsel to the Mayor gave no reason whatsoever for their denial in the attached letter. What was the government's decision-making process?

In April of this year my General Counsel sent a letter to the Chairman and CEO of Envion Industries indicating that it was not in the best interest of the District of Columbia to proceed with the demonstration of Envion's waste to energy technology at the District of Columbia Fort Totten Waste Transfer Station. The information communicated in the letter to Envion Industries in April has not changed.

2. Do you believe local government funding for abortion on demand for District residents will increase or decrease the number of abortions performed in the District of Columbia?

The District of Columbia supports the changes proposed by the President to the language carried as section 820 in the FY 2009 Financial Services and General Government Appropriations Act because it ends the ban on the use of local funds to provide family planning services to the residents of the District.

TUESDAY, MAY 12, 2009.

GENERAL SERVICES ADMINISTRATION

WITNESS

PAUL PROUTY, ACTING ADMINISTRATOR OF GENERAL SERVICES

Mr. SERRANO. The committee will come to order. We welcome all of you to today's hearing.

Now that the President's budget proposal for 2010 has arrived, we can begin our series of formal hearings on that proposal. Our hearing today is about the General Services Administration. Maybe it is fitting that we begin with GSA, since they provide the foundation for so much of what the Federal Government does.

GSA is the Agency that helps make sure Federal workers have a place to work, with lights, heat, and with the computers, telephone equipment, and vehicles they need to do their job.

In addition to the services GSA provides directly, it is also responsible for developing governmentwide policies in areas like procurement and information technology, in order to keep Federal practices up to date, fair, efficient, and transparent.

A few months ago, we handed the GSA another large job. The American Recovery and Reinvestment Act appropriated almost \$6 billion to GSA, mostly for construction of new facilities and for renovation and modernization of old ones in order to create high-performance green buildings. Another part of the funding is for purchasing more energy efficient vehicles for the Federal fleet. The idea is to put people back to work, building things the country needs, while reducing energy consumption and environmental impact. The Recovery Act roughly tripled GSA's construction management workload, and we told them to get to work going as quickly as possible and to do innovative and cutting-edge things while they are at it. So today we want to hear how GSA is doing. We look forward to a progress report on implementation of the Recovery Act as well as explanation of the priorities that GSA and the administration are setting in the 2010 budget.

Our witness today is Paul Prouty, the Acting Administrator of GSA. Mr. Prouty is one of those career public servants who do so much to keep the government running and those servants, I may add, that we care about and respect. He started with GSA more than 38 years ago as an intern in the real estate program.

Since then, he had a variety of positions with the Public Buildings Service and has been regional administrator for the Rocky Mountain region. Along the way, Mr. Prouty has twice won the GSA Distinguished Service Award as well as the Presidential Meritorious Rank Award. He found himself as acting administrator just as the Recovery Act was enacted. Thus, it has been Mr. Prouty and his team of career professionals at GSA who have taken the lead

in planning and launching the rather extraordinary effort called for by that legislation.

And I have to tell you that there isn't a day that I don't go to the House floor as chairman of this subcommittee, as I am sure in your case, some member doesn't come up and speak to us about something you folks have something to do with back in their district, or that Federal courthouse that everybody needs more than anyone else in the Congress. In fact, I wish we had enough money just to get 435 courthouses.

Mrs. EMERSON. I actually just got one, Mr. Chairman. So you can take me off that list. So now it is 434.

Mr. SERRANO. So I have two districts that I represent, New York and Puerto Rico, maybe we can get one for Puerto Rico, the one that would have gone to you.

And speaking of our ranking member, my dear colleague who is a great friend of GSA. She is very good at keeping tabs on Federal agencies, and I am very proud that she is our ranking member. And we will hear from her now.

Mrs. EMERSON. Thank you, Mr. Chairman.

Thank you, too, Mr. Prouty, for appearing before our subcommittee today. And thanks for agreeing to be acting administrator until Ms. Johnson comes on board. Not only do we appreciate the fact that you have undertaken this huge job, but we really are grateful to you, given the fact that you could be in beautiful Denver, Colorado, instead of Washington, D.C. So I know you will be anxious at some point to go back to the real world, but thank you very much for what you are doing now in the meantime.

And as the chairman mentioned, GSA is one of those agencies that our colleagues always talk to us about, but it is also one of those agencies that the general public may not understand, however it does touch the day-to-day workings of almost every Federal agency and Federal employee. And, I must admit, and most of you all know, that even before I was the ranking member of this subcommittee, I probably had more contact with GSA than any other Federal agency, perhaps the second, so perhaps some of the foreign service agencies would have been first. But I had more contact with you all because of construction and leasing issues in my own district, and I want to thank you for working with me on those.

Even before Congress passed the fiscal year 2009 stimulus bill, the level of business that you all do is staggering. And it is really interesting, when you put it down and into perspective, managing a portfolio of almost 9,000 buildings and structures for Federal agencies that have a replacement value of over \$68 billion, and overseeing the operation of 64 national historic landmarks and two national historical sites and over \$40 billion for goods and services for the Federal agencies, it is truly remarkable. And now as the chairman said, you have almost \$6 billion of stimulus funds for construction and alteration projects that need to be spent quickly but in a transparent manner.

And I think that you all have received the letter I sent to you asking some questions with regard to this funding, and I look forward to your written response and I won't go over any of that today. My questions will center around the stimulus funds as well as the fiscal year 2010 budget.

I look forward to working with my chairman, Joe Serrano, to do my part and to ensure the oversight of the billions of taxpayer dollars managed by GSA. And I just want to ensure that the GSA is not spending because you all have lots of it, but that every dollar is used to improve the efficiency of the operation of the Federal Government. So thank you again so very much for being here today. I look forward to your testimony.

Mr. SERRANO. Two comments went up on FaceBook, one from the mayor of Denver, and another one from the mayor of D.C., since you told them you would rather be in Denver than in D.C.

Mrs. EMERSON. Are you doing your FaceBook now while I am talking?

Mr. SERRANO. I just figured this is happening. I have no proof. But if I was in D.C., I would have said something.

Mrs. EMERSON. Thank you.

Mr. SERRANO. We hope you keep your comments to 5 minutes. The full text of your statements will stay in the record. So we can begin and get to your questions. Welcome, Mr. Prouty.

Mr. PROUTY. Thank you, Chairman Serrano and Ranking Member Emerson. I am honored to appear before you today to support the budget. With your permission, I would like to provide an update of our efforts to implement the American Recovery and Reinvestment Act of 2009 as well. I have submitted a written statement, as you mentioned, for today's hearing, which I would appreciate being placed in the record.

The President's 2010 budget request lays out a core group of key objectives for the administration, including several where GSA is uniquely positioned to deliver meaningful and lasting improvements. The President and Congress have together recognized numerous shortcomings in our national infrastructure and have identified investment in that infrastructure as a key to long-term economic growth and prosperity. Deliberate and well-planned investments in our infrastructure will stimulate economic growth, but they also represent a unique opportunity to begin the process of transforming our economy to one that is more energy independent and is powered by clean energy.

The funds that the subcommittee provided to GSA in the Recovery Act and that we have requested in 2010 will allow GSA to begin the long-term process of delivering the President's vision. GSA's 2010 budget requests \$645 million in net budget authority. This amount is just 2.4 percent of our total planned obligations of \$27 billion dollars. The majority of our funds come in the form of customer reimbursements for goods purchased or rent paid for space under GSA's jurisdiction, custody, and control.

For the Public Buildings Service, GSA requests \$8.5 billion in new obligation authority. Of these funds, \$658 million are requested for the construction and acquisition of critical facility projects for the Food and Drug Administration, the Federal Bureau of Investigation, U.S. Customs and Border Protection, and the Judiciary. We also request new obligational authority of \$496 million to address the backlog of repairs and alterations projects. Although the funding provided in the Recovery Act gives GSA some relief from our substantial backlog of repair and alteration needs, our in-

ventory of aging Federal buildings requires continued reinvestment.

We also request \$40 million for our energy and water retrofit and conservation program and our Federal high-performance green buildings program to help address Federal requirements for energy conservation and reduced energy consumption in Federal buildings. These special emphasis programs will upgrade heating, ventilation, air conditioning, and lighting systems, install advanced metering, advance water conservation, support renewable energy projects, and many other items that will conserve energy in Federal buildings.

The GSA Federal Acquisition Service is a leading acquisition organization for the Federal Government. Last year, revenues increased by 4.6 percent, making fiscal year 2008 the first year since 2004 that GSA has seen revenue growth across combined programs of FAS. FAS also realized a 2 percent increase in cash collections from our multiple awards schedule grants, and business with the Department of Defense, FAS's largest customer, increased by 3 percent in 2008. This business resurgence is the result of a concentrated effort to reduce operating costs, standardize the fees we charge our customers, and restructure our service offerings.

Today, GSA and FAS are delivering value to our customers by offering products and services that meet or exceed their expectations. The future of FAS depends on investments in technology and continued process improvements. Short-term investments in information technology tools, such as business intelligence, will improve our ability to understand the buying patterns of FAS customers. Business intelligence will improve our ability to help customers make better procurement decisions, which will result in more efficient use of Federal funds and more effective government. Additional technology investments must also be made to FAS's legacy systems that are as much as 35 years old.

As a leader in green government, GSA and FAS continue to actively encourage our Federal agency customers to consider the environmental impact of their acquisition decisions. For example, the GSA vehicle leasing program, GSA fleet, enables agencies to fulfill their missions and meet their guidelines by offering over 80,000 alternative fuel vehicles, AFVs, that are leased to customers to meet their transportation needs. The use of AFVs across the Federal Government helps to reduce petroleum consumption, introduces more efficient vehicles into the Federal fleet, and reduces greenhouse gas emissions.

The American Recovery and Reinvestment Act has provided GSA with an unprecedented and exciting opportunity to contribute to our Nation's economic recovery by investing in green technologies and reinvesting in our public buildings. The Recovery Act provided GSA's Public Buildings Service with \$5.55 billion, including \$1.05 billion for Federal buildings and U.S. courthouses, and land ports of entry, and \$4.5 billion to convert Federal buildings into high-performance green buildings.

These funds will provide many benefits. First, the money will help the Federal Government reduce energy and water consumption, and improve the environmental performance of the Federal inventory of real property assets.

Second, much of the funds provided will be invested in the existing infrastructure, which will help to reduce our backlog of repair and alteration needs.

Third, the funds provided for new construction will reduce our reliance on costly operating leases by providing more government-owned solutions to meet the space requirements of our customers.

Finally, we will stimulate job growth in the construction and real estate sectors and drive long-term improvements in energy-efficient technologies, alternative energy solutions, and green building technologies.

We are moving forward with speed, tempered by careful consideration of our procurement responsibilities and our ultimate accountability to the taxpayer.

On March 31, GSA provided to Congress a list of 254 projects in all 50 States, the District of Columbia, and two U.S. territories, to be completed with funds provided by the Recovery Act. GSA selected the best projects for accomplishing the goals of the Recovery Act based on a detailed analysis of a number of factors. Our goal in developing this list were both to put people back to work and work quickly and increase the sustainability of our buildings.

The Recovery Act provided GSA's Federal Acquisition Service with \$300 million to replace motor vehicles across the Federal agencies with those that are new and more efficient. GSA's strategy to improve the energy efficiency of the Federal fleet balances energy efficiency goals with the need to expedite procurement in order to maximize economic benefit for the auto industry and the economy as a whole. GSA is focusing this procurement on vehicles that will provide long-term environmental benefits and cost savings by increasing the fuel efficiency of the Federal fleet.

On April 14, 2009, GSA obligated \$77 million to order 3,100 hybrid vehicles for Federal agencies using Recovery Act funds. This purchase represents the largest one-time procurement of hybrid vehicles for the Federal fleet. GSA will place orders for an additional \$208 million of commercially available, fuel efficient vehicles by June 1, 2009. This will provide for the acquisition of approximately 17,600 vehicles. In the final phase of this procurement, GSA will order \$15 million worth of compressed natural gas and hybrid buses and low-speed electric vehicles by September 30, 2009.

While this is the smallest segment of the plan, we are excited by the fact that the vehicles purchased will be replacing some of the highest-emission vehicles in the Federal fleet, with much lower-emission vehicles that will reduce fuel consumption and further the Federal Government's exploration of the use of alternative fuels.

Today, I have discussed our fiscal year 2010 budget request, the Recovery Act, and GSA's eagerness to undertake the new challenges that lie ahead. We at GSA are strongly committed to ensuring that the responsibilities entrusted to us are exercised and managed in an effective, efficient, and transparent manner. The task of everyone at GSA is to keep building on our recent successes and fulfill GSA's mission to acquire the best value for taxpayers and our Federal customers, while exercising responsible asset management.

Your approval of GSA's budget request for 2010 is a vital step in helping us achieve our mutual goals of economic recovery, en-

ergy efficiency, and increased citizen engagement in government. GSA is committed to delivering on these goals, contributing to the long-term objectives of the administration, and providing the best use of the taxpayer funds. I look forward to continuing this discussion of our 2010 budget request with you and members of this committee. Thank you.

[The information follows:]

5/7/2009

**STATEMENT OF PAUL F. PROUTY
ACTING ADMINISTRATOR OF GENERAL SERVICES
BEFORE THE
HOUSE APPROPRIATIONS COMMITTEE
SUBCOMMITTEE ON FINANCIAL SERVICES AND GENERAL GOVERNMENT
UNITED STATES HOUSE OF REPRESENTATIVES
MAY 12, 2009**



Chairman Serrano, Ranking Member Emerson, and Distinguished Members of the Subcommittee:

My name is Paul Prouty and I am the Acting Administrator of the General Services Administration (GSA). Thank you for inviting me to appear before you today to discuss GSA's fiscal year (FY) 2010 budget request. With your permission, I would also like to provide you with an update on our efforts to implement the American Recovery and Reinvestment Act of 2009 ("Recovery Act").

As you know, our President recently completed his first 100 days in office. This is an important milestone for any new President, but perhaps more so for this Administration during a period of almost unprecedented economic distress and in a climate of substantial uncertainty. In his FY 2010 budget request, the President has established an aggressive agenda to meet the challenges faced by American families today. The President's Budget lays out a core group of key objectives for the Administration, including several where GSA is uniquely positioned to deliver meaningful and lasting improvements.

The President and Congress have, together, recognized numerous shortcomings in our national infrastructure and have identified investment in that infrastructure as a key to long-term economic growth and prosperity. Deliberate and well-planned investments in our infrastructure will stimulate economic growth, but they also represent a unique opportunity to begin the process of transforming our economy to one that is

more energy-independent and is powered by clean energy. The funds that you, the Subcommittee, provided to GSA in the Recovery Act, and that we have requested for FY 2010, will allow GSA to begin the long-term process of delivering the President's vision.

Together, the Recovery Act and our FY 2010 budget request provide \$6.4 billion for capital projects involving the new construction, major modernization, and repair of Federal buildings. These projects will create new jobs for thousands of Americans and will stimulate industries that have been battered by the economic downturn. Our projects will provide jobs for construction workers, carpenters, plumbers, electricians, architects, and engineers nationwide. Our demand for building materials will create or sustain jobs in those industries. And these projects will deliver lasting progress towards modernizing our nation's infrastructure, reducing the Federal government's consumption of energy and water, and increasing our reliance on clean and renewable sources of energy.

The President has also charged his Administration with increasing the transparency and the effectiveness of Government. The Recovery Act has been a staging ground for a new level of citizen engagement, and both the Executive and Legislative Branches have given the public unprecedented access to Federal information relating to the Act. GSA has proudly contributed to these efforts through our support of the Recovery.gov web site.

Recovery.gov is the primary vehicle for Executive Branch reporting on plans and progress towards achieving the goals of the Recovery Act. GSA provides the content management, web hosting, information technology infrastructure, and related support to ensure the site is operational 24 hours a day and 7 days a week. GSA employees worked tirelessly through the first weeks of the new Administration to ensure this critical transparency tool was developed, tested, and operational by February 17, 2009, the day the President signed the Recovery Act into law. GSA continues to support the web site at the direction of the Recovery Accountability and Transparency Board. We appreciate the opportunity to use our expertise to increase citizen access to accurate, timely and consistent Government information.

Our FY 2010 budget request builds on our successes in extending citizen access further into Government and improving the effectiveness of Government, through the increased use of technology. We have proposed nearly \$40 million in technology investments, which will improve transparency, accountability, and program performance across the Executive Branch. The investments included in our request look to 21st Century technologies to rapidly accelerate efforts, which are often characterized as “electronic government” or “lines of business”. We are seeking funding to move Government data and IT infrastructure to common platforms and consistent data standards, so a variety of Government information can be consolidated and reported to citizens. The requested investments will allow GSA to take a dramatic step forward towards expanding public participation in and access to Government data, which will

help to deliver a better, more effective, and more responsive Government for the American people.

Our leadership in green buildings and our commitment to making Government more citizen-centric are just two examples of how GSA is ready, willing, and able to support the key priorities of the new Administration. I hope these examples provide some context for the environment in which our FY 2010 budget request was built. We -- all of us -- are in a period of significant change, and we at GSA recognize, and take very seriously, our potential to lead and support many of the goals and objectives of the new Administration. Our FY 2010 budget request seeks funding to continue the great progress that has already begun to materialize from the Recovery Act. We look forward to continued investments in Federal buildings, in green technologies and alternative energy, and in new, citizen-centric information technology solutions. GSA has a history of leadership in these areas, and we are eager to use our expertise to contribute to the long-term economic growth of our Nation.

FY 2010 BUDGET REQUEST

GSA's FY 2010 budget requests \$645 million in net budget authority for the Federal Buildings Fund and our operating appropriations. This amount is just 2.4% of our total planned obligations of \$27 billion. The majority of our funding is provided through reimbursements from Federal customer agencies, for purchases of goods and services or as rent paid for space in Federally-owned and -leased buildings under GSA jurisdiction, custody or control. GSA requests appropriations to support capital

investments in the Federal Buildings Fund, to provide for our government-wide responsibilities, and for other activities that are not feasible or appropriate for a user fee arrangement.

PUBLIC BUILDINGS SERVICE

Our FY 2010 budget requests \$8.5 billion in New Obligational Authority (NOA) and an appropriation of \$525 million for the Federal Buildings Fund. Our request proposes a capital investment program of \$1.15 billion, for projects for the Food and Drug Administration (FDA), the Federal Bureau of Investigation (FBI), U.S. Customs and Border Protection (CBP), and the Judiciary.

We have requested \$658 million in NOA for New Construction and Acquisition, including \$453.5 million for two Agency consolidations and three infrastructure and development projects, \$151 million for three land port of entry facilities, and \$53 million for two U.S. Courthouse projects. Our request includes the following projects:

- FBI Field Office Consolidation in Miami, FL (\$191 million);
- FDA Consolidation in Montgomery County, MD (\$138 million);
- Acquisition of Columbia Plaza in Washington, DC (\$100 million);
- Southeast Federal Center Remediation in Washington, DC (\$15 million) ;
- Denver Federal Center Remediation in Lakewood, CO (\$10 million);
- Land ports of entry in El Paso, TX; Calexico, CA; and Madawaska, ME; and
- U.S. Courthouses in Lancaster, PA and Yuma, AZ.

GSA also requests NOA of \$496 million for Repairs and Alterations (R&A) to Federal buildings. Although the funding provided in the Recovery Act gives GSA some relief from our substantial backlog of R&A needs, our inventory of aging Federal buildings requires continued reinvestment. The R&A program will continue to be a strategic priority for GSA, and our FY 2010 request focuses on the highest priority projects in our real property portfolio.

The request includes \$176 million in NOA for four major building modernizations, \$360 million for non-prospectus level projects, and \$60 million for Special Emphasis programs. Our proposed major modernization projects are:

- East Wing (White House) Infrastructure Systems Replacement in Washington, DC (\$121 million);
- New Executive Office Building in Washington, DC (\$30 million);
- EEOB (Courtyard Replacement) in Washington, DC (\$10 million); and
- EEOB (Roof Replacement) in Washington, DC (\$15 million).

Our Special Emphasis programs would provide:

- \$20 million for Fire and Life Safety Program;
- \$20 million for Energy and Water Retrofit and Conservation Measures; and
- \$20 million for improvements necessary to transform existing Federal buildings into Federal High Performance Green Buildings.

GSA is dedicating \$40 million to our Energy and Water Retrofit and Conservation program and our Federal High Performance Green Buildings program, to help address Federal requirements for energy conservation and reduced energy consumption in Federal buildings. These Special Emphasis programs will upgrade Heating, Ventilation and Air Conditioning (HVAC) and lighting systems, install advanced metering, increase water conservation, support new renewable energy projects, and many other items that will conserve energy in Federal buildings. These programs are *in addition to* the energy conservation measures that are already incorporated into our prospectus-level New Construction and Repairs and Alterations project requests.

In fact, the Public Buildings Service (PBS) already incorporates sustainable design principles and conservation measures into the design and construction of, and repair and alteration to, many GSA Federal buildings. For example, 100 percent of the new construction projects initiated in fiscal year 2008 were registered for the U.S. Green Buildings Council's Leadership in Energy and Environmental Design (LEED). These projects will be measured against objective standards for sustainable design and construction and will receive LEED certification upon substantial completion. PBS has established a commissioning program, to ensure all building systems are working efficiently, and in a coordinated manner, upon completion of a construction project. PBS performs energy audits and environmental risk assessments on a regular basis to determine where resources should be focused.

These initiatives are just a few of the environmental measures that GSA incorporates into New Construction and R&A projects, in addition to our Special Emphasis programs. Our many environmental initiatives compliment each other to build a comprehensive program to promote efficient use of energy and water, increased reliance on sustainable energy sources, and environmental stewardship in the Federal inventory. These programs not only benefit the environment but increase the value of our assets and reduce operating costs over the life of our buildings.

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

- \$4.9 billion for the Rental of Space program, which will provide for 194 million rentable square feet of leased space;
- \$2.4 billion for the Building Operations program; and
- \$141 million for the Installment Acquisition Payments program.

OPERATING APPROPRIATION REQUEST

While only \$270 million of GSA's proposed budget is funded through GSA's operating appropriations, the activities they fund are critical. Our operating appropriations provide for GSA's Office of Governmentwide Policy and the Chief Acquisition Officer, the many government-wide programs of the Operating Expenses account, the Electronic Government Fund, the pensions and office staffs of former Presidents, and the Federal Citizen Services Fund.

The largest increase in our request is for major new government-wide E-Government initiatives, supported by the CIO Council and under the auspices of the new Federal CIO. The proposed increase of \$33 million in this account would be used to address initiatives in the area of Open Government and Transparency, to move agencies to realize large potential savings through alternative approaches to IT infrastructure, to increase agency use of collaborative technologies, and to advance the adoption of new tools to support innovations in how the Federal government relates to citizens, the private sector, and State and local governments.

Additional funds requested for GSA operating appropriations include increases for the Federal pay raise and inflation, along with proposed program increases to:

- develop high performance green building standards for all types of Federal facilities;
- develop and enhance multiple government-wide databases to improve Federal reporting and transparency;
- provide additional training support for the Federal Acquisition Institute, supporting acquisition workforce of all civilian Executive agencies; and
- reflect the full-year cost of the pension and related benefits for former President George W. Bush.

FEDERAL ACQUISITION SERVICE

The Federal Acquisition Service (FAS) had a very successful year in FY 2008. Revenues increased by 4.6 percent last year, making FY 2008 the first year since FY

2004 that GSA has seen revenue growth across the combined programs of FAS. FAS also realized a solid two percent increase in cash collections from our multiple award schedules program. Business with the Department of Defense, FAS' largest customer, increased by three percent in FY 2008. This "business resurgence" is the result of a concerted effort to reduce operating costs, standardize the fees we charge our customers, and restructure our service offerings. Today, GSA and FAS are delivering value to our customers by offering products and services that meet or exceed their expectations.

After three years of cost cutting, a protracted hiring freeze, and a major realignment of staff out of the Assisted Acquisition Services portfolio, to other parts of FAS and GSA, we are beginning to realize benefits. FAS now has a workforce that is better aligned with its workload, strong cash balances in the Acquisition Services Fund (ASF), and a stable organizational structure to support a strong mix of programs, which deliver value to customers. However, many years of cost cutting and reorganization... have created new challenges for FAS, as major IT investments have been deferred, and staffing levels were reduced across all organizations. GSA must now begin to strategically invest in the FAS infrastructure and workforce to ensure a successful future.

Our future depends on investments in technology and continued process improvements in FAS. Short term investments in information technology tools, such as business intelligence, will improve our ability to understand the buying patterns of FAS customers. Business intelligence will improve our ability to help customers make better

procurement decisions, which will result in more efficient use of Federal funds and more effective Government. Additional technology investments must be made to FAS legacy systems, that are as much as 35 years old. FAS has also implemented a Lean Six Sigma program. Lean Six Sigma is a process improvement methodology focused on improving efficiency and quality while reducing costs. Private sector experience suggests that Lean Six Sigma initiatives can produce significant improvements. FAS has already launched several Lean Six Sigma initiatives, which we expect to begin generating efficiency gains in FY 2010 and beyond.

FAS also supports the entire Federal community in promoting good-for-Government initiatives, such as strategic sourcing. Strategic sourcing uses business intelligence to analyze customer spending data and makes recommendations to increase the efficiency and effectiveness of acquisitions. GSA participates in the government-wide Federal Strategic Sourcing Initiative (FSSI), and has established an FSSI Program Management Office in FAS. FAS manages three major FSSI commodity categories: Domestic Delivery Services, Wireless Telecommunications Expense Management Services, and Office Supplies.

In FY 2008, the Domestic Delivery Services contract had 57 participating agencies, boards, and commissions, with a total estimated spend of \$94.7 million and \$33.8 million in estimated savings. Wireless Telecommunications Expense Management Services expects to save agencies 25 to 40 percent off their wireless cost of operations. And FSSI Office Supplies has grown to over 50 participating Federal

agencies, boards, and commissions, with \$10 million in spend. Eighty-nine percent of this work is conducted with small business.

GSA and FAS also actively encourage our Federal agency customers to consider the environmental impact of their acquisition decisions. FAS offers a specially designed page, within GSA Advantage, which allows customers to shop by "Environmental Specialty Category." This application enables customers to search for products and services that are environmentally friendly, contain recycled content, or are bio-based. Customers are able to save time and make informed procurement decisions, as GSA has brought a wide range of products into a common procurement tool. In addition to offering environmentally friendly products, GSA has also a Multiple Award Schedule (Environmental Services, GSA Schedule 899) that is dedicated to environmental services. This schedule provides access to services from environmental clean up and remediation and waste management and recycling services, to consulting services.

The GSA Vehicle Leasing program (GSA Fleet) is another example of our leadership in "Green Government". GSA Fleet enables agencies to fulfill their missions and meet their environmental responsibilities, offering over 80,000 alternative fuel vehicles (AFVs) that are leased to customers to meet their transportation needs. The use of AFVs across the Federal government helps to reduce petroleum consumption, introduces more efficient vehicles into the Federal fleet and reduces greenhouse gas emissions. This GSA program also helps agencies better meet the requirements of

multiple environmental statutes and regulations, including the Energy Policy Act and the Energy Independence and Security Act of 2007.

FAS is well positioned to continue as a leading acquisition organization for the Federal government and assist agencies in achieving their missions in support of the American taxpayer.

AMERICAN RECOVERY AND REINVESTMENT ACT

The American Recovery and Reinvestment Act ("Recovery Act") has provided GSA with an unprecedented and exciting opportunity to contribute to our nation's economic recovery, by investing in green technologies and reinvesting in our public buildings.

The Recovery Act provided GSA's Public Buildings Service with \$5.55 billion, including \$1.05 billion for Federal buildings, U.S. courthouses, and land ports of entry, and \$4.5 billion to convert Federal buildings into High Performance Green Buildings. In addition, the Recovery Act provided the GSA with \$300 million to replace motor vehicles across the Federal fleet with those that are new and more efficient.

Today, I would like to provide you with an update on GSA's efforts to implement the Recovery Act.

FEDERAL BUILDINGS FUND – RECOVERY ACT

The Recovery Act funds, provided for investments in Federal buildings, will provide many direct and meaningful benefits. First, the money will help the Federal government reduce energy and water consumption and improve the environmental performance of the Federal inventory of real property assets. Second, much of the funding provided will be invested in the existing infrastructure, which will help reduce our backlog of repair and alteration needs. This will increase the value of our assets and extend their useful life. Third, the funds provided for New Construction will reduce our reliance on costly operating leases, by providing more government-owned solutions to meet the space requirements of our customers. Finally, we will stimulate job growth in the construction and real estate sectors and drive long-term improvements in energy efficient technologies, alternative energy solutions, and green building technologies.

We know this is not business as usual and we are moving forward with speed, tempered by careful consideration of our procurement responsibilities and our ultimate accountability to the taxpayer. In order to streamline business processes and provide tools and resources to assist GSA's regional Recovery project delivery, the Public Buildings Service (PBS) has established a nationally managed, regionally executed Project Management Office (PMO). The PMO works closely with counterparts in the core PBS organization to leverage PBS resources and expertise. This national operation will be accountable for the following:

- Develop and maintain consistent processes, policies and guidelines;
- Manage customer requirements and expectations at the national level;
- Drive successful project oversight and management;

- Ensure accurate tracking and reporting of Recovery Act funds;
- Manage cross-agency resources; and
- Enable PBS to adopt leading practices in the PBS organization generally.

PBS and the PMO have moved forward quickly. On March 31st, GSA delivered to Congress a list of 254 projects in all 50 states, the District of Columbia, and two U.S. territories to be completed with funds provided by the Recovery Act. These projects fall into the following categories: new Federal construction; full and partial building modernizations; and limited-scope, high-performance green building projects. In the new Federal construction category, we will invest \$1 billion in 17 projects; in the building modernization category, we will invest \$3.2 billion in 43 projects; and in the limited-scope green buildings category, we will invest \$807 million in 194 projects. This totals over \$5 billion. GSA selected the best projects for accomplishing the goals of the Recovery Act based on a detailed analysis of a number of factors. Our goals in developing this list were to both put people back to work quickly and increase the sustainability of our buildings.

Many of the projects in the new Federal construction and building modernization categories have previously received partial funding. We can start construction quickly on these projects, while also identifying ways that existing designs can be improved. These categories include projects such as the Bishop Henry Whipple Federal Building in Fort Snelling, Minnesota, a multi-tenant office building project where Heating, Ventilation and Air Conditioning (HVAC), plumbing, electrical and life safety

improvements are expected to deliver 23.6% energy savings, once the project is completed. This is over and above the 20% in energy savings already achieved in this building in recent years.

An example of the innovative improvements we will be making in some of the construction and modernization projects is the Edith Green - Wendell Wyatt Federal Building in Portland, Oregon. As part of this project, GSA will install a new high-performance double glass enclosure over the entire building, which will dramatically enhance energy performance and blast resistance. On the west facade, vegetative “fins” will provide shade, reducing the load on the new high-efficiency HVAC system that will be installed. These are just some of the “green” improvements GSA will make as part of this project. We expect the building to attain a LEED Gold rating.

By using well-established contracting techniques we can start work quickly, and make simultaneous improvements to the existing designs.

In the limited scope category, we have identified a number of projects that can rapidly be deployed in many buildings at once – buildings as varied as the Oklahoma City Federal Building, the Burlington Federal Building U.S. Post Office and Courthouse, and the J. Caleb Boggs Courthouse and Federal Building in Wilmington, Delaware. Through these projects, we can make significant improvement to the energy performance of a building and also improve the working conditions for the people in them.

Greening our buildings will be an ongoing process. As the Subcommittee knows, the Energy Independence and Security Act of 2007 (EISA) and other laws require GSA, among other things, to reduce its energy consumption by 30 percent by 2015; reduce fossil fuel-generated energy consumption in our new buildings by increasing amounts – from 55 percent in 2010 to 100 percent in 2030; and “green” an even greater portion of our inventory. Although the Recovery Act will accelerate our progress in these areas, that alone will not enable us to meet these goals. Our FY 2010 budget request provides the next steps in a long-term program to meet the aggressive goals of EISA and related legislation.

ENERGY-EFFICIENT FEDERAL MOTOR VEHICLE FLEET PROCUREMENT

GSA’s strategy to improve the energy-efficiency of the Federal fleet balances energy-efficiency goals with the need to expedite procurement, in order to maximize economic benefit for the auto industry and the economy as a whole. GSA is focusing this procurement on vehicles that will provide long-term environmental benefits, and cost savings, by increasing the fuel efficiency of the Federal fleet. GSA will use newer and more fuel-efficient vehicles and advanced technologies, while at the same time spending funds quickly to provide immediate stimulus to the economy and the automotive industry.

GSA is procuring new motor vehicles only to replace, on a one-for-one basis, operational motor vehicles in the Federal inventory that currently meet replacement

standards, so as to not increase the overall size of the Federal fleet. Each vehicle purchased will have a higher miles-per-gallon rating than the vehicle it replaces and the overall procurement will provide a minimum of a 10 percent increase in fuel efficiency over the replaced vehicles.

GSA will only acquire motor vehicles that comply with all Federal environmental mandates. These vehicles will be included in the alternative fuel vehicle-acquisition compliance calculations of the Energy Policy Act of 2005, as well as the petroleum reduction and alternative fuel use increase requirements of Executive Order 13423, "Strengthening Federal Environmental, Energy, and Transportation Management". Vehicles acquired under this procurement will meet, or exceed, standards for greenhouse gas emissions which were established in the Energy Independence and Security Act of 2007.

On April 14, 2009 GSA obligated \$77 million to order 3,100 hybrid vehicles for Federal agencies using Recovery Act funds. The vehicles in this initial order are a mix of Chevrolet Malibus, Saturn Vues, Ford Fusions and Ford Escapes. This purchase represents the largest one-time procurement of hybrid vehicles for the Federal fleet.

GSA will place orders for an additional of \$208 million of commercially available, fuel-efficient vehicles by June 1, 2009. This would provide for the total acquisition of approximately 17,600 vehicles.

In the final phase of this procurement, GSA will order \$15 million worth of Compressed Natural Gas (CNG) and hybrid buses and low-speed electric vehicles, by September 30, 2009. While this is the smallest segment of the plan, we are excited by the fact that the vehicles purchased will replace some of the highest-emission vehicles in the Federal fleet with much lower-emission vehicles, that will reduce fuel consumption and further the Federal government's exploration of the use of alternative fuels.

SUMMARY STATEMENT

Today, I have discussed our FY 2010 budget request, the Recovery Act, and GSA's eagerness to undertake the new challenges that lie ahead. We at GSA are strongly committed to ensuring that the responsibilities entrusted to us are exercised in a manner that is effective, efficient, and transparent. My task, and the task of everyone at GSA, is to keep building on our recent successes and to fulfill GSA's mission to acquire the best value for taxpayers and our Federal customers, while exercising responsible asset management.

We look forward to carrying out our role in the Recovery Act, to responsibly deliver modernized and energy-efficient Federal buildings and motor vehicles, and to stimulate the economy by creating jobs and outlaying Federal funds to industries in crisis. Your approval of GSA's budget request for FY 2010 is a vital step in helping us achieve our mutual goals of economic recovery, energy efficiency, and increased citizen engagement in Government. GSA is committed to delivering on these goals,

contributing to the long-term objectives of the Administration, and providing the best use of taxpayer funds.

CLOSING STATEMENT

Mr. Chairman, this concludes my formal statement. I look forward to continuing this discussion of our FY 2010 budget request with you and the Members of the Subcommittee.

Mr. SERRANO. Thank you. Thank you for your testimony.

One of the ongoing issues for GSA's budget has been the question of leasing versus direct Federal construction. A couple years ago, GAO studied that question, and concluded that leasing is often more expensive for the government in the long run. Your budget suggests that the administration agrees with that view. The budget requests funds to construct two new courthouses that I believe had originally been planned for build-to-suit leases. Similarly, the GSA's plan for use of the Recovery Act funds also calls for constructing two other courthouses instead of entering into leasing arrangements.

What factors does GSA take into account in deciding whether a particular facility need should be met through direct Federal construction or through leasing? Should we expect to see a continued shift to construction instead of build-to-suit leases in future budget proposals?

Mr. PROUTY. We agree that there is a need for more Federal construction, and we analyze each of our projects based on the best approach. And oftentimes, many of our projects are very small projects; oftentimes, the needs are short-term. So we think a leasing solution is more practical. However, for special needs, long-term needs in a major market, we think Federal construction certainly is a viable alternative, and we do the analysis. Also, it does depend on the availability of funding.

So our desire, as you mentioned, is for projects that have been moved from lease construction to Federal construction, and we hope to see more of that in the future.

Mr. SERRANO. Is that an ongoing discussion, if you will, within GSA as to which is better? Obviously, there must be different opinions on the best way to handle this.

Mr. PROUTY. I think there is differing opinions on the margin, but certainly at some extremes government ownership makes most sense and on the smaller projects in rural areas lease solutions. So when you get to the middle margin markets, there is a conversation about which is best. We always test them against an analysis on whether or not they should be Federal or leased, and we determine what funds are available.

Mr. SERRANO. And when you go into the various communities throughout the Nation, do you tend to get a sense from those folks there, local authorities, that they want new construction or they want—I would imagine in this climate, and it just occurs to me where some folks are closing down, there might be available real estate and you might see a push for repairs to make it available as a lease. Do you see any of that, or traditionally do you see local folks wanting to use their local real estate or building something new?

Mr. PROUTY. We certainly do. That real estate is generally not available for special purpose needs such as laboratories, courthouses, and the like. But you are right, in a market like this, there is a great deal of pressure to use the existing infrastructure.

Mr. SERRANO. On a related issue, this year's budget requests \$100 million to exercise an option to purchase the Columbia Plaza Building in Foggy Bottom which GSA has been leasing for use by the State. The budget justifications indicate that the purchase

would be financially advantageous to the government. How common is this situation? Is GSA able to take advantage of all such opportunities, or are there options to purchase that are not being exercised because of a lack of funds? I am also wondering why the purchase funds for Columbia Plaza are included in the 2010 budget since the lease does not expire until 2012?

Mr. PROUTY. There are actually very few opportunities to do this because of the scorekeeping requirements. We would prefer to be able to find more opportunities which we know we can negotiate with.

You are right, this is a very attractive deal for the government, and our people negotiated a wonderful opportunity and we hope to be able to exercise that purchase option.

When you talk about why we want to exercise it now if we are not going to continue to be in the space if the lease expires, we have to plan in advance on what we are going to do. So we need to make a decision now in anticipation of what action we are going to take in 2012.

Mr. SERRANO. Mrs. Emerson.

Mrs. EMERSON. Thanks, Mr. Chairman.

Let me follow up on this courthouse issue, if I could. I know you are aware of the Judicial Conference of the United States and their priority list for construction of new courthouses by GSA. And believe me, having been at the bottom of the list and worked my way up, it was nice to get to the top.

Now, for years, we as a committee have had to rely on that list when making funding decisions, and then tried to instill patience with members like me whose courthouses at one time were a lower priority.

So that the current priority list for 2009 is Austin, Salt Lake City, Savannah, San Antonio, and Mobile. But first in the stimulus spend plan and now in the fiscal year 2010 budget request, that priority list has been ignored, and four different courthouses have been designated as a priority by GSA.

So I guess what I am confused about, and maybe you can help explain, is why the GSA has selected four courthouses to begin construction in 2009 and 2010 that aren't on the priority list. And does that Judicial Conference list no longer have any bearing on your decisionmaking with regard to new courthouse construction? And if that is the case, then do you ever expect to get back to the Judicial Conferences list?

Mr. PROUTY. We do expect to get back to the list. And it is a very high priority of mine, as you can imagine, because the Salt Lake City building is in the region I expect to go back to; and if it doesn't ultimately get funded, I probably can't go back.

As far as the four projects, they are unique because they were lease opportunities that were there at the time when the decision was made that we could—we had available funds and we could do government construction. But we are going to go back to original list starting with Salt Lake City.

So the two that are in the 2010 budget are smaller projects. There has to be a decision when we are about to go out and do a leasing action. The time was now, and we made a decision for Federal construction.

Mrs. EMERSON. So then, in the meantime, the Chairman and I will be yelled at by our colleagues because they didn't make the list this year. But, so you are telling me we can assure them that the next round they will be back at the top of the list again?

Mr. PROUTY. This is my favorite part of the job. I get to assure you for somebody else's tenure here. But with the Salt Lake City city project—

Mrs. EMERSON. But we will make sure to ask her.

Mr. SERRANO. And we will tell her you said so.

Mr. PROUTY. Yeah. I will call her as soon as I leave.

Mrs. EMERSON. I know OMB makes these decisions, but nobody ever bothers to consult with the Congress on—at least, I don't believe we were ever consulted about that policy change. But it does put us in a little bit of an awkward position, you have to understand, given the fact that we have to be the bad guys even though we always try to make OMB be the bad guy. But I will hope that is something you do pass on to Ms. Johnson.

Let me turn to the Homeland Security consolidation at St. Elizabeths, if I could, please. You all did not request funds in fiscal year 2010 for DHS consolidation at the St. Elizabeths campus in D.C. \$450 million was provided in the Stimulus Act and \$347 million in fiscal year 2009 omnibus.

So given the fact that was the administration's top priority for GSA in past years, can you explain why there were no funds requested in 2010? And then I will tell you, because here is my fear, that you will use the stimulus funds in 2009 and the fiscal year 2009 funds in 2010, and not using the stimulus monies to supplement or accelerate construction and create new jobs, which kind of defeats the purpose of you saying you wanted to put people back to work.

So, anyway, if you can confirm if that is correct, and then give us a status of the construction at St. Elizabeths, I would be grateful.

Mr. PROUTY. I don't have a clue what this says. Hold on just a second.

You can see we have got the wrong guy talking here, but nonetheless, I will do my very best. It is because of the enormity of the St. Elizabeths project that we had to break it out in two different projects, if that answers the question.

Mrs. EMERSON. Two separate projects?

Mr. PROUTY. Well, two separate funding opportunities.

Mrs. EMERSON. So we have the 2009 omnibus, we have the stimulus funds. Are we going to be done then? We don't need funds in—

Mr. PROUTY. We are not going to be done. There is two different fundings to date, and obviously there is going to be more in—we are going to have to provide additional information for the record.

Mrs. EMERSON. If you would. Because it is a little troubling that you wouldn't have—because this has been the administration's top priority, that funds wouldn't have been requested for 2010. And we are happy to wait and get that for the record, if you don't mind. But I just get concerned, given the fact that we are supposed to be creating new jobs and not just maintain the ones that we already have.

Mr. PROUTY. I think there will be new jobs. Every dollar that we spend on a project is going to create new jobs. I understand your concern, that that was an existing project. But, nonetheless, all the money is going to work toward putting people back to work on job sites.

Mrs. EMERSON. But the fact that we didn't ask any for 2010 is troublesome.

Mr. PROUTY. Got it.

Mrs. EMERSON. So I appreciate that.

Am I finished with my 5 minutes, Mr. Serrano?

Mr. SERRANO. You can take longer, if you want. We are overcrowded by staff members. And if we weren't, we would only sound better.

I just want to comment on the fact that our sense in our office is that with the St. Elizabeths project there might be enough money in the can now for the current phase, and that moving on to another phase may be a little too much right now. That may be the reason.

But you are right, this was the one thing I heard from the minute this committee was reactivated, was St. Elizabeths, St. Elizabeths. So it is kind of a little strange not to see a request, we think I lean to my right, which I rarely do—

Mrs. EMERSON. I thought you meant Eileen, and that is not Eileen.

Mr. SERRANO. But that is what we think it is. It is one phase ready, and then waiting for the second one to take place.

Mrs. EMERSON. Okay. Let's switch subjects. And I am sorry, because I know you are not taking any of this personally. Are you?

Mr. PROUTY. Not at all.

Mrs. EMERSON. Thank you.

Mr. PROUTY. I wouldn't be in this job if that were the case.

Mrs. EMERSON. And let's switch topics to border points of entry.

Mr. PROUTY. Ready.

Mrs. EMERSON. I do want to address the issue of the border with our neighbors and the land ports of entry.

I understand that GSA owns and maintains almost 100 of these land ports, and that for the most part the Department of Homeland Security is the sole occupant. Obviously, most ports of entry were designed for commerce, not security. And, in addition, many of the larger ports of entry are far exceeding their designed capacity due to the growth in freight and development around the ports.

So my question—I have several questions. I will ask a couple and then you can answer, and then I will ask a couple more.

In the fiscal year 2009 appropriations Act, GSA is directed to include in its budget submission a detailed five-year plan for land port of entry projects. I realize that we just enacted the omnibus, but can you tell me when, number one, we expect to receive that report? And then, how do you all go about coordinating your priorities with DHS's priorities? And does a priority list even exist from within the Department of Homeland Security?

Mr. PROUTY. It does exist, and we are working with them. And it changes because of different needs and projects, but we are going to be doing a 5-year list. We are working it. As soon as we work with them to figure out exactly what that looks like, what their pri-

orities are, how we are able to deliver those, we will provide it. Unfortunately, I can't give you the date.

Mrs. EMERSON. How about the report, the 5-year plan from GSA for the land port of entry projects? You were actually directed to include a report to us. Do you know when we might be receiving that?

Mr. PROUTY. In the coming weeks.

Mrs. EMERSON. What are your thoughts on transferring ownership and maintenance responsibility to the Department of Homeland Security for the ports of entry, and just so that you may be able to create some construction and operational efficiencies?

Mr. PROUTY. They are very challenging projects. They are challenging, obviously from an operational standpoint from their purposes and from a construction standpoint from ours. But I don't think anybody is better suited than we are. It takes all that we have got to be able to design and construct those. And I believe, even though they are terribly expensive and terribly challenging, we are the people to do it.

Mrs. EMERSON. Has DHS asked you for that?

Mr. PROUTY. Over the years they have. And I think—I am not sure, because I haven't had discussion at the national level. But I know that their core mission is to run the border station, and ours is to construct. And I just think they would have to create what we have got, and I don't think that would be remotely efficient.

Mrs. EMERSON. I just have one more question to ask with regard to the ports of entry. I guess there are about 20 private ports of entry that private owners maintain. Is that correct, about 20 of them?

Mr. PROUTY. I know so very little about this. There are 20 at least.

Mrs. EMERSON. Here is what I am curious about. How do you all negotiate with private owners? I am just curious about how that works.

Mr. PROUTY. I will give you generally what happens, is we would option the sites, so we would have a site available. And then we would put it out to bid, and anybody who wanted who could get it funded, who could build it, we would pay long-term rent for the facility. We do that in other locations, not just on the border. So you have to acquire a site, and it becomes a real estate deal.

Mrs. EMERSON. But do they maintain those after you have done the—

Mr. PROUTY. Generally, they would. I am not sure from a border standpoint, but it is part of the deal, I would assume.

Mrs. EMERSON. Thank you so much.

Mr. SERRANO. Let me try to clarify that, because that one makes me nervous. Private, meaning that someone privately owns the land. Then the government leases it from them. Right? You don't have private individuals at the border saying you can't cross or you can cross. Right?

Mr. PROUTY. No.

Mr. SERRANO. Thinking back in junior high school, when some kid wanted a nickel to let you cross.

Mr. PROUTY. Maybe a side business, but that is not what I am proposing. Just that we create a site and we do a real estate deal on the site.

Mr. SERRANO. The government—

Mr. PROUTY. It is the same process.

Mrs. EMERSON. But the private owner just maintains and keeps it up.

Mr. SERRANO. Sure. I don't have a problem with that. I just don't want him to determine who comes into the country and who doesn't come into the country.

Mrs. EMERSON. That would be a good soft place to come through probably. Right?

Mr. SERRANO. Well, if I was running it. But then my views on immigration are well known.

When we spoke about the 5-year plan, my understanding is that you were directing the port of entry part of the plan. But that was one part of the larger plan, which is my next question, which is, is this a separate report you will be giving us, or is it a full report as to the whole construction?

Mr. PROUTY. In a few weeks, I am going to look and make sure.

Mr. SERRANO. A few weeks.

Mr. PROUTY. Yes.

Mr. SERRANO. GSA's budget proposal calls for a 5 percent increase in the amount you pay in rent for leased space compared to a 2 percent increase in the projected amount of space under lease. Why the apparent increase in rental cost per square foot? I think that in today's real estate market, GSA would be able to get some pretty good deals. Why should rent costs be rising at all?

Mr. PROUTY. At the time those numbers were created, they were going up. Our rent costs were not going up at that time. They were going up less than the market was going up. We can certainly expect when we are back here talking about 2010 they are going to go down. But we know it is going to negotiate below the market. So at the time we were doing that, we were below the market; the market was going up. But as you mentioned, the market is going to turn and go down.

Mr. SERRANO. Another thought I just had. Does that play a role, what area you are in, in terms of deciding whether it is better to lease or to rent? I would think—and I don't want to game the wrath of the Manhattan property owners. But renting in a place like that would be—leasing would be ridiculous, the amount. So I wonder if it is cheaper to build.

Mr. PROUTY. The analysis is always based on a specific market. So what the cost of construction is versus what the lease market would provide.

Mr. SERRANO. Lower Manhattan, it might come out better to build than to rent.

Mr. PROUTY. It might. But land is expensive, construction is expensive. So it could be a wash.

Mr. SERRANO. In other words, nothing is cheap in New York. Is that right?

Mr. PROUTY. You said that. I didn't.

Mr. SERRANO. On the land and ports of entry issue, there are some negotiations, I understand, or discussions that usually take

place with the Customs and Border Protection Agency about the best way to build these things and how quickly they can get off the ground. Can you tell us anything about those discussions?

Mr. PROUTY. If you are referring to they have requirements. So what we are trying to do is to make sure we work with them in order to provide what they need within the most efficient manner so that we can provide these as quickly as we possibly can. So if there is any benefit, in some cases we are doing. For some of the requirements that can be standardized, we will do one spec so we can use it in more than one border station. So anything we can do to expedite the process.

Mr. SERRANO. Now, of course, much of this work is being done while these areas are still active, if you will.

Mr. PROUTY. Right.

Mr. SERRANO. Any complaints from them?

Mr. PROUTY. I am sure there are. Any time we do any construction project around an occupied space, there is always challenges to keep it going, even if it is a building with renovating ground tenants. So I am sure each one probably has their own particular challenges.

Mr. SERRANO. Let's move on to the well-publicized Recovery Act. Where do you stand in awarding contracts and starting work on the construction and renovation projects funded under the American Recovery and Reinvestment Act? Roughly, how many contracts have been awarded so far? How much work do you expect to have under way this summer? And, as you know, we are going to hear more and more and more from the media, from Members of Congress, from anybody: We give out all this money, and when will we begin to see action, to the point where we can begin to measure whether it is having an effect on the economy?

Mr. PROUTY. As of May 1, we have awarded five projects for roughly \$100 million. By August, we are going to award \$1 billion. By the end of December, we are going to award \$1 billion more. In the next 3 months after that, we are going to award \$2 billion more.

Mr. SERRANO. And how confident are you that that schedule will stay in place?

Mr. PROUTY. We are very confident.

Mr. SERRANO. And these contracts are mostly for renovations, of course.

Mr. PROUTY. The \$4.5 billion green part of that is. Yes.

Mr. SERRANO. As a result of the Recovery Act, the workload of GSA's construction managers have probably at least tripled. We are asking GSA to run a construction program considerably larger than your regular annual capital program, to do that while also continuing your regular annual program, and to keep everything on a very tight schedule.

What are you doing to make sure you have enough skilled personnel to plan these projects, award contracts, and monitor the performance? Do you have all the authorities you need to accomplish this goal, such as the authority to hire people quickly or to bring back retirees?

Mr. PROUTY. Yes, we believe we do. There is a variety of means we are using. First is to recruit people, generally temporary people.

Second is to bring back retirees. We just got approval from OPM to be able to pay them the dual salary. And then we are also working with contracting vehicles, to have employees do that type of work available to us on contracting the work primarily with FAS available to all people.

Is it a challenge? Absolutely. But we are comfortable, more comfortable today than before, because some of those authorities just came through this week.

Mr. SERRANO. And you say you have the authority for dual salary situations? These are retirees which are pension already?

Mr. PROUTY. Yes, we do. Which it was absolutely critical.

Mr. SERRANO. Before I go on with my question, we have been joined by Mr. Schiff, who is not going to ask any questions about courthouses. And if you believe that, I have a courthouse I can sell you in Brooklyn. Mr. Schiff.

Mr. SCHIFF. Well, I wasn't going to, Mr. Chairman. But since you asked.

The courts and GSA have studied numerous options for housing the courts in Los Angeles for now over 15 years. And the Central District Courthouse in Los Angeles has been the judiciary's number one priority courthouse for several years. Finally, Congress, the courts, and GSA agreed on a solution, and Congress provided \$365 million to build a courthouse in Los Angeles. The design was refined numerous times to keep the project under budget, but as under the last administration GSA delayed and the cost of the project has now increased to at least \$875 million.

We, the L.A. delegation, are having a very difficult time understanding what GSA is doing on this, and coping with the increased costs as the delay has gone on and on and on year after year now in its second decade. While this project has languished, the costs have escalated by over \$500 million. There are serious security problems in Los Angeles. There is not enough properly configured space to ensure effective operations there. I have worked in that courthouse for 6 years, and they have to transport the inmates in the same elevators with the jurors, in the same elevators with the judges. The bottom line is that there is a pretty desperate need in Los Angeles. We are still at a standstill 15 years later.

I know the Agency will be under new management once the administration is confirmed. I would ask GSA to take a fresh look at this based on the serious need and the facts on the ground. I would like the new GSA administration to make a commitment to finding a solution and funding a housing plan for the central district that meets the court security and operational needs.

We appreciate the work the chairman has done to protect the funding provided to date for the L.A. project. We are adamant that it not be used for any other purpose without the approval of the committee. Again, I want to thank Mr. Chairman for that. But I would love to hear, if you can shed any light on this and provide us with a road forward. We need a roadmap for this as much as we do for the Middle East.

Mr. PROUTY. My normal job is in Denver. And because we have Montana, I attend the Ninth Circuit space meetings, so I have heard about this project for a very long time, and it is quite unfortunate and it is certainly a challenge. And I know there are issues

having to do with the funding and the requirements and the different alternatives for housing the court.

I, more than probably anybody else, just so I don't have to go through that process too many more times, would love to see a solution. I certainly will commit to you that we will continue to work with them. I know they feel very strongly about the large building solution. I am not sure how that gets funded, but we have to continue to work because you are absolutely right, there is definitely a need.

Mr. SCHIFF. We should really make every effort this year to come up with a final agreement on this, if we can all follow through, and make sure we get the resources in the budget. It just has to get done.

Mr. PROUTY. We would very much like to do so.

Mr. SCHIFF. One other issue I would like to ask about, Mr. Chairman. Every year the Federal Government spends a great deal of money purchasing energy. Many of my constituents, local businesses and local governments, have lowered their energy bills by installing solar panels on their buildings or nearby. In many cases, the consumer doesn't even have to pay for the capital investments, and a solar installation company buys and installs the system, and then sells the power to the consumer at an agreed-upon rate.

This is a model that I think could be very successful for the Federal Government as well, but GSA is currently limited to signing ten-year power purchasing agreements, which are not long enough for installers to recoup their investment.

GSA asked Congress last year for authority to sign a 30-year power purchase agreement for renewable energy, and I introduced a bill that would authorize that change.

Can you shed some light on how that authority would save the Federal Government money overall and how this authority would improve your ability to install local renewable energy near GSA buildings?

And just, Mr. Chairman, so you have the full picture. The problem we are having with the bill is the way that the CBO does their projections. If you buy energy every year on an annual basis, it is not mandatory spending and then it doesn't get scored. But if you buy it over long-term periods such as 30 years, even though it may be costing you less every year, it becomes subject to scoring. They score the cost of it, they don't score the benefits of it. So the cost of the bill, which really doesn't cost anything, they score at about \$2 billion. So because of this sort of bureaucratic problem, we can't get the GSA to invest in solar the way I think they would like to.

Can you shed some light on it?

Mr. PROUTY. You are absolutely right: Unless you can sign a longer term deal than 10 years, they can't afford to invest, and we can't get the return. So we have to have a vehicle that allows us to do 20 or 30 years, and markets available and financing available and benefits are there.

Mr. SCHIFF. We will continue working on it. I have talked with the budget chairman and as well as the Chair of Energy and Commerce. We would like to find a way around this, because it is cost savings. The government will sell you power derived from solar at

a price cheaper than you are paying for it now, and it is a lot cleaner to do it.

Mrs. EMERSON. Can I ask a question?

So are you for contracting out the cost of the energy from the solar? You can forward contracting out 20 or 30 years?

Mr. SCHIFF. As I understand it, what the companies would agree to do, they would install the solar, they would provide you power for your building, and they would say: We will provide power to your building at X price over the next 30 years, as long as you agree to buy from us over the next 30 years. And that price point is cheaper than—

Mrs. EMERSON. It is the same support contract. I didn't know we were allowed to do that. It does make really good sense. It is what lots of large companies do with the power companies, just because they are such big energy users, are getting a lot better deal at a much lower price. But it is that commitment over the long term.

Mr. SCHIFF. My understanding—and correct me if I am wrong. You have the authority to do that up to 10 years. It is that you can't go beyond it. And that the predominant of the companies in the business can't recoup their investment in less than 30.

Mr. PROUTY. And you can't get a competitive user rate at that as well at 10 years.

Mr. SCHIFF. Thank you, Mr. Chairman.

Mr. SERRANO. Thank you.

Mrs. EMERSON. Thank you, Mr. Chairman. I do think that is a good idea to work with the Budget Committee on that, because it does save us a lot of money in the long run.

In the President's fiscal year 2010 budget, there is \$496 million for repairs and alterations to Federal buildings. However, for the first time in recent memory, all of the full scope repairs request is for the White House: \$121 million for the east wing, \$30 million for the new Executive Office Building, \$25 million for the old EOB.

So I would like to know, Mr. Prouty, are there no other Federal buildings in the rest of the country, or in D.C., for that matter, that require repairs or alterations? And just to point out, last year's appropriations for the Eisenhower Building was supposed to be the last installment in its more than one half billion dollar renovation, but you all have asked for an extra \$25 million in 2010. I just wondered why that was necessary as well. So both questions, please.

Mr. PROUTY. The first answer is there are certainly a lot of projects throughout the country. But as you look at the East Wing project and the New Executive Office Building project, those are projects that we think have a significant need. It is important that we do those projects. There are some issues within both of those structures that we think need to be addressed. So as you look—

Mrs. EMERSON. Is there degradation in the buildings?

Mr. PROUTY. In the east wing, it certainly involves electrical systems which we think absolutely has to be addressed. We have had some outages, in the east wing or the west wing. But, nonetheless, our people have serious concerns about those.

The other two projects, the courtyard replacement is a—I have got to look at the project, but it is a newly identified requirement for Secret Service for modular structures. So it is a new identified need. And then the roof replacement on the Eisenhower building

is the roof is just worn out. Some of that may have had to do with all the work that is being done, I am not really sure, but it has been a really long time since the roof was addressed and it needs to be addressed.

So you are right. We were obviously concerned when we were putting this in, but these are projects that have to be addressed. And as we address all the many other projects on the \$4.5 billion and \$5.5 billion list, these are projects we need to do.

Mrs. EMERSON. Let me move to stimulus spending. And I am anxious to get the letter from you all answering the questions that I raised. I do have a few questions to ask today. I am concerned about the number of new buildings, and newly built buildings that are on the list for modernization. One of which is—well, let's see. Where is my list? But some—I know there are some buildings less than 5 years old that it sort of makes me a little wary of giving the agency so much money under the circumstances, because why would we have to repair a building that is only 5 years old or less than 5 years old?

Mr. PROUTY. You really don't have to repair a building. But as we are looking at green opportunities, these are opportunities that weren't there 5 years ago, in some cases 2 or 3 years ago. There are systems, there is photovoltaics, there are all kinds of opportunities. And they all have payback. So you are right, we don't have to touch those buildings. There is nothing that is critical. But there is an opportunity to benefit the taxpayer and benefit the tenants of the buildings.

Mrs. EMERSON. Okay. There was also in the plan that you submitted to the committee \$157 million was designated to cover escalation costs of buildings which have already received funding. And I guess my question is, can you equate the escalation costs to creating new jobs?

Mr. PROUTY. It is real work. There is no question that it will continue the construction on those jobs. So there is—people will go to work because that funding is now in place. So if the project were not to get the funding and were to stop, it wouldn't be work. Whether it is new jobs, it is new work. One can certainly argue that we got there because of changes in the project or the market or the contract, but it is jobs, it is people working.

Mrs. EMERSON. What is adding to the escalation? What does add to the escalation costs? It certainly isn't the price of materials. They are less now than they were 2 years ago.

Mr. PROUTY. It could have been at the time. And when you look at these projects, they were projects that were ongoing. So it could have been materials.

Mrs. EMERSON. But just given the fact that we are losing lots of jobs because commodity prices are too low for aluminum and steel and things like that, I don't understand how materials could possibly be more expensive.

Mr. PROUTY. I assure you, I would rather be here next year than this year, because we are talking about what has gone on before, and next year we are going to start seeing the benefit of the market.

Mrs. EMERSON. We will keep our fingers crossed. Over the last 5 years, you all have requested over \$600 million in reprogram-

ming to cover cost overruns in capital projects. And I will admit to trying to help you get at least \$2 million of that for the courthouse that we had in Cape Girardeau. But the thing that worries me is that history of perhaps underestimating project costs.

Are you comfortable having GSA giving us an assurance that the estimated costs of projects in the stimulus bill or the recovery bill are correct? And, if so, perhaps you can tell us what kind of new systems or additional steps that you all have taken to ensure that these costs are accurate and we are not going to have to come back next year with escalation costs.

Mr. PROUTY. I think the better assurance is the market is probably going to take care of us. Whenever you estimate, you always have a chance that—you have a very strong chance they are not going to be right. We continue to refine our processes, our systems. We try to centralize some of that work to make sure we benefit nationally from what is going on. It is always a problem, especially in a dynamic market.

The good news now is we are going to miss them, but we are going to miss them on the other side. So we are going to look really smart because we are going to save money. So when the markets were in flux and the steel costs were going up 10, 20, 30 percent, we just couldn't keep up. But we always try to refine the system to make sure we get better estimates, make sure we deal with contractors who have maybe better insight into markets.

Mrs. EMERSON. We did a fairly substantial renovation to our house that came in exactly on budget, which with one exception because I did one change order, so it was one. But we were completely on budget and on time, which was shocking.

Mr. PROUTY. It is even a challenge in residential work. But we try to refine it.

Mrs. EMERSON. Okay. One more question then, if that is all right, for now. Are you all going to purchase ethanol vehicles with Recovery Act funds provided for the energy efficient motor vehicles? And, if so, what steps are you going to take to ensure that there are enough facilities at which you can buy E-85?

Mr. PROUTY. First, the answer to the first question is "yes." The answer to the second one is we have discussed before, is we continue to try to make sure that we place them where there are enough providers of ethanol, and we will just continue to try.

Mrs. EMERSON. It is very frustrating, because even in my State of Missouri, I think we probably have 30—and agriculture is the predominant part of our economy. We have 30 or 40 stations that have one pump, other than our MFA facilities, one pump if we are lucky, at break times, and a couple of other places. So that is the worrisome part. What percentage of the new fleet will be E-85? Do you know?

Mr. PROUTY. They are all hybrid so they are dual, ethanol or gas. As just mentioned, we are working with the ethanol group trying to get more stations. We share your frustration.

Mrs. EMERSON. Okay. I do appreciate that, because that has continued to be, not only for your purposes but for all Americans who want to have a hybrid vehicle and particularly using biofuel, actually having the capability of filling it up. I mean, a lot of times I

will rent at home a flex fuel vehicle, but sometimes I put gas in it and sometimes I put E-85. It just really depends.

Now, have your cost considerations taken into account the fact that while the E-85 vehicles may produce less greenhouse gases, you still lose 20 percent? In other words, they are not as efficient on usage of that fuel? So does that balance out?

Mr. PROUTY. Yes.

Mrs. EMERSON. They do?

Mr. PROUTY. Yes.

Mrs. EMERSON. Thanks.

Mr. PROUTY. Thank you.

Mr. SERRANO. Let me just pick up on that issue. When you are ready to replace a car, a vehicle, do you take into consideration the polluting issues and so on? I mean, is there a plan to say, as cars are being replaced, that they should be replaced by fuel efficient?

Mr. PROUTY. Yes, there is. It is based on their age and their efficiency, and all have to be at least 10 percent more efficient than the one that they are replacing.

Mr. SERRANO. So in addition to whatever the stimulus bill provides, there is an ongoing behavioral policy by GSA to accomplish this?

Mr. PROUTY. Right.

Mr. SERRANO. Does the stimulus make this more of a priority, or would you say even if there was not stimulus money we would still be looking at it with the same fervor that we would be during this period? What is happening now is because dollars were allocated to you for this purpose, folks who feel that this is an important issue will be paying a lot of attention to it. But if this money was not in the pot, would they be satisfied that you are moving in that direction or have been moving in that direction recently?

Mr. PROUTY. They would be.

Mr. SERRANO. Now, one of the issues that my office has been working on is the whole issue of trying to help the postal service—as you know, they are in a lot of trouble—to move to more efficient vehicles and their whole fleet. Has GSA been doing any work with that at all? Have they been asked to?

Mr. PROUTY. I don't believe we have, but let me ask.

They generally buy their own. We are available to work with them. It is just not something that has happened.

Mr. SERRANO. Thank you. As you may know, I pay a lot of attention to what happens in our territories. In general, traditionally the territories have been in many cases an afterthought when it comes to any kind of funding, any work we do in any Appropriations Committee. So with respect to the Recovery Act construction funding, are any of those funds being used in the territories?

Mr. PROUTY. Yes.

Mr. SERRANO. And what projects can you speak about?

Mr. PROUTY. There are four projects totaling \$144 million: One for the FBI in San Juan, \$43 million; one is in Hato Rey, \$99 million for green building modernization; one in San Juan also for green building modernization; and one in the Virgin Islands that is also a green building modernization. \$1.7 million on that project. And—anyway, the total is \$144 million.

Mr. SERRANO. Is this based on an existing list of priorities? I mean, I am sure there are more projects that could be funded in the territories. But these are the ones that you feel you could do at this point?

Mr. PROUTY. Right. They all met criteria based on our ability to spend the money quickly, the need of the facility, the opportunity that it provided.

Mr. SERRANO. Related to the environmental issue, the largest part of GSA's Recovery Act funding is for modernization and renovation to convert Federal facilities to high performance green buildings. Could you give us some examples of the kind of energy savings and environmentally friendly measures that are going to be used in this effort? Do you have a target or an estimate for the resulting energy savings?

Mr. PROUTY. I will answer the last first.

It depends on the facility, the magnitude of the renovation. We are hopeful of getting at least a 20 to 30 percent return. So in each of them, each project could have a different need. Some of them could have photovoltaics, some of them could have new windows. So many have new systems balancing the systems. So there is a whole array of projects that are in the green building category.

Mr. SERRANO. How many buildings do you operate, do you run, service, take care of?

Mr. PROUTY. 8,000 total; 1,300 owned.

Mr. SERRANO. About 8,000 total, 1,300 owned. If you had to give us an estimate of how many of those facilities are already green, if you will, or do we have any information on that?

Mr. PROUTY. This is one of the great estimates of all time. 55 or 60. I mean, as far as we just have not spent a lot of time. There is some that we have on green buildings. It is a very low number. Don't hold us to that, though.

Mr. SERRANO. I understand. Some would say 55 is a good number. GSA is requesting \$33 million for electronic government fund, an account which just received \$3 million two years ago and nothing at all last year. Could you please explain what sort of initiatives this \$33 million is intended to finance and what benefit it will provide?

Mr. PROUTY. What we are seeing through the administration is that there is a desire to find different opportunities to more effectively provide the IT needs of the government. So there is some opportunities to change the platform, to talk about cloud computing. I can give you a little bit, but not a lot, because I am certainly not an expert. But there is a way to leverage that. And so we are working with the administration to see what those opportunities are to cause government to have a consistent platform and technology which may lead to consistency in web pages, blogs, what have you. So we are looking for any opportunity to benefit from what is going on in the private sector to better provide the IT needs of government.

Mr. SERRANO. And these things you do on your own? Or you bring in folks from the private sector to advise you?

Mr. PROUTY. Always the private sector. We have a lot of experts, but we are trying to make sure we have cutting-edge stuff.

Mr. SERRANO. Again, if you were to brag or moan about how far you have gone here, what condition are you in?

Mr. PROUTY. I think there are lots of challenges. I think the government has done extraordinarily well, but times change so quickly. If you look at all the data centers that we are creating, there may be a much better opportunity to provide that service to better leverage the government.

Mr. SERRANO. Thank you.

Mrs. EMERSON. Last month as we were falling further into debt, the President requested a \$100 million cut from each of his cabinet officials. I know that the Department of Homeland Security—and I don't know why I keep beating up on them, I don't mean to, but needless to say they just come to mind. The Homeland Security responded by identifying \$100 million a year in spending on office supplies as a savings opportunity. And specifically, they proposed \$52 million in savings over the next 5 years by improving the process of purchasing office supplies, and \$10 million in savings related to office equipment.

Now, you all do a great job in a lot of areas. I know that you, as the Federal Government's procurement expert, have a relationship with the Department of Homeland Security, and they are your client. And I think even back in 2006 you signed a memo of understanding with them for certain services, including purchase of office supplies. So I have three questions.

One, what role and responsibility do you all at GSA have for overseeing the \$100 million in Homeland spending for office supplies?

The second question is, for how many other agencies do you oversee procurement?

And the last, I wondered if the administration had asked you all at GSA to identify savings opportunities. And, if so, I would be grateful if you could supply our committee with other opportunities of areas you manage where there may be potential savings comparable to that which we are going to get from Homeland Security.

Mr. PROUTY. My understanding about Homeland Security is that they envision they can do that on their own. We are confident that we are a better source for that. We continue to get the best price, and we think the more we leverage government, the better our opportunities to save. So we are only able to provide the benefits for those who use our services on our schedules.

Mrs. EMERSON. So they are going to be working through themselves and not you all?

Mr. PROUTY. Right.

Mrs. EMERSON. And they think they can get all of the things which they normally get from you all cheaper?

Mr. PROUTY. From what I have read, that is what I believe they are saying.

Mrs. EMERSON. Do you know what it is that they—do you have a list of those things that they think they can get for less than you all can get it for?

Mr. PROUTY. We don't.

Mrs. EMERSON. So what other agencies do you all work with as far as procurement services acquisition?

Mr. PROUTY. Those that use our schedules. Is that the question?

Mrs. EMERSON. Yes.

Mr. PROUTY. It is an immense list. We can provide it. It is over a hundred agencies.

Mrs. EMERSON. I mean, how often do you renegotiate the contracts, perhaps, or the agreements that you have with different entities? Let's just say hypothetically it would be Staples or other office supply companies. I mean, how often do those get renegotiated?

Mr. PROUTY. We always get a good commercial price. Jim just mentioned that our schedules are designed in such a way that they react to the market, so we always get a good price.

Mrs. EMERSON. So supposing if, in fact, Homeland Security thinks they can get things for less, then where would they be going out and purchasing them?

Mr. PROUTY. I don't know. What I can offer is that we can certainly talk to them.

Mrs. EMERSON. It would be helpful to get some information on that.

[CLERK'S NOTE.—Later corrected to "GSA has not been asked by the Administration to identify \$100 million in savings opportunities. With that said, GSA does not intend on providing a list."]

Mr. PROUTY. The last part of the question was we, like every agency, have been asked to see where we can cut. That list has not been fully prepared, but we are certainly happy to share with you whatever we come up with.

Mrs. EMERSON. That would be helpful. It occurs to me, when I worked in the Executive Branch many, many, many, many, many years ago.

Mr. SERRANO. Not that many.

Mrs. EMERSON. Oh, no. It was many, many. I was just a mere college grad at the time. So that—and I am older than you. Maybe not. We are about the same age. So, anyhow, it was a while ago.

Mr. SERRANO. I am glad we are having this conversation.

Mrs. EMERSON. But I remember, several of the things that my agency bought or got from GSA, because we must have had a contract with you all, some were more expensive than if I had just gone to buy them at Staples myself. And sometimes, I don't understand, maybe things have to do with service agreements or something. But are there extra costs built in sometimes? If you compare apples to apples, it is more expensive sometimes from you all.

Mr. PROUTY. Jim says there are times when they could have been more. Aggregate demand can always be less. So the more buying power we have, the better our buying ability, the better to negotiate the deal.

Mrs. EMERSON. I will look forward to getting this list from you.

Mr. SERRANO. I have no further questions. We have exhausted all our questions. That is called a grilling. But we thank you for your testimony. I know that my colleague joins me. I want to thank you for your continued service. 38 years is a long time. I know, because I have been doing this 35 years, and it is a long time. And it is people like you who don't get the publicity on the 6:00 news that they deserve, and on behalf of this Congress we thank you. And I know you will be going back to the rocky region?

Mr. PROUTY. Rocky Mountain region.

Mr. SERRANO. That sounds good just by the way you say it. I know you will be happy. On behalf of the Agency and we thank you for your service, past and present.

Mr. PROUTY. A most gracious thank you.

Mr. SERRANO. And this hearing is adjourned.

**Financial Services Subcommittee
Hearing on the FY 2010 General Services Administration Budget
May 12, 2009**

**Questions for the Record
From Chairman José E. Serrano**

- 1. The fiscal year 2010 GSA budget proposes appropriation of \$100 million to exercise an option to purchase the Columbia Plaza building in Washington D.C., which GSA currently leases for use by the State Department. GSA's congressional budget justifications suggest that the opportunity to make this purchase will not occur until the end of the current lease term in April of 2012. Is that indeed the proposed timing of the purchase? If so, is it necessary to have funding included in the fiscal year 2010 appropriations bill, or could the appropriation wait until fiscal year 2011 without delaying the acquisition? If fiscal year 2010 funding is necessary to keep the acquisition on schedule, please explain why.**

The Government currently has the option to purchase the Columbia Plaza Building at the end of its lease term in April, 2012. However, the terms of the option require that GSA provide notice of our intent to exercise the purchase option no less than 365 days prior to the expiration of the lease, or no later than April, 2011. By providing written notice to the lessor, GSA will obligate the Government to pay and, as such, GSA must have the funds available prior to providing such notice.

If notice is not given for exercise of the purchase option prior to April of 2011, we will have to exercise a renewal option to ensure continued occupancy. Under the terms of the renewal option, we would have to wait another 365 days to exercise the purchase option, incurring rental costs of \$15 million for the additional year. If funding were not provided in FY 2010 and the Government were to operate under a continuing resolution in FY 2011, GSA may be not be able to exercise the purchase option in a timely manner, at a cost of \$15 million. GSA has requested funding in the FY 2010 budget to ensure funds are available to exercise the option at least one year prior to lease expiration.

The purchase option for Columbia Plaza represents a compelling opportunity for the Government to acquire this property at a negotiated price that is well below current market rates for buildings in Washington, DC, while satisfying the continuing and long-term space requirements of the Department of State. The property, located in close proximity to the Harry S. Truman (Main State) Building, has been occupied for more than 20 years as a leased location. The building's proximity to both Main State and an additional 3.5 million square feet that State occupies in the Foggy Bottom area of D.C. provides significant operational benefits and efficiencies to State. Exercise of this purchase option will assist GSA in meeting State's long-term

housing needs, at a negotiated price that clearly is in the best interest of the taxpayers.

If funding to exercise the purchase option is not received in FY 2010, GSA would be forced to explore contingency plans for remaining in leased occupancy of the building or conducting a competition for new leased space for DOS. Neither of these options would be financially or operationally preferable to exercising purchase option at Columbia Plaza.

- 2. The budget request also proposes funding for construction of two courthouses—one in Lancaster, Pennsylvania and the other in Yuma, Arizona—which I understand had previously been planned for development through “build to suit” leases. Please explain the analysis used in reaching the decision to construct these courthouses directly rather than entering into leasing arrangements.**

GSA performed a 30-year present value life cycle cost comparison between Federal construction and leasing. The analysis considered both the government's equity and its capital and operating costs in each alternative to determine the lowest net costs expressed in present value terms for a given amount of space. The inherently governmental nature and long term requirement of these courthouses make Federal construction a financially responsible solution. A lease construction project would involve annual above-market rent outlays from the government over the life of the lease without any benefit of residual value at the end of the lease. The life-cycle cost analysis supports Federal construction as the best value to the taxpayer.

The Courthouse project in Yuma, AZ was originally proposed as a lease construction project because funding was not expected to be available to meet the Judiciary's requirements with Federal construction. GSA was also working with the Courts to develop a potential lease construction project in Lancaster, PA. If funding were provided through the 2010 Appropriations, both projects would be converted to Federal construction, which would allow for a government-owned solution and save taxpayer money.

- 3. With respect to the proposed courthouse construction in Lancaster, the GSA budget justifications indicate that this is being done to meet a newly established space requirement in Lancaster for two judges both currently housed in Reading, Pennsylvania. What is the reason for the move and the new space requirement? Is the lease for the current space in Reading due to expire soon, or are there other factors which make this construction project a high priority?**

In October 1992, Public Law 102-396 authorized Lancaster as a place of holding court in the Eastern District of Pennsylvania. In June 2004, District Judge Lawrence F. Stengel was appointed to the court to serve in Lancaster. As no facility currently exists in Lancaster, Judge Stengel has been using existing court facilities in Reading and Philadelphia, PA.

The Third Circuit Judicial Council voted to approve the current program for Lancaster in March, 2008. At its September 2008 session, the Judicial Conference approved a build-to-suit lease construction courthouse project. The approved Lancaster request was received by GSA in March 2009. The requirements call for a district courtroom and chambers, and chambers for a visiting judge.

The Lancaster requirement is not related to the expiration of the lease in Reading. There will be a continuing court requirement in Reading. Upon completion of a Lancaster facility and the relocation of Judge Stengel from Reading to Lancaster, the district court will reduce its requirements for district courtrooms and chambers from two to one (in Reading). The bankruptcy court will continue to occupy a courtroom and chambers in Reading as well. The lease in Reading expires in January 2013, at which time the lease may be renegotiated to meet these reduced requirements.

One factor that makes this project a priority is that the court location in Reading has two key deficiencies with regard to secure circulation: 1) the public, judges, and prisoners share a common elevator; 2) there is no sallyport available to transfer in-custody defendants into the courtroom. As a result, the use of Reading for criminal cases is limited.

4. In April, the Judicial Conference of the United States sent the subcommittee a letter listing their priorities for courthouse construction for each of the next five years. The projects listed for fiscal year 2010 are as follows:
- Austin, TX courthouse, additional site and design plus construction, \$116.1 million;
 - Salt Lake City, UT courthouse, additional design plus construction, \$211.0 million;
 - Savannah, GA courthouse, additional design, \$7.9 million;
 - San Antonio, TX courthouse, additional design, \$4.0 million; and
 - Mobile, AL courthouse, additional site and design plus construction, \$190.3 million.

Do you concur with the cost estimates listed by the Judicial Conference? Do you know of any reasons why these projects should not be considered priorities for construction funding, in the event that sufficient funds were to be available?

GSA estimates that funds required for FY 2010 for the projects listed are as follows:

- Austin, TX: None. \$116,041,000 was funded under American Recovery and Reinvestment Act.
- Salt Lake City, UT: \$210,989,000.
- Savannah, GA: \$7,900,000.
- San Antonio, TX: \$3,266,000.
- Mobile, AL: \$190,040,000.

The estimates for Savannah, GA and San Antonio, TX are for additional design only. Construction funding cannot be obligated in FY 2010. If sufficient funding is available, GSA could move forward with any of these projects.

- 5. Under the “Repairs and Alterations” heading, GSA’s fiscal year 2010 budget requests \$20 million for the “Energy and Water Retrofit and Conservation Measures Program” and another \$20 million for “Federal High-Performance Green Buildings”. How do these two categories differ from one another? Is this work similar to what is being done with funding provided in the American Recovery and Reinvestment Act for high-performance green buildings?**

The Energy and Water Conservation Measures program is designed to reduce on-site energy consumption, through building alteration projects or retrofits of existing building systems. These projects are GSA’s primary approach to reducing energy consumption in the existing inventory, towards mandated percentage reduction goals through 2015.

The Federal High-Performance Green Buildings program focuses mainly on impacting design of new buildings which were not in the 2003 baseline as well as modernization projects which incorporate technologies reducing "source use" energy stemming from the energy generation and transmission processes.

Energy and Water Conservation Measures and measures necessary to convert GSA facilities to Federal High-Performance Green Buildings are priorities of GSA’s Recovery Act projects. The funds provided by the Recovery Act will deliver significant progress towards continuing to meet the requirements of the Energy Independence and Security Act of 2007 (EISA), but EISA’s phased increases in building standards mean that GSA’s inventory of Federal buildings will need continued investments through the FY 2010 and future years’ budget requests.

- 6. Please provide a table showing, on a comparable basis for each of fiscal years 2006 through 2010, the actual, estimated, or proposed amount provided for rental of space within the Federal Buildings Fund, along with the corresponding number of square feet under lease and the cost per square foot.**

Fiscal Year	Obligations (dollars in thousands)	Square Footage (in millions)	Dollars per Square Foot
2006 Actual	\$4,128,216	172	\$23.99
2007 Actual	\$4,375,975	175	\$24.94
2008 Actual	\$4,610,338	177	\$25.97
2009 Estimated	\$5,098,558	190	\$26.86
2010 Proposed	\$5,416,148	194	\$27.98

Note: Numbers include Indefinite Authority
Note: Numbers are nominal and have not been adjusted for inflation or otherwise discounted.

7. It appears that the fiscal year 2010 budget request projects an increase in the cost per square foot of space leased by GSA. Why should lease costs be rising in the current real estate market?

The FY 2010 budget request reflects projected overall rental of space costs. Even at today's leveling rates, new leases incur higher rental rates than the older leases they are replacing because the average lease term is 11 years. Several other factors, such as the spike in space requirements in support of the Decennial Census and CPI increases in operating costs, all contribute to the marginal increase in 2010. The current downturn in the market will be reflected in future years due to the cyclic nature of our lease terms as a larger portion of our leased portfolio is renegotiated. Increased operating costs, such as increased utility costs which are included in rental payments, also contribute to increased costs per square foot.

8. Please provide a table showing, on a comparable basis for each of fiscal years 2006 through 2010, the actual, estimated, or proposed amount provided for building operations within the Federal Buildings Fund, along with the corresponding number of square feet served and the cost per square foot.

Fiscal Year	Obligations (dollars in thousands)	Square Footage (feet in millions)	Dollars per Square Foot
2006	\$871,212	179	\$4.87
2007	\$947,715	179	\$5.29
2008	\$1,039,627	179	\$5.81
2009	\$1,085,918	181	\$6.00
2010	\$1,180,336	187	\$6.31

Note: Dollar amounts represent cleaning, maintenance and utilities expenses for buildings where GSA is responsible for providing these services.

Note: Numbers are nominal and have not been adjusted for inflation or otherwise discounted.

9. GSA's fiscal year 2010 budget justifications indicate that, within the building operations line, there is a projected \$26 million increase for "Security Charges from Homeland Security for Vacant Space". Is this a new expense, and, if so, why is GSA beginning to pay these charges? Are per-unit security charges for vacant space lower than those for occupied space?

GSA currently pays the basic security fees and the pro-rated share of building-specific security fees for vacant space in occupied buildings. This is in accordance with a June 2006 Memorandum of Agreement (MOA) between GSA's Public Buildings Service (PBS) and the Department of Homeland Security's Federal Protective Service (FPS). GSA has paid this cost in fiscal years 2007, 2008, and 2009.

As the asset owner or lease holder, GSA is responsible for the physical security of its facilities and must ensure the protection of building occupants and visitors. When changes in tenant agencies' space requirements produce vacant space within a building, GSA has assumed responsibility for security charges for vacant space to ensure that these costs are not passed through unfairly to the remaining tenants in partially occupied buildings.

GSA pays the same basic security charge as all other tenants, which is currently \$.66 square foot. GSA also pays a share of building-specific fees for vacant space. Building-specific charges are pro-rated over the square footage in a facility. FPS treats vacant space the same as occupied square footage and charges accordingly.

The \$26 million requested in FY 2010 is not a new cost. In the past, it was funded by reductions to other programs in the Building Operations budget activity. GSA paid \$21,261,370.18 in FY 2007 and \$25,027,402.42 in FY 2008 for vacant space security charges.

- 10. Please provide a table showing, on a comparable basis for each of fiscal years 2006 through 2010, the actual or estimated amount to be spent on utility costs from the building operations line in the Federal Buildings Fund, along with the corresponding number of square feet served and the average cost per square foot.**

Fiscal Year	Utilities (dollars in thousands)	Square Feet (in millions)	Dollars per Square Foot
2006	\$333,026	179	\$1.86
2007	\$378,104	179	\$2.11
2008	\$448,102	179	\$2.50
2009	\$461,600	181	\$2.55
2010	\$528,013	187	\$2.82

Note: Square feet amounts reflect inventory where GSA is responsible for providing operation & maintenance services.

Note: Numbers are nominal and have not been adjusted for inflation or otherwise discounted.

- 11. Under Government-Wide Policy, the budget proposes \$4 million and 9 FTE for the Office of High-Performance Green Buildings. Do you expect any funds provided for that purpose in the American Recovery and Reinvestment Act (ARRA) to be available in fiscal year 2010, or will the full amount provided in ARRA be obligated in fiscal year 2009? If ARRA funds are included, what do you expect to be the total cost of the Office of High-Performance Green Buildings in fiscal year 2010?**

The \$4 million provided by the Recovery Act will fund start-up activities for the Office of Federal High-Performance Green Buildings. GSA plans to obligate these funds in FY 2009. It is possible that some Recovery Act obligations for the Office will be made in the early months of FY 2010 to allow time for new pre-procurement procedures required by the Act. Recovery Act funds are expected to be fully obligated in FY 2009, and the anticipated cost of the program in FY 2010 is an additional \$4 million.

- 12. The budget proposes \$33 million for the Electronic Government Fund.**

- a. How will the fund be managed and who will make decisions about projects to be undertaken and expenditures to be made?**

The E-Gov Fund will be managed by the Office of Government Wide Policy in the GSA. The decisions about projects to be undertaken and the expenditures to be made will be made by Vivek Kundra, Federal Chief Information Officer, in consultation with the CIO Council. Examples of projects to be funded by the request are outlined in the response to question 'c' below.

- b. What, if any, contributions are expected or assumed from other Federal agencies in fiscal year 2010?**

None. To date, there have been no contributions to the E-Gov Fund from any source to supplement Appropriations in any year.

In terms of projects associated with the requested E-Gov funding, there will be additional contributions from the agencies in FY 2010. The contributions will be up to \$4 million from GSA's Federal Acquisition Service (FAS) for pilot programs that will directly benefit FAS, and \$3.792 million from other agencies.

In terms of existing E-Gov projects, aggregate E-Gov contributions will remain at the FY 2009 levels.

- c. Please provide examples, in non-technical terms, of possible pilot projects to be carried out with this funding and explain the benefits expected to result to the government from these projects.**
- Cloud-computing will help to optimize the Federal data facility environment and create a platform to provide services to a broader audience of customers.
 - The “work-at-a-distance” initiative will leverage modern technologies to allow Federal employees to work in real time from remote locations, and to work more collaboratively, resulting in increased efficiency, and reduced travel costs and energy consumption.
 - At USASpending.gov, citizens will be able to see how, when, with whom, and on what the Government is spending taxpayer funds, and whether or not that money is delivering results. Visitors to the site will be able to download data and related information from USASpending.gov, to combine different data sets; to conduct analysis and research; or to power new information-based products and businesses. In sum, citizens will be able to track spending and results; participate in holding the Government and recipients of funding accountable for performance; and use the resulting information to create value for themselves and others.
 - In Data.gov, the Federal CIO Council is creating an online repository for access to Government data (not otherwise subject to valid privacy, security, or privilege restrictions, consistent with Federal law). Through information presented in downloadable formats on topics such as the environment, energy, health care, and the operations of Government, Data.gov has the potential to drive innovation in the public and private sector. Just as internet mapping industries developed from the release of public geographic location information, data transparency can spur economic, scientific, and educational innovation.
 - Agencies will be called upon to take creative action in developing new approaches to citizen involvement, including the utilization of social and visual technologies, such as Web 2.0 tools. Existing Government websites need to be revitalized with community-driven features and functionality. Opportunities for engagement can be developed through context-driven tools that push opportunities for participation on a daily basis to people, via websites and other contexts. This will enable interactions and applications that were never before possible. Through social media using Web 2.0 technologies and forms, including syndicated web feeds, video-sharing, podcasts, social networking and bookmarking, widgets, virtual worlds, and micro-blogs, individuals will be able to increase collaboration on web content to create, organize, edit or comment on, combine, and share information.

**Questions for the Record
From Representative John Culbertson**

13. The General Services Administration is working to reconfigure the port of entry in San Ysidro, CA. This project has been going on for approximately eight years. As with any project in any part of the country, local interests can be greatly affected. In the past, GSA was doing a good job of seeking local input from governments, associations and business interests. However, GSA's relationship with these interests changed dramatically late last year after the departure of its administrator. Suddenly, GSA indicated to local interests that their input would not be considered. This is unconscionable. Please answer the following as soon as possible.

- a. After last year's departure of GSA's administrator, there was an abrupt change in direction by GSA personnel interacting with local interests in San Ysidro. This is the consensus of all parties mentioned above. The local community suddenly felt it was no longer being included in the plans to reconfigure the port of entry. Why did this happen?**

Many GSA officials, including the former Administrator, have visited San Ysidro and met with community interests, property owners, and State, regional, and local organizations while the project was still in the master planning phase. Several of the items that the community identified as significant issues, such as the southbound pedestrian access to Mexico on the east side of the port, have been incorporated into the design. Other items, such as allowing duty free stores within the port, were not viable alternatives due to significant security concerns.

The project has moved from the master planning phase to the design phase and the project scope and estimated total project costs are firming up. GSA is committed to continuing dialogue with the community and is still holding community meetings, the last of which occurred on May 13, in San Ysidro.

- b. Is it GSA's intent to move forward with the reconfiguration without a community supported plan?**

GSA developed a Master Plan to reconfigure the San Ysidro Land Port of Entry (LPOE) to serve the community of San Ysidro and the broader San Diego Region. GSA has held a series of Community Representative Committee (CRC) meetings over the past four years. These community meetings have been essential to developing a plan that balances the national security mandates of our customers at the Department of Homeland Security's Customs and Border Protection (CBP), the community's desire for pedestrian connectivity, and good transit connectivity required by the City of San Diego, MTS, and SANDAG. Input from this broader community was critical to developing a project that balances different priorities.

In the last two months, GSA has made several major design changes to accommodate issues brought up by the community. The first was the relocation of the east-west pedestrian bridge landing. Our partners at the City of San Diego and others expressed concern that the planned location required pedestrians to cross a busy intersection to access the bridge. As a result, the bridge landing was relocated to the transit center adjacent to the LPOE. This has significantly improved pedestrian mobility and better serves the community.

The second major change was in response to the loss of Camiones Way. To address concerns expressed by community and local agencies, GSA modified the design to allow for the development of a new transit center on Virginia Avenue. This facility will replace the bus, taxi, jitney, and pedestrian facilities currently located on Camiones Way.

Finally, GSA has asked stakeholders in the region to continue to participate in our ongoing outreach efforts, including, but not limited to, the continuation of the CRC process, regularly scheduled meetings with the City of San Diego, MTS, and SANDAG. In addition, we have scheduled presentations with various local business and community groups including the Otay Mesa and San Diego Chambers of Commerce. We will continue our ongoing dialog and incorporate recommendations within our authority.

c. Would GSA be willing to provide monthly progress reports to this subcommittee on its incorporation of community interests in the reconfiguration process?

Yes, GSA can provide monthly progress reports if the subcommittee desires.

d. In its current proposal, GSA intends to acquire (or eliminate) 56% of the currently available public parking at the world's busiest land border crossing and to remove the busing industry available to the 40,000 people crossing into San Ysidro every day and the riders from the San Diego region. What is GSA's mitigating plan to insure chaos does not result from this plan for people who want to park and walk across the border? The community is extremely concerned about the inconvenience this would create for pedestrians. This would also force thousands of people to instead use their vehicles to cross the border. The impact on the environment would also be substantial and necessitate an environmental impact study. Has GSA factored in the need for such a study?

Yes, GSA has prepared a draft Environmental Impact Statement (EIS) for the project and has released it to the public. In that document, the loss of parking is

noted as a significant impact of the project. In addition, GSA has had a number of discussions with the City of San Diego.

While the loss of parking is noted as a significant impact, it is also important to note that the parking in San Ysidro is almost exclusively surface parking. While it is true that the project will result in a loss of available parking, it opens business opportunities for parking operators to consider constructing structured parking. In addition, the project as currently planned provides significantly better access to public transit. This is accomplished through the planned new southbound pedestrian crossing on the east side of the port, which allows a much shorter walk to Mexico for those taking public transit. Also, the new southbound pedestrian crossing planned for Virginia Avenue reduces by half the walking distance for pedestrians into Mexico as compared to the current facilities at Camiones Way. GSA has also revised the master plan to reconfigure Virginia Avenue to facilitate access to buses.

**Questions for the Record
From Representative Debbie Wasserman-Schultz**

- 14. After last year's departure of GSA Administrator Doan, there was an abrupt change in direction by the agency personnel interacting with local interests in San Ysidro. The local community suddenly felt it was no longer being included in the plans to reconfigure the Port of Entry. Could you explain for the subcommittee how the decision to change course came about, and tell us what communication GSA had with the local community regarding the agency's plans to move forward?**

Over the past four years, GSA has worked closely with the community to make this a better project. Through the Community Representative Committee (CRC), GSA has worked extensively with the San Ysidro community. GSA held numerous CRC meetings to update the local community while addressing comments and issues. GSA continues to meet on a regular basis with local agencies and businesses such as MTS, CALTRANS, SANDAG, the City of San Diego, Duty Free America, and Casa Familiar to have open discussions about the project and to address their comments. In the last few months, GSA has incorporated several significant elements in the project to address their concerns.

In addition, GSA is completing the Environmental Impact Statement (EIS). A draft EIS has been completed and made available to the public. GSA is considering the information collected through that review, and will use that data to make an informed decision on how best to proceed with this project. We will continue to keep the community informed about the progress of the project and look forward to the construction of a facility that will make the LPOE work much better for the community and the greater San Diego region. The GSA and specifically the San Ysidro project team remain supportive of the community's efforts to improve the local area and are committed to continuing to keep the community apprised of our efforts as we finalize the design and eventual execution of the project.

- 15. Our nation's stated goal is to secure our border while maintaining the flow of commerce and economic activity that is so important to border communities in this country. What steps is GSA taking at the San Ysidro Port of Entry to incorporate and accommodate pre-existing and location dependent business into a design plan that creates both security and economic activity?**

GSA is committed to delivering Land Port of Entry facilities that support the stated goal of securing our border while maintaining the flow of commerce and economic activity. GSA has cooperated with the community in their efforts to identify improvements to local infrastructure. We have made many changes in the project to ensure that we are only acquiring the land we need, so as not to preclude subsequent development by the community as well as private businesses. If eligible, private businesses, such as the Greyhound bus station and Duty Free America will receive relocation assistance in accordance with the Uniform

Relocation Act. This assistance can include the reimbursement of eligible expenses for moving the business enterprise as well as limited compensation for the search for a new location.

16. Is it the agency's intent to move forward with the reconfiguration without a community supported plan?

GSA developed a Master Plan to reconfigure the San Ysidro Land Port of Entry (LPOE) to serve the community of San Ysidro and the broader San Diego Region. GSA has held a series of Community Representative Committee (CRC) meetings over the past four years. These community meetings have been essential to developing a plan that balances the national security mandates of our customers at the Department of Homeland Security's Customs and Border Protection (CBP), the community's desire for pedestrian connectivity, and good transit connectivity required by the City of San Diego, MTS, and SANDAG. Input from this broader community was critical to developing a project that balances different priorities.

In the last two months, GSA has made several major design changes to accommodate issues brought up by the community. The first was the relocation of the east-west pedestrian bridge landing. Our partners at the City of San Diego and others expressed concern that the planned location required pedestrians to cross a busy intersection to access the bridge. As a result, the bridge landing was relocated to the transit center adjacent to the LPOE. This has significantly improved pedestrian mobility and better serves the community.

The second major change was in response to the loss of Camiones Way. To address concerns expressed by community and local agencies, GSA modified the design to allow for the development of a new transit center on Virginia Avenue. This facility will replace the bus, taxi, jitney, and pedestrian facilities currently located on Camiones Way.

Finally, GSA has asked stakeholders in the region to continue to participate in our ongoing outreach efforts, including, but not limited to, the continuation of the CRC process, regularly scheduled meetings with the City of San Diego, MTS, and SANDAG. In addition, we have scheduled presentations with various local business and community groups including the Otay Mesa and San Diego Chambers of Commerce. We will continue our ongoing dialog and incorporate recommendations within our authority.

**Questions for the Record
From Representative Adam Schiff**

- 17. How much money does GSA spend on power each year? How much power does GSA use?**

GSA spends approximately \$295 million on electricity each year for approximately 2.955 billion kWhs per year.

- 18. How many power purchase agreements does GSA currently have, and how much total power is contracted through them? How many are for renewable energy, and how much total power?**

GSA has 26 active competitive electricity supply contracts, which deliver approximately 4.018 billion kWhs per year for both GSA facilities and other Federal and non-Federal facilities, including the D.C. Government, FDIC, Architect of the Capitol, IMF, and the United Nations, in deregulated markets. Of the 26 electric supply contracts, 17 include renewable energy and purchase approximately 240,000,000 kWhs of renewable energy annually.

- 19. How much power for GSA buildings is currently generated by onsite renewables? What is the average price of any renewable power GSA purchases, and what is the average price of renewable energy credits that GSA purchases?**

In FY 2008, GSA generated approximately 1,200,000 kWhs of electricity from onsite renewables. That figure will increase significantly in FY 2009.

For FY 2008, GSA had a renewable energy credit (REC) supply contract for 62,742,000 kWhs at an average price of \$0.00236/kWh.

The price for renewable power purchased through competitive electric supply contracts cannot be determined, because it is embedded in the much larger electric supply contract.

**Questions for the Record
From Representative Barbara Lee**

20. What qualifies as a hybrid vehicle for GSA?

As defined by the Department of Energy, hybrid electric vehicles (HEVs) typically combine the internal combustion engine of a conventional vehicle with the battery and electric motor of an electric vehicle. The combination offers low emissions, with the power, range, and convenient fueling of conventional (gasoline and diesel) vehicles and HEVs never need to be plugged in.

Link to the Department of Energy's definition of hybrid vehicles is provided below:
http://www.afdc.energy.gov/afdc/vehicles/hybrid_electric_what_is.html

21. Please outline the mileage standards for replacing GSA fleet vehicles.

GSA Fleet follows the minimum mileage replacement criteria of the Federal Management Regulations ("FMR", 41 C.F.R. 102-34.280).

Sedans, Station Wagons	60,000
Ambulances	60,000
Trucks, under 12,500 GVWR	50,000
Trucks, 12,500-23,999 GVWR	60,000
Trucks, 24,000 GVWR and over	80,000
4- or 6-wheel drive motor vehicles	40,000
School Bus	80,000
City Bus	150,000
Intercity Bus	280,000

22. If there are minimum standards for percentage improvements over the existing vehicle, is it GSA's policy to replace the vehicle with the most fuel efficient vehicle available in it's class or can a vehicle that meets the minimum standard be purchased?

There are no minimum standards for percentage improvement in fuel efficiency over the existing vehicle. However, Executive Order 13423, "Strengthening Federal Environmental, Energy, and Transportation Management" mandates a reduction in the consumption of petroleum in fleet vehicles *in total* by 2 percent annually through 2015. In order to comply with this Executive Order, GSA Fleet must purchase more fuel efficient vehicles each year.

23. Are there any absolute minimum fuel efficiency requirements across vehicle categories for GSA?

GSA Fleet assists its customer agencies in meeting all Federal fuel-efficiency requirements for motor vehicle acquisitions, including those of the Energy Policy Act of 2005, the Energy Independence and Security Act of 2007, and Executive Order 13423. GSA meets all statutory requirements.

Per the FMR, (41 C.F.R. 102-34.50) all Federal fleets are required to abide by the minimum overall fuel efficiency standard as outlined in 49 U.S.C. 32917, which calls for a fleet average fuel economy for that year of at least the greater of:

(A) 18 miles a gallon; or

(B) the applicable average fuel economy standard under section 32902 (b) or (c) of this title for the model year that includes January 1 of that fiscal year.

24. Does GSA regularly review fleet requirements to reassess if the most fuel efficient vehicles are being purchased for every type or class of vehicle category?

GSA Fleet, during its annual acquisition cycle, reviews every agency's acquisitions to ensure compliance with all requirements. Agency fleet managers review all orders prior to their placement to verify that all requirements are being met.

25. How often are waivers granted for the use of flex fuel or E85 ethanol vehicles when access to ethanol fuel stations is not available?

The waiver process is administered by the Department of Energy. Information on waiver statistics can be found at the first link below. The other two links provide information on the waiver process.

<http://www.afdc.energy.gov/afdc/data/fleets.html>

<http://www1.eere.energy.gov/vehiclesandfuels/epact/state/index.html>

http://www.afdc.energy.gov/afdc/progs/view_ind_mtx.php/reg/REQ/US/0

26. If flex fuel E85 vehicles are classified as hybrid vehicles, are vehicles that are waived and operated outside of the range of ethanol fueling stations included in the percentage of hybrid vehicles in the fleet?

E85 vehicles are not classified as hybrids.

**Follow-up to Questions Posed During the Testimony
From Representative Jo Ann Emerson**

- 27. Given the fact that [St. Elizabeths] was the Administration's top priority for GSA in past years, can you explain why there were no funds requested in FY 2010?... And then give us a status of the construction of St. Elizabeths.**

The President's request for St. Elizabeths was fully funded in the FY 2009 Appropriation, and additional funds were provided in the Recovery Act. With the addition of the Recovery funding, GSA has prepared a spend plan that maximizes potential construction activity on the site through FY 2010. GSA anticipates requesting additional construction funding in FY 2011 to maintain the construction schedule. Design for the multiple components in the approved Master Plan is underway. We are on schedule for design and construction of St. Elizabeths.

TUESDAY, MAY 19, 2009.

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

WITNESSES

ADRIENNE C. THOMAS, ACTING ARCHIVIST OF THE UNITED STATES
MARTHA MORPHY, CHIEF INFORMATION OFFICER

Mr. SERRANO. The subcommittee will come to order. We welcome everyone to this very cozy rent-controlled room. The whole building is rent control, right?

Today we will hear from the National Archives and Records Administration on its budget request for fiscal year 2010. Overall, NARA is requesting \$454 million, an increase of \$6.6 million or 1.5 percent above fiscal year 2009. We welcome the Acting Archivist of the United States, Adrienne Thomas, back to the subcommittee.

In so many ways, NARA serves a vitally important role in our country. It helps preserve and provide access to a vast array of important records. These records help to tell the stories of individuals, institutions, and the country as a whole. NARA holds the records of all three branches of the Federal Government and operates 12, soon to be 13, Presidential libraries.

Whether helping to keep government open and accountable, assisting individuals with research, or assisting historians, the information made available by the National Archives has provided valuable assistance to a great many people for decades. Furthermore, every Federal working day, NARA publishes the Federal Register to help inform Americans about government regulations and opportunities to submit comments on proposed government rules.

Most recently NARA's new Office of Government Information Services is intended to strengthen the Freedom of Information Act and to ensure that government remains open and accessible to the public. NARA has recently acquired the White House records of the Bush administration and is working to reduce the backlog of Freedom of Information Act requests for records of previous Presidents.

In addition, NARA is working on the multi-year electronic records archive record to allow electronic records to be preserved and retrieved far into the future regardless of future changes in technology. However, like other government information-technology projects, this has had difficulties, and I look forward to discussing this subject further today.

Adrienne Thomas has served as Acting Archivist of the United States since December. She has been with the National Archives for more than 38 years, most recently serving as deputy archivist and as an assistant for administration and chief financial officer.

Ms. Thomas, thank you for your service, and we mean that sincerely. When I said 38, the ranking member went wild.

Right?

Mrs. EMERSON. I did, right.

Mr. SERRANO. That is a long time.

Mrs. EMERSON. You don't look old enough.

Mr. SERRANO. We want to check out that pension. No.

Ms. THOMAS. I started right out of graduate school.

Mr. SERRANO. We are glad you did, and we are really honored by your service.

We also welcome back Martha Morphy, the chief information officer of NARA.

Thank you as well for joining us.

This is what, your 30th, your 29th, your 15th.

Ms. MORPHY. Actually, my 30th year, not all at NARA but for the Federal Government.

Mr. SERRANO. Wow.

Let me just, before I turn to Mrs. Emerson, say that, as I drive down the avenue, and I have said this before, there always seems to be a line waiting to get into the Archives. And I mean, there are lines everywhere in Washington, nothing like this one. And I am also glad to see that most of the folks I see there, or a large number, are young people.

Ms. THOMAS. Kids, yes. School kids.

Mr. SERRANO. I have commented to my staff on that at last year's hearing, I think. But we always see so many people outside. That tells you how the public feels about what is kept there, and that is why we have to be supportive, as supportive as our ranking member, Jo Ann Emerson.

Mrs. EMERSON. It is my turn now? Thank you, Chairman.

Mr. SERRANO. Did you think that introduction was being wasted?

She is a big St. Louis Cardinal fan.

They keep a big baseball card collection.

Mrs. EMERSON. Do you really? I did not know that. I will have to come down and—

Ms. THOMAS. Not at St. Louis, but—

Mrs. EMERSON. No, but I will still have to come—

Mr. SERRANO. My understanding is it was involved in a lawsuit, and then it became Federal property.

Ms. THOMAS. Evidence.

Mr. SERRANO. So you have it.

Mrs. EMERSON. I love it. Wow.

Well, I can tell you that the Cardinals haven't been doing well lately, so I am mad at them.

Mr. SERRANO. Well, we have got our baseball—

Mrs. EMERSON. That is true.

Thank you very much for being here, and we welcome you and are grateful that you are appearing before our subcommittee.

It is amazing to me how valuable and how precious it is, the historical documents that you all are charged with. And it is a great window to our government and our society, and it is so important to allow the public to see these documents, and I have always had great admiration for the work that you all do. It is wonderful to be the protector of documents. It is.

I note, as the chairman said, there are a number of endeavors that you all have this year, whether it is sorting through the Bush era documents; whether it is continuing the next phase of elec-

tronic records, which must be monumental, I have to believe; renovating libraries; expanding the public's knowledge of historical documents; and building and maintaining the archival expertise at your agency. And it is a full budget request, and I am hopeful that we can meet your greatest needs.

I want to say one thing as a matter of personal privilege. I was recently at the 60th anniversary of NATO in Strasbourg, and it was so wonderful to see the Washington Treaty, and I actually have great pictures of it. I probably could find it in my BlackBerry while we are listening to Ms. Thomas, but I really have to admire the way that it was not only displayed; it was really very interesting because the person who was charged with it, the security didn't want to, they just wanted us to be able to bring the treaty in and just sit it there and not have anyone baby-sit it, which of course you could not possibly do. But it all worked out and it was so special to see it there. And I think all the foreign leaders and all the parliamentarians who were in that room, everybody ran up to get their picture made with it.

Ms. THOMAS. I heard that it went over very well.

Mrs. EMERSON. It was a huge, huge success. But I wanted to mention that. I am going to find that picture now.

But thank you so much, and I do look forward to your testimony.

Mr. SERRANO. Thank you.

If you could keep your testimony down to 5 minutes, we will submit the full statement for the record, and that will give us an opportunity to grill you.

Ms. THOMAS. That is why I brought Martha with me to help.

Mr. SERRANO. We may have votes coming up soon.

Mr. EDWARDS. As the chairman speaks.

Mr. SERRANO. As I speak.

Please proceed.

Ms. THOMAS. Chairman Serrano and Ranking Member Emerson and members of the subcommittee, I am really pleased to be here with this opportunity to testify before you today on the fiscal year 2010 budget request for the National Archives and Records Administration.

As you know, I brought Martha along to talk about the ERA. She is in charge as the CIO for the agency of that major endeavor for the agency.

I want to thank you all for supporting the National Archives for the current fiscal year. The steady support that this subcommittee has provided to our agency has been critical to our efforts to address the many challenges of our role as the Nation's record keeper.

For 2010, the National Archives' budget request is \$466.9 million, an increase of \$7.6 million over the current fiscal year. The request encompasses four broad categories: the operating expenses for the agency; the electronic records archive account; the repairs and restoration account; and the National Historical Publications and Records Commission grants program. It also establishes the Office of the Inspector General in a separate appropriation under the National Archives in line with the requirements of the Inspector General Reform Act of 2008.

The President's request for the National Archives' operating expenses is \$339.8 million, an increase of \$12.5 million over 2009. The operating expenses appropriation provides for the costs of the general operation of the agency, including building operations, rent, staff salaries, and technology costs necessary to carry out NARA's mission.

This budget request also provides \$1 million to hire 12 entry-level archivists who will join entry-level archivists hired into our Archival Development Program with funding provided to NARA by this committee in fiscal years 2008 and 2009. This will help us keep pace with the increasing number of archival records by building a workforce capable of handling 21st century records challenges and to develop an experienced staff that can replace those current members of our staff as they retire, since, you know, that Martha has been there 30 years, and I have been there 38. And there are others like us. So we will be leaving at some point, and we will need people to replace us.

The operating expenses budget request also includes an increase of \$600,000 to store nearly a quarter of a million cubic feet of newly accessioned Federal civilian official personnel files dating from the late 1880s until about 1952, which are located in St. Louis.

Also included is a request for funding the Controlled Unclassified Information Office. In 2008, the National Archives was designated as the executive agent for the implementation of the framework for the Controlled Unclassified Information, or CUI, throughout Federal agencies, and the fiscal year 2010 budget request of \$1.9 million would allow us to develop and implement changes necessary to transform the present CUI practices into a standardized CUI framework.

Additionally, we are seeking funding to support the creation of the Office of Government Information Services, which was authorized by the Open Government Act of 2007, to promote accessibility, accountability, and openness in government by strengthening the operation of the Freedom of Information Act. The administration requests \$1.4 million to support this program.

To support the Office of the Inspector General, the administration requests funding of \$4.1 million and to set it up as a separate appropriation, as I mentioned.

To support NARA's most important records initiative, the Electronic Records Archives, or ERA, we are requesting \$85.5 million, an increase of \$18.5 million over fiscal year 2009. ERA is critical to NARA's effort to preserve and make accessible the electronic records of the Federal Government. This budget will enable us to deploy the public access and initial preservation capabilities of ERA, which we are beginning to develop this year. It will also allow us to establish robust online backup and restoration capabilities so that ERA can provide effective service without interruption and ensure that adequate capabilities are in place for managing restricted records.

NARA owns and operates 16 archival facilities, and to keep these facilities maintained properly, the Congress created the repair and restoration appropriation. This year's request for repair and restoration is \$27.5 million, a decrease of \$23.2 million in one-time

projects from fiscal year 2009. Included in the repairs and restoration request is \$17.5 million to complete the renovation of the Franklin D. Roosevelt Library in Hyde Park, New York. The first half of the funding for this much-needed project for this 68-year-old building was included in the fiscal year 2009 appropriation.

We are also pleased, very pleased, that the fiscal year 2010 budget includes \$10 million for the National Historical Publications and Records Commission, the only grant-making entity in the government that exclusively promotes the preservation and use of the country's archives and the compilation of the publication of historical records of significant figures and movements in American history. In this 75th anniversary of the National Archives, it is only fitting that an institution dedicated to preserving the history of our government look back with pride at its history of accomplishments.

However, the work we do every day with your support is as much about the future as about the past. I am proud to say that at the National Archives, we never lose sight of the fact that protecting and preserving the American record is in service of future generations. I believe that the President's fiscal year 2010 budget request allows us to stay true to that mission.

That concludes my testimony, and I will be happy to try any of those hardball questions you are going to throw at me.

[The information follows:]

STATEMENT

ADRIENNE C. THOMAS
Acting Archivist of the United States

before the
Subcommittee on Financial Services and General Government of the
Committee on Appropriations
U.S. House of Representatives

FY 2010 Appropriations for the National Archives and Records Administration

May 19, 2009

Chairman Serrano, Ranking Member Emerson, and members of the subcommittee, I am Adrienne Thomas, Acting Archivist of the United States, and I am pleased for this opportunity to testify before you on the Fiscal Year 2010 budget request for the National Archives and Records Administration (NARA). I would like to introduce my colleague, Martha Morphy, who joins me today. Ms. Morphy is the Chief Information Officer at the National Archives, and in that capacity oversees the development of the Electronic Records Archives.

I would like to begin today by thanking you and the subcommittee for supporting NARA's Budget request for the current fiscal year. As you know, NARA is a small independent agency with a workload that grows on a daily basis as the records of our three branches of government are continually created and passed on to us. The steady support of this subcommittee has been critical to our efforts to keep up with that growth and to address the many challenges that come with it, most notably the exponential growth in electronic records.

Seventy-five years ago, President Franklin Roosevelt signed the Act of Congress creating the National Archives. The National Archives provides the transparency needed for a healthy and vital democracy by preserving and providing access to information that documents the rights of citizens, chronicles the actions of government, and records our national experience. Today, NARA employs 3,000 people working in 44 facilities in 18 states. While most people think of the "Archives" as the neoclassical granite and limestone building at 700 Pennsylvania Avenue, we are also the Federal Register, the Presidential Library system, the National Personnel Records Center in St. Louis, and a national network of Federal Records Centers and Regional Archives.

At our locations, we make our holdings accessible and provide reference services – both in person and on-line – to a wide variety of stakeholders including veterans seeking information about their benefits, historians, filmmakers, lawyers, scholars, and people of all ages with a passion for learning more about the story of our nation, the workings of our government, and their own family's heritage. In Washington, DC, and at our

Presidential Libraries and Regional Archives, we maintain a busy schedule of free programs for the public to attend. These include genealogy and archival research workshops and lectures by authors, historians and political figures. At our Boeing Learning Center in Washington, DC, Presidential Libraries, and Regional Archives – and through our web site – we offer history and civics educational experiences for students and professional development programs for teachers. Finally, we open our doors at 700 Pennsylvania Avenue seven days a week so that more than one million annual visitors can view the Charters of Freedom -- the Declaration of Independence, the Constitution, the Bill of Rights – and dozens of other original documents and exhibits in our award winning Public Vaults.

Mr. Chairman, as we look ahead to FY 2010, I thought it would be helpful to give you an update on developments at NARA since we appeared before the subcommittee last year.

- We made significant progress with the Electronic Records Archives that will ensure we can preserve and provide access to electronic records far into the future. ERA achieved Initial Operating Capability for basic records management functions and we took in and provided search capability for the electronic records of the George W. Bush Administration. This year, we have begun development of ERA functions which will provide public access, records preservation, and extension of the system to additional federal agencies and Congress.
- We completed the successful move of the Presidential records and gifts from the George W. Bush Administration to a temporary facility in Lewisville, Texas. The move, undertaken with the support of numerous NARA offices as well as the Department of Defense, ensured that the textual Presidential records, audiovisual materials, and the foreign and domestic gifts received by President Bush are in NARA's legal and physical custody. The materials will remain at the Lewisville site until the privately-funded George W. Bush Presidential Library is completed. As part of the move, we also completed the successful transfer of the Richard B. Cheney Vice Presidential records and artifacts to NARA's facility in Washington, DC.
- In support of the Remote Archives Capture (RAC) Project, we scanned more than 500,000 pages of Presidential records for declassification review in FY 2008. From its origin in 1997, the RAC project has resulted in the referral of more than four million pages of classified Presidential Library holdings for declassification review, and as such has been the most successful declassification project for the National Archives.
- Last October, we opened a new records storage facility in Valmeyer, Illinois. This underground facility provides economical storage for temporary Federal records and has a storage capacity of two million cubic feet.
- Working with the General Services Administration (GSA), we signed a lease for a new Federal Records Center and Archives building in St. Louis. The building

design is nearly complete and construction will begin this spring, with initial occupancy in late 2010. The move of more than 2 million cubic feet of military and civilian official personnel files will be completed in 2012. This will enable NARA to store the records in space which meets archival standards.

- We continued to work with GSA to bring several of the Regional Archives buildings (San Bruno, California; Seattle, Washington; and Waltham, Massachusetts) into compliance with NARA's improved standards for storing archival material. In Kansas City, we recently moved the Regional Archives from a Federal depot to a renovated facility in the city's historical and cultural center to increase public awareness and provide better service and educational opportunities.
- At the beginning of the Barack Obama Administration, the Federal Register replaced its printed Weekly Compilation of Presidential Documents – the official records of the words and writings of the President – with an easy-to-access on-line version. The new Daily Compilation is not only freely available to anyone with internet access, but it also provides earlier access to Presidential documents and saves the time and money involved in publishing these documents.
- Earlier this year, NARA's Center for Legislative Archives opened the initial set of records of the 9/11 Commission. These records include a unique collection of high-interest materials created by the Commission, such as summaries of interviews conducted with high-ranking federal, state, and local officials, as well as with private citizens who recounted the events preceding the fateful day of September 11, 2001. The Center will continue to work on processing the remaining closed records of the Commission, which require intensive screening by Center staff and extensive declassification review by equity agencies.
- Beginning in the 110th Congress, Center information technology staff worked closely with the House and Senate Archivists on a major outreach initiative targeted at committee staff and other official records creators to identify and survey their holdings of electronic records. As a result of these meetings, this year 20 terabytes of data will be transferred to the Center from the House and Senate. This is a significant transfer of electronic records but only a small proportion of the total volume we will soon begin to receive on a regular basis.
- Since 2001, the Center for Legislative Archives has been actively involved with the planning and development of exhibits at the Capitol Visitor Center (CVC). Last year, NARA staff worked with CVC staff and other groups to create the exhibit content and film presentations. The partnership will continue in order to produce interesting exhibits and programs for the visiting public.
- In the past year, we have made many millions of pages of documents available on-line. However, many of our users are surprised that the National Archives' holdings are not completely available on-line. When we tell them we have about

10 billion pages of records, they understand, but still expect the documents they need to be available online. In NARA's strategic plan, we recognize that our current and future users expect us to deliver our records to them anywhere, anytime. We are taking multiple approaches to digitization to optimize benefits, in a cost effective way, from access to and preservation of our unique and vast holdings. This includes establishing partnerships to digitize and make available some of our most popular and heavily-used historical materials. We now have several digitization partners, including Footnote.com, The Generations Network, and FamilySearch.org. Through these and other partnerships, in a little over two years we have made more than 120 million pages of our holdings available to the public on-line. This massive number of documents is available to the public through our partners via subscriptions, and for free in all of our research rooms nationwide.

- This year, the National Historical Publications and Records Commission (NHPRC) has focused on a pilot project to develop strategies and new methods for putting transcribed versions of the papers of the Founding Fathers online to expedite their availability to the American people. In December, the Commission awarded a \$250,000 grant to develop new approaches to document transcription that will expedite this core process without loss of quality. The Commission is also developing a comprehensive report that will detail the work remaining among these five editorial projects. To complement this work, we are in the process of establishing the Founding Fathers Advisory Committee. As called for in the Presidential Historical Records Preservation Act of 2008, Public Law 110-404, this Committee will be comprised of three nationally-recognized historians. The Committee will advise the Archivist of the United States on matters pertaining to those editorial projects associated with the papers of John Adams, Benjamin Franklin, Thomas Jefferson, James Madison, and George Washington. We expect that this newly-formed Committee will meet for the first time this summer and issue its first report in October.

Fiscal Year 2010 Budget Request

For fiscal year 2010, the President is requesting a total budget of \$466.9 million for NARA. This is an increase of \$7.6 million over the current fiscal year. This budget request will allow NARA to continue to meet customer service expectations, maintain safety and security requirements, undertake needed facility repairs and improvements, and move forward with new responsibilities to establish the Office of Government Information Services and the Controlled Unclassified Information Office.

The request encompasses the following four broad categories: (1) Operating Expenses, (2) Electronic Records Archives, (3) Repairs and Restoration, and (4) The National Historical Publications and Records Commission. It also establishes the Office of Inspector General as a separate appropriation under NARA in line with the requirements of the Inspector General Reform Act of 2008.

Operating Expenses

The President's request for NARA's Operating Expenses is \$339.8 million, an increase of \$12.5 million over FY 2009.

The Operating Expenses appropriation provides for the costs of the general operation of the agency, which includes rising energy and security costs, increasing rents for the National Archives facilities around the country, increasing information technology costs, and annual cost of living increases for the nationwide National Archives staff. These inflation-sensitive costs account for \$10.2 million of the increase.

This budget request would also provide \$1 million to hire 12 additional archivists to build on additional hiring in FY 2008 and 2009. This will help NARA to keep pace with increases in the number of archival records accessioned into the National Archives. Also, through this initiative and our new Archival Development Program, NARA will build a workforce to handle 21st century records management challenges and help NARA maintain an experienced workforce as current employees reach retirement (25% of archivists are eligible to retire today).

The Operating Expenses budget request includes an increase of \$600,000 to store newly accessioned civilian official personnel files. NARA has accepted transfer from the Office of Personnel Management of separated Federal civilian employee personnel records from the late 1880s until about 1952. These files contain historically important individual agency records as well as personnel records and are to be permanently preserved.

One program within our Operating Expenses budget of particular interest to Congress is the Center for Legislative Archives, which serves as the archives for Congress. The Center, with a budget of \$2.3 million and a staff of 20 employees, houses the official records of the House and Senate from the First Congress to the present, creating an extraordinary collection that documents the history of representative government in America. Center holdings total one-half billion pages of textual records combined with a rapidly growing volume of electronic records received from the House and Senate. In addition, the Center delivers more than a million pages of records annually back to committees to support current business needs.

Included in NARA's Operating Expenses budget request are two new responsibilities assigned to NARA: the Controlled Unclassified Information Office and the Office of Government Information Services.

Controlled Unclassified Information Office

On May 9, 2008, President Bush released a Memorandum for the Heads of Departments and Agencies on the Designation and Sharing of Controlled Unclassified Information. The Presidential Memorandum "(a) adopts, defines, and institutes 'Controlled Unclassified Information' (CUI) as the single, categorical designation henceforth throughout the Executive Branch for all information within the scope of that definition"

and “establishes a corresponding new CUI Framework for designation, marking, safeguarding, and disseminating information designated as CUI.” The Memorandum designated NARA as the Executive Agent for implementation of the CUI Framework, which includes developing standards and guidance, chairing the CUI Council, publishing a CUI registry, establishing baseline training, and monitoring department and agency compliance. In addition, the Memorandum requires full implementation of the CUI Framework within five years.

On May 21, 2008, the Archivist of the United States established a CUI Office within the Information Security Oversight Office (ISOO). Since that time, we have established aggressive milestones to implement the CUI Framework. We have led and supported regular meetings of the CUI Council since August 2008. With the advice of the CUI Council, we have drafted CUI guidance for each of the key policy areas. Additionally, an outreach strategy was created and implemented to provide policy and progress updates to stakeholders. A significant targeted effort is being made to obtain the participation of non-Federal CUI users and partners through the CUI Council as well as special meetings and outreach events to ensure their involvement. Planning has been undertaken to support the development of training requirements and materials as well as the CUI registry.

The FY 2010 budget request of \$1.9 million would allow NARA to fund CUI activities necessary to enable the implementation of the CUI Framework. The CUI Framework will require constant attention, maintenance, and oversight to ensure its effectiveness. The budget request would enable us to develop and implement changes necessary to transform the present Sensitive But Unclassified policies and practices into a standardized CUI Framework.

Office of Government Information Services

The OPEN Government Act of 2007, Public Law 110-175, provided NARA with the authority to establish the Office of Government Information Services (OGIS) to work in cooperation with Federal agencies to promote accessibility, accountability, and openness in government by strengthening the Freedom of Information Act (FOIA). The Administration requests \$1.4 million for this program.

The primary functions of OGIS are: (1) to review FOIA policies and procedures of administrative agencies; (2) to review FOIA compliance by administrative agencies; (3) to recommend policy changes to the President to improve the administration of FOIA; and (4) to offer mediation services to help resolve disputes between persons making FOIA requests and Federal agencies as a non-exclusive alternative to litigation, and to issue advisory opinions if the dispute cannot be resolved through mediation.

Office of Inspector General

Public Law 110-409, The Inspector General Reform Act of 2008, required the head of each designated Federal entity to submit an aggregate request for the Inspector General.

Previously, resources for the Office of Inspector General (OIG) were reported under the Operating Expenses appropriation. In FY 2010, the budget request for NARA's Office of Inspector General is \$4.1 million which is a \$1 million increase over the funds provided in FY 2009. This increase will be used to fund base OIG functions and three new employees as well as training requirements.

Electronic Records Archives

The Electronic Records Archives (ERA) program is NARA's signature program to provide a means to preserve and make accessible the electronic records of the three branches of our Federal government. The FY 2010 request is \$85.5 million which is \$18.5 million over the FY 2009 appropriated level. This budget will enable NARA to deploy the public access and initial preservation capabilities of ERA developed during FY 2009. This brings the program closer to the goal of providing access to many types of electronic records via the Internet by anyone, anywhere, at any time. The increase for FY 2010 will establish robust online backup and restoration capabilities, so that ERA can provide effective service to federal and non-federal users without interruption, and ensure that adequate capabilities are in place for managing restricted information. In concert with expansion of ERA services to the public, ERA will also be extended beyond the current four pilot federal agencies and the 2010 Budget provides for expansion of storage and collaboration services to host more agencies.

ERA and the technology it will harness are enormously important—not just to the National Archives, but to Congress, other Federal agencies, state and local governments, and the American public. It will preserve and provide continuing access over time to any type of electronic record, regardless of its original format. Without ERA and its technologies, many of the records of the Federal Government will be at risk and could be lost forever.

Repairs and Restoration

The President's request for Repairs and Restoration is \$27.5 million, a decrease of \$23.2 million in one-time projects from the FY 2009 appropriation. Funding in this account is prioritized based on a yearly needs assessment conducted by NARA engineers. NARA owns 16 buildings: the National Archives Building, the National Archives at College Park, 13 Presidential Libraries and Museums, and the Southeast Regional Archives outside of Atlanta. All of these buildings house historically valuable and irreplaceable documents and artifacts. Maintaining these buildings to meet archival storage requirements, to keep their interiors and exteriors in a proper state of repair, as well as to make them safe and efficient buildings for use by approximately three million visitors and researchers, requires on-going Repairs and Restoration funding.

Included in this \$27.5 million request is \$17.5 million to help implement NARA's Capital Improvement Plan (CIP). The first CIP was released last spring and prioritized large construction for NARA owned buildings based on needed maintenance, potential impact for NARA programs, and other factors. The top priority on the CIP released last

spring was the renovation of the Franklin D. Roosevelt (FDR) Library. The Budget provides funding to complete the renovation of the FDR Library in Hyde Park, New York. The first half of funding needed for the renovation of this 68-year-old building was included in the Fiscal Year 2009 appropriation. Some of the challenges of the renovation include: replacing the 1941 electrical wiring throughout the facility; replacing heating and air conditioning systems, security and other electrical systems which are obsolete and unacceptable by modern standards; ensuring that the archival storage areas meet today's standards for storing and preserving archival records; and repairing the roof and replacing the storm water drainage system.

The Roosevelt Library, constructed under FDR's supervision in 1939-41, is our nation's first and oldest presidential library. It holds the 17 million page archives of Franklin and Eleanor Roosevelt and 385 of their associates. It is the world's leading archives of the New Deal and World War II, and together with the adjoining historical museum, it hosts more than 115,000 visitors and an additional 18,000 students annually. The renovations that will be completed with FY 2010 funds will ensure that this historical facility, and the priceless collection of documents and artifacts it contains, will continue to be preserved and accessible long into the future.

National Historical Publications and Records Commission

The National Historical Publications and Records Commission (NHPRC) at the National Archives was established in 1934 to promote the preservation of and access to historical records which are located throughout the United States. The Commission makes project funding recommendations to the Archivist and is the only grant-making entity in NARA and the only public or private program with the exclusive purpose of supporting preservation, access, and publication of historical records. Since 1964, NARA has awarded funding to more than 4,500 projects in excess of \$185 million through the NHPRC program.

The Commission is a 15-member body made up of the three branches of federal government, various federal agencies, and representatives from historical, archival and editing communities. The Archivist of the United States chairs the Commission.

The Administration's request for FY 2010 funding for the NHPRC is \$10 million. This funding will enable us to undertake a major new initiative to provide online access to the pre-publication transcriptions as well as the final published volumes of the papers of the Founding Fathers. The initiative will help speed the availability of the papers and accelerate the completion of the Founding Fathers papers editorial processes. The funding requested will also allow us to make progress in the following key activities: continue the core work of the Founding Fathers editorial projects; publish the papers of key figures and movements in the nation's history (as far ranging as the papers of Abraham Lincoln, Frederick Douglass, Thomas Edison, and Eleanor Roosevelt); and fund archives preservation, access, and digitization projects.

Also, NARA is not requesting a \$2 million transfer of funding for NHPRC to support operations, as was enacted in past years. Instead, administrative support for the program will be funded through the Operating Expenses appropriation. This will make more funding available for the NHPRC appropriation compared to resources available in the current fiscal year.

With this federal investment, NARA will help to ensure that the nation's documentary heritage is preserved and available to all.

Conclusion

In this 75th anniversary year of the National Archives, it is only fitting that an institution dedicated to preserving the history of our government look back with pride at its own history of accomplishments; however the work we do everyday with your support is as much about the future as it is about the past. I am proud to say that the dedicated civil servants at the National Archives never lose sight of the fact that protecting and preserving the American record is in service to the enlightenment of future generations. I believe the President's FY 2010 budget request allows us to stay true to that mission.

This concludes my testimony. I would be happy to answer any questions.

Mr. SERRANO. Thank you so much, and we thank you for your testimony.

The first thing that immediately comes to mind which we dealt with in the past is the whole issue of evening and weekend hours. Does the current budget request allow for the continuation and even expansion of weekend and evening hours? And if you recall, in past hearings, this was a big issue with all the members of the committee.

Ms. THOMAS. Yes, it was. We went through a period of time where we did reduce the Saturday hours and the evening hours in order to meet the resources that we had to expend on all of our programs, but we have restored those hours. We have actually come up with I think a pattern of when we are open that actually suits our researchers better than what we had before.

We went through a period, when we were reestablishing those hours a few years ago, that we went out, and we met with the researchers, and we got input, and they said we prefer these hours, these nights, whatever, so we were able to adjust what we had been doing to something that was better accepted by the researchers. So, as far as I know, most of the researchers have not complained. They are very happy with what we have got now, their access to the records.

Mr. SERRANO. That is good because, as I said, that was an issue that the committee members were really interested in in the past.

Ms. THOMAS. That is true.

Mr. SERRANO. Let me ask you about the Electronic Records Archives project. Because of both an unexpected project delay and the pressing requirement to receive the electronic Presidential records of the Bush administration, NARA decided to develop a separate, parallel system for receiving these records in order to be prepared to make them available to a new administration, Congress, and the courts; yet it is my understanding that only 3 percent of the electronic records of the Bush Executive Office of the President have been ingested into this system, even though NARA has spent more than \$40 million thus far to develop the system.

NARA has been using backup systems to respond to requests for these records, and these backup systems cost less than \$600,000 to put into service. When will the EOP system have the capability to search all Bush electronic records that were transferred to NARA, and how much do you think will be the cost?

Ms. MORPHY. The system, the actual ERA system, was prepared to take in all of the Bush records in December of 2008. So we were prepared from a technical point of view to ingest the records into the system.

However, while we had a good relationship in working with the White House to get the records into ERA, the White House preferred us not to take the records until January 20th, and the actual physical copying of the records and moving them to our site at Rocket Center took longer than January 20th. We had to be prepared on January 20th to have the records available; therefore, we set up the contingency systems. We now have all of the records at Rocket Center and are ingesting them, and by the end of October, all of the records will be in ERA and will be searchable.

Mr. SERRANO. Well, when you initially certified the initial operating capability in December, did NARA take into consideration the ability of the system to take in all this information at that time?

Ms. MORPHY. Yes. We knew that it would take a few months, and that is why we did have the contingency plan in place. The contingency plan is actually running the old systems as they were given to us by the White House. That is not sustainable. That will only work for a short period of time. What ERA will do that those contingency systems don't do is that we will be able to preserve the records over time and ensure that they are accessible over time. We could not sustain the systems as they are today. We would have to buy new hardware and software and so forth, and ERA is really the solution to long-term search-and-access capability for those records.

Mr. SERRANO. Mrs. Emerson.

Mrs. EMERSON. The Federal Register is just one of the many documents the Archives catalogues and maintains, and the Archives Web site compares the Federal Register to a daily newspaper of the Federal Government published every day by the National Archives, and it is responsible for informing the public about regulations, notices, executive orders, proclamations, other documents.

We in the Congress and especially in this committee look to the Register to see how an agency is actually moving forward with its work. However, some agencies are beginning to complain about the cost of publishing. For example, the Elections Assistance Commission had to publish every State's election plan, a cost that ran into the millions of dollars. Can you tell me, how do you all arrive at the cost to charge an agency for publication of a rule or notice?

Ms. THOMAS. Well, as it turns out, we don't make the charges. The Federal Register puts together the content with the agencies of what goes into the Federal Register or the Code of Federal Regulations or whatever, but in this case, the publisher is the Government Printing Office, and they produce and set the page charges for everything that appears in the Federal Register.

I know that GPO runs a revolving fund. They are supposed to cover all their costs. I don't know everything that goes into making up the page charge, but that basically is a GPO issue. And I am happy to say it is.

Mrs. EMERSON. Interesting enough, because some agencies have actually gotten creative in working around the cost of Federal Register publishing. There is a notice here from HUD dated April 16, 2009, regarding a Notice of Funding Availability, or NOFA, for the fiscal year 2009 discretionary program dollars. To make a long story short, you would think that HUD would have a long notice. However, it is really quite short because instead of publishing the entire NOFA, HUD simply refers the reader to their Web site. So, apparently, the fiscal year 2008 omnibus had a provision, section 233, which allows HUD to make NOFAs available on the HUD Web site, www.HUD.gov, or on other appropriate government Web sites. You are nodding, so you were aware of that.

Ms. THOMAS. Yes, I am aware of that. And I know that the other Web site where most of these kinds of notices appear are at grants.gov, where people go to find out what grants are available and get the application.

Mrs. EMERSON. So how does Archives then get a copy of the official document if it is not in the Federal Register? And how will we be able to historically refer to, like, a fiscal year 2009 notice if, say, in 2012, we want to check on the NOFA, but we have got HUD's Web site, and I bet you anything it is not going to be there at that time?

Ms. THOMAS. You are probably absolutely right.

Mrs. EMERSON. So how do you get that information?

Ms. THOMAS. Well, all of the records that are created in an agency have to be covered by a records schedule which says this series of records is permanently valuable; this series of records is disposable after a certain period of time. They do that for all of the records that are created in the agency, including, I am sure, these notices. That schedule comes to the National Archives, to our records management staff. Sometimes it comes—well, no, most times, I would say, that our records management staff has been working with their records staff to create this schedule, so that when it comes, it is not a surprise.

The Archivist has to sign off on the schedule. They can't destroy anything. They can't assume anything is permanently valuable until the schedule has been approved by our staff, and as Acting Archivist, I sign the schedule. So the series of records that you are talking about, since it is, I would equate it to something like a contract file where you have got a notice; you have got people coming in with proposals for grant money; and then the award of a grant money to those agencies, to those recipients, that that is likely to wind up being a permanent file within that agency's record schedule.

Mrs. EMERSON. I see.

Ms. THOMAS. So it doesn't have to appear in the Federal Register to make sure it is permanent.

Mrs. EMERSON. Interesting. I have one last kind of screwy question, but as you are preparing to finish up the renovation for the Franklin Roosevelt Library, who actually, do you contract for this renovation through General Services Administration?

Ms. THOMAS. No, we don't, not for the buildings that we own and operate.

We have standing contracts with two architectural firms, and we have standing contracts with two construction management firms, and then we wind up going out for the company that will actually do the construction. But then we use our standing contracts to do the design and to do the oversight of the construction when we get to that point.

Mrs. EMERSON. So you actually have a proven manager or a manager within the agency—

Ms. THOMAS. I actually have engineers and architects who work for me who work on those kinds of projects.

Mrs. EMERSON. All right. Thank you very much.

Mr. SERRANO. I think we need to go vote.

[Recess.]

Mr. SERRANO. We will resume, and I apologize for that. This whole thing called democracy, voting.

Ms. THOMAS. Yes, we are for that.

Mr. SERRANO. You have sent the committee an expenditure plan for the fiscal year 2009. At the same time, it is my understanding that with regard to significant portions of these funds, NARA is still negotiating with the contractor as to the specific functions that will be developed with the funds. When will NARA and the contractor determine the specific functions to be delivered this year, and how does NARA determine the requirements for each phase of ERA development? How are those requirements enforced, and what roles does the contractor have in setting or revising the requirements?

Ms. MORPHY. The government is establishing the requirements for ERA. For fiscal year 2009—

Mr. SERRANO. Government wide?

Ms. MORPHY. The National Archives is working with the contractor Lockheed Martin. But we are establishing the requirements. For fiscal year 2009, with the money that we received, we are focusing on developing public access and a preservation framework for ERA.

Basically what the negotiations are about is the specifics of what will be covered for the first phase of public access and for the first phase of preservation. We should complete negotiations by mid June, and we will give an update to Congress related to the costs and the specifics of what will be built.

Mr. SERRANO. And you are currently in negotiations with the contractor?

Ms. MORPHY. Correct.

Mr. SERRANO. Let me skip a second here and ask you a question that I always like to ask folks. If you, and maybe you covered it in your testimony, but if you came to us and said the most pressing need we have at NARA is the following, dot dot dot, what would be the most pressing need that you have?

Ms. THOMAS. Well, I think it has to be ERA, because if we don't develop the ERA system to preserve the electronic records that are being created by the agencies, then we have got this gap in history that you can't recover from.

We have a lot of needs in the Archives, but processing paper records, we need staff to do that. We need staff to deal with FOIA requests at the libraries and so forth. But if that doesn't get done, nothing is going to disappear. It will be delayed, but it won't disappear.

But electronic records and with the amount of electronic records that are now being created in the Federal agencies, I mean just the example between, for example, for the White House records of the Bush administration we took in 100 terabytes of information. The Clinton administration, 2 terabytes. So the explosion of electronic records is just tremendous, and it is going on, not just in the White House but in all the Federal agencies. So ERA has to be our most critical system development, our most critical need.

Mr. SERRANO. How do you store, I mean this is something when you say you took in so much, is it stored in computers? I mean, I don't think we have ever heard of, have you ever heard of terabytes before?

Mrs. EMERSON. No. I just asked if—

Mr. SERRANO. Is that related to tera as in terra cotta or tierra like earth?

Ms. MORPHY. If you think about what—probably a good comparison is between the Clinton records and the Bush records. When Adrienne talked about 2 terabytes, that was all of the Clinton e-mail and anything else that was electronic. And back in the Clinton era, the index to the photographs was electronic, but the photographs themselves and the negatives were in filing cabinets.

When we took in the Bush records, the index and all the photographs are digital, so it is just an enormous amount of data.

And when you mentioned only 3 percent of the records today are in ERA, that is still more than we got for the whole Clinton administration. So the growth has just been exponential.

Mr. SERRANO. So all the photographs are also digital now?

Ms. MORPHY. Yes. And those are, actually we are moving those into ERA as we speak.

Mr. SERRANO. Now, one would argue right off the bat that as we get into every other new administration, I mean, we have a President who, as you know, made an issue and rightfully so of keeping his BlackBerry, which indicates that they understand the use of technology, but do we know for sure that there will be more naturally grown information to keep in this administration or did 9/11 create an amount of information and records?

Ms. MORPHY. It was not related just to 9/11. It is the administration records that we received that would come normally from the President.

Mr. SERRANO. This is the normal stuff. This is not anything that we may not see in a hundred years more.

Ms. THOMAS. Well, if you think about your own personal life, you might have had a film camera at one time, but I bet you have got a digital camera or two or three or whatever around the house. You have got a laptop. You have probably got a BlackBerry or something similar.

Mr. SERRANO. I have two. Now that you mention it, I do have a digital in my back pocket.

Ms. THOMAS. There you go. So we are expecting that probably the comparison between what the Obama administration produces will be something like Bush to Clinton, that leap will probably be Bush to Obama, another huge leap in electronic data that is produced.

Mrs. EMERSON. What comes after terabyte?

Ms. THOMAS. Is there one?

Ms. MORPHY. Yes, there is. But I am not sure what it is. Petabyte. Thank you, audience.

Mr. SERRANO. Peta?

Ms. MORPHY. P-e-t-a.

Mr. SERRANO. Isn't that a group?

Ms. THOMAS. PETA.

Mr. SERRANO. PETA.

This is not one of my prepared questions, but I am wondering, what can the public expect in a few years once these things get into place? What would a visit to the Archives be like in terms of the information that will be available and the way that it will be available to the public?

Ms. MORPHY. What we are hoping is, since many of our records are in paper and that will not go away, what our plan is, is that when someone comes to the National Archives Web site, the first screen that they will see is, are you doing online research, or are you interested in paper records? Because one of the problems today is that if you go to our Web site, you get confused, my personal experience, very quickly because there are some electronic records on our Web site, and there are a lot of descriptions about our records, but it is hard for a user to see the whole archives.

So our plan would be, as a user goes to the Web site, they would be directed to get an understanding of what is available online, and if it is not available online, where that box or that specific record is located. And as the number of electronic records grow, our hope is that we can put more and more online.

Mr. SERRANO. Okay. I personally took about a thousand photographs of my parents, and I scanned them, and they are on flash drives and drives everywhere. Is it that simple—that complicated, or do these documents require something else? Because what we seem to hear every year is that there is a backlog, so one of the questions would be, okay, how are you using your staff? What more do you need to get rid of the backlog? But the backlog, from what I hear, may not just be paper to electronics; it also may be just electronic records also that haven't been processed fully yet.

Ms. THOMAS. Well, with electronic records, I think the electronic records that we have accessioned into the National Archives, which we have been doing for the past 20 years, have been processed. The problem is that there is a pent-up demand in the Federal agencies to send us a huge and greatly growing quantity of records, and that is why ERA—electronic records—and that is why ERA is so important to the agency. We do also have something like 2 billion pages of paper records that there is a backlog; about 60 percent of that has been fully described and available through ARC, our Archival Research Catalogue.

Mr. SERRANO. When you say there is a backlog, a backlog in getting them online?

Ms. THOMAS. Backlog in getting them described.

Mr. SERRANO. Okay.

Ms. THOMAS. Of the 2 billion pages of paper records, there is only ever going to be a small percentage of those that will ever be digitized and available online. The cost is just out of sight. And we have developed several partnerships with companies that are scanning and putting online some of the records that are of most interest. Right now, it is primarily for genealogists.

So, I mean, we are working on all sorts of ways to leverage interest in our records from the outside to get them scanned, but it is still always going to be a small percentage. We are always going to be dealing with paper records.

Ms. MORPHY. I just wanted to add that, when you start, when you digitize paper records, you still have the problem of a human being having to take pieces of information and getting those into a database or somewhere else so that you can search against them. With electronic records, it is very easy to use search engines like Google, but when you are starting with paper records or even digitized records that started out as paper, even though they are

digital, they are not searchable. You still need to create data about those records so that a user or a customer to NARA can understand what we have.

Mr. SERRANO. Now, for the record, you obviously get all the Federal papers, but you also get papers from States, right? You don't?

Ms. THOMAS. No, we don't.

Mr. SERRANO. So who gets it from the State legislatures?

Ms. THOMAS. It would go to the State archives.

Mr. SERRANO. But I thought that we had been speaking to someone—all right. My bad, as they say, but I thought that you guys kept some local records that may come to you.

Ms. THOMAS. No. The closest we come to that is that we did take—we do have some of the District of Columbia records simply because it is kind of a quasi, not a state—

Mr. SERRANO. This committee knows this well.

Ms. THOMAS. I am sure you do.

Mr. SERRANO. Yes.

Mrs. EMERSON. I need for you to describe what this ERA is going to look like. So, in essence, this is a system that will interpret and store records and then allow, obviously a, Google-type search engine; correct?

Ms. MORPHY. Correct.

Mrs. EMERSON. Are you trying to do this all at the same time? Would it make more sense to focus on one area and then create the search engine afterwards or is that—

Ms. MORPHY. We actually have been doing it in increments, and what we are doing this year is to really focus on a search engine that will work for the public, you know, for any user for the records that we already have in the archives.

Mrs. EMERSON. For those that exist now, but do you think that search engine will work once you have the masses?

Ms. MORPHY. Yes, we hope that it does. What we are trying to do is, we are trying to look very practically at the problem and to focus in on those formats that most Federal agencies are using. We can't solve all the problems related to formats because there are so many different problems. So we are trying to focus on preservation strategies for the formats that are used the most, and then over time, you know, we will have to continue to look at that problem, and there are issues related to the migration strategies—the system will always be changing as new formats occur.

Ms. THOMAS. And there are other agencies that have particular issues with certain kinds of formats. For example, the Navy with the ship plans that are produced electronically, and right now, there isn't a solution to how you preserve those records, and you have got a ship that you know you are probably going to have out to sea for at least 50 years, and they are going to continue to modify and adjust and install new technology and so forth. So you have to do something to those original plans to bring them up to date. So they are concentrating on that particular problem. We don't need to spend our resources doing that. We focus on the most common kinds of formats and hope that they will solve that problem at the point that we need to have that problem solved for us, too.

Mrs. EMERSON. That is understandable, but my gosh, what a huge thing. When you all were living under the long continuing resolution, was that a big problem or a setback for you?

Ms. MORPHY. Certainly, in terms of, public access is something that we have really wanted to do a forward on, as well as preservation, so we have been waiting. And so that is why we are just getting started on it.

Mrs. EMERSON. And all of the different parties, GAO and you all and Lockheed are working well together?

Ms. MORPHY. I would say so. We are working very well with Lockheed. In fact, we did have some problems that were back in 2007, and since then, we have been staying within cost and schedule. So it has been a very good partnership, and GAO has been very helpful as well.

Mrs. EMERSON. Excellent.

Well, Mr. Chairman, I have other questions for the record.

Mr. SERRANO. I am going to submit the rest of my questions for the record. But I just have one, one comment. Let me see if I get this straight, now, since I didn't get the other stuff right.

Who holds the Constitution?

Ms. THOMAS. We do.

Mr. SERRANO. I knew that. Who holds the Declaration?

Ms. THOMAS. We do.

Mr. SERRANO. We get a lot of agencies that come before us, and they tell us that they are in danger of having that side of the Supreme Court building collapse or those records disintegrate. That is not in danger of happening to those precious documents, is it?

Ms. THOMAS. Oh, absolutely not. When we went through our renovation 5 years ago, one of the key parts of the renovation was to build new encasements for the Charters of Freedom because they had not been re-encased since 1954, and it was perfectly clear from some things that our conservators had noticed, that the gas that was in the cases had over those years escaped. So we have built, with the help of NIST, some of the most advanced preservation cases for those charters.

Mr. SERRANO. That is great news. You are, like any other agency, subject to regulations aimed at ensuring that the environmental and safety conditions of buildings allow records to be safely stored and preserved. To what extent are the facilities used by NARA not fully up to these standards, and what conditions are you in, in that area?

Ms. THOMAS. Well, we have actually two sets of regulations that apply to us. One is for Federal records centers, where a lot of the records that are stored there are going to be eventually disposed of. There are also records that will eventually come into the National Archives.

So we have standards that provide better storage conditions for those records that have been identified as permanent. And we are in the process of bringing all of our records, either bringing the record centers that we are in up to standard or moving, and that is what we have done in some cases. For example, the Atlanta record center, there was no way that you would ever spend any money trying to bring that building up to standard, so we built a

new record center in Atlanta. It is leased, but it was a special-purpose leased construction.

We did that in Fort Worth, too, because there was no sense in trying to bring a World War II warehouse up to standard. It just wasn't going to happen. So, in those cases where we have known that, from our evaluations, it wasn't feasible, it wasn't cost-effective to bring a records center up to standard, we have moved into new facilities that meet standards.

And in some cases, the record centers have been good enough, I will say, to bring them up to standards, for example, San Bruno, Seattle, Chicago, some of the others.

We have different and more stringent standards for archival records because those are the records that are going to be kept for all those future generations, and a good deal of what you do with preservation is to make sure that they are in good environmental storage conditions. Archives II obviously meets those standards. When we did the renovation of Archives I, we brought the building up to standard. We are now in the process of making sure that all of our regional archives records are in facilities that meet standard.

And again, we went through an evaluation and said, all right, this building can be brought up to standard and this one cannot. And we are in the process of bringing the regional archives at Waltham, San Bruno, Seattle, Chicago, up to standard.

We are going to be moving out of the facility in Denver, Laguna. We built a new regional archives in Atlanta. So it is a combination of moving into better facilities or bringing the facility up to standard, so it is an ongoing process.

Mr. SERRANO. Let me ask you something before we close.

Every Presidential Inauguration is historic, but I think we all agree that this one had a special historic significance. Besides the fact that, at the end of this administration, you will get those records, is there anything of the inauguration itself, the planning, the carrying on of the inauguration, that goes to you immediately, or does that go to other agencies?

Ms. THOMAS. Well, actually we may wind up with the inauguration records. Actually, those are not government records. The Inauguration Committee is a privately developed whatever, and we certainly enter into negotiations in hopes of getting those records donated to us. And I think that I really need to provide that answer for the record. I know we have been negotiating and——

Mr. SERRANO. Has this happened in the past?

Ms. THOMAS. Yes.

Mr. SERRANO. But it would be in negotiation with this semi-quasi-private group?

Ms. THOMAS. Yes.

Mr. SERRANO. Maybe we can encourage them to turn it over.

Well, we thank you for your testimony. Most importantly, we thank you for your service, both of you, your 68 years of service, jointly. That is a long time.

And there are many hearings that we hold and hearings that we attend, hearings that we preside over and others that we participate in. This is always one of the more exciting ones because what you folks do is so vital, and which American, where is there an American who is not interested in what you keep and what you

hold? And we know we get on that Web site, and I visit it, and it is just fabulous. And we will do whatever we have to do even during difficult economic times, to make sure that you can continue your work. And again, we thank you for your service. People always look at the military and look at other folks and say thank you for your service to our country. Well, thank you for preserving the history of our country and our government.

Ms. THOMAS. Thank you. We appreciate your support, too, very much.

Mr. SERRANO. Thank you. The hearing is adjourned.

Questions for the Record
Submitted by Chairman José E. Serrano

1. **The fiscal year 2009 Appropriations Act included an additional \$875,000 for NARA to hire additional staff, in order to make up for staffing reductions that had occurred previously. The Act also provided NARA's request of \$1.6 million to help process the backlog of Freedom of Information Act requests for Presidential records from the Reagan Administration, the first Bush Administration, and the Clinton Administration. What progress has NARA made thus far in using these funds to increase its archivist staffing and to address the backlog of Presidential records requests?**

Answer: In March 2009, NARA received funding for additional archival staff. We are in the process of hiring 12 entry-level positions into the Archivist Development Program (ADP). Eight positions will be assigned to the Regional Archives and four positions will be assigned to the Presidential Library system. Recruitment for these positions is currently underway. These new hires are being recruited under the auspices of NARA's ADP initiative – a two-year formal training and development program that is designed to recruit the “best and brightest” archival graduates from across the United States. Once hired, these new Archivists will participate in a series of development activities designed to support four competency areas that NARA has identified as being critical to the successful performance of future archivists:

- 1) **Organizational Awareness:** Understands the mission and functions of NARA, including NARA's programs, policies, procedures, rules and regulations.
- 2) **Leadership and Management:** Leads and manages people and resources to accomplish project and program goals.
- 3) **Leveraging Technology:** Makes effective use of technology to achieve results to support and promote the mission, services, and reach of the National Archives.
- 4) **Partnering:** Develops networks, builds alliances, and collaborates across boundaries with a wide range of stakeholders.

Participants in NARA's ADP initiative receive 160 hours of formal classroom training during the course of the 2-year program (80 hours of training each year). Specific assignments and/or action learning projects are given throughout the year to supplement each formal training session. In addition, each participant is expected to complete at least one 30-day rotational assignment to a NARA unit to which they are not assigned or to another Federal agency, university or state archives, or other similar organization. Participants also participate in short-term “shadowing” assignments to help familiarize them with various aspects of NARA's operations. Finally, each ADP participant is assigned a mentor to help guide their development during the ADP program.

By investing in new archival talent and providing a focused professional training and development experience for them, NARA's goal is to start building the "next generation" of archival talent – a generation that will be looked upon to help solve increasingly complex challenges in archives and records management that will affect how the records of the Federal Government are managed both now and in the future.

NARA will be hiring 15 new Archivists with the \$1.6 million received for Presidential Records Act processing and declassification. Since the new positions and funding were not received until March, we are still in the process of hiring the new employees. Once the employees are on board and trained we anticipate that they will make steady progress in reducing the Presidential records processing and declassification backlogs at their assigned locations.

2. **The FY 2010 NARA budget submission notes that the Operating Expenses account includes various increases and decreases relative to fiscal year 2009, including a decrease of \$2,525,000 "for unrequested funding." Does this number include the \$875,000 that was included in FY 2009 for new archivist staff? If so, is it correct that the fiscal year 2010 budget request does not actually provide \$1,000,000 for new archivists over and above the fiscal year 2009 staffing totals, but that it merely continues and annualizes funding for the archivists who were funded with the \$875,000 from the fiscal year 2009 Appropriations Act? If the funding for the new archivists in fiscal year 2009 is removed from the base Operating Expenses budget in fiscal year 2010, how can these new archivists be kept on staff into fiscal year 2010?**

Answer: The \$2,525,000 decrease in the FY 2010 budget includes the following: \$1,000,000 to establish the Office of Government Information Services (OGIS), \$650,000 for continued work on documents related to the Nazi War Crimes Disclosure Act/Japanese Imperial Government Disclosure Act, and \$875,000 for additional archivists.

The FY 2010 request for \$1,000,000 will enable NARA to hire 12 new Archivists. The resources to support these positions will remain in NARA's Operating Expenses base account to cover the annualized costs for the next fiscal year. Regarding the new FY 2009 Archivists, NARA has enough flexibility to provide the annualized cost of these positions within our base staff funding levels without requesting an increase.

3. **It has recently come to the attention of Congress that a computer hard drive is missing from the NARA facility in College Park, MD. The hard drive is said to contain one terabyte of data---enough material to fill millions of books. It includes a large amount of sensitive data from the Clinton Administration, including Social Security numbers, addresses, and Secret Service and White House operating procedures. How could such a massive amount of data—especially such sensitive data—have gone missing? What inadequacies in NARA's security procedures allowed this to happen? What is NARA currently doing to locate the hard drive and to improve NARA's overall information security?**

Answer: An external, two terabyte hard drive is missing from a processing area of the National Archives at College Park. The hard drive contained copies of the Clinton

Administration Executive Office of the President (EOP) data, and was apparently last seen sometime between October 2008 and early February 2009. It was discovered missing about March 24, 2009 and a search was immediately conducted of the processing area. The external drive was being used for routine recopying to ensure preservation of the records. The data on the hard drive was a copy from the original media which remains in NARA custody.

Regarding how could such a massive amount of data gone missing, the two-terabyte, Western Digital "MY BOOK" external hard drive measured 6.5 x 2.1 x 5.4 inches and weighed 2.5 pounds. This small portable storage device could have been misplaced, lost or stolen.

Clearly, NARA's internal controls were not followed which allowed the hard drive to be missing, lost or stolen. NARA has taken multiple steps to improve internal controls related to the safeguarding of materials. We have tightened the physical controls related to the access of records. All records related to personally identifiable information (PII) are stored in locked stack areas. A written log is maintained when an item is removed and returned to the secured stack area. Access to the processing room and stack area have been restricted with access limited to individuals with a business need to be in the area and visitors must be escorted at all times. Staff were provided additional training on safeguarding materials and handling of PII data. Additionally, managers have begun daily inspections of the processing room and stack areas to ensure staff are following office rules and procedures.

NARA has taken a variety of actions to locate the missing hard drive. Staff have thoroughly searched the processing and storage area where the original and back up media were stored. Staff working on the copying project were questioned about their knowledge of the hard drive. NARA's Inspector General has been actively investigating the loss along with the Secret Service. Lastly, NARA is offering a reward of up to \$50,000 for information that leads to the recovery of the drive.

4. **The budget submission notes that funding for administrative support of the NHPRC grant program is part of the Operating Expenses account for fiscal year 2010, and does not need to be transferred from the NHPRC account as in prior years. Why is NHPRC administrative funding not reflected as a base increase to the Operating Expenses account for fiscal year 2010? If funding for NHPRC administrative support isn't transferred from the NHPRC account, won't the Operating Expenses account be left with a base shortfall? If the Operating Expenses account is able to absorb the costs of administrative support for the NHPRC grant program in fiscal year 2010, why wasn't this the case in previous years as well?**

Answer: The \$2 million for the NHPRC administrative support funding that was transferred to the Operating Expenses (OE) account in FY 2009 is included in the OE base for fiscal year 2010. We did not reduce the fiscal year 2009 base when formulating the FY 2010 budget. Therefore, no additional base increase is required in FY 2010.

We added a footnote in several places in the budget to show that we did not need funds transferred for NHPRC staff costs. With the Administration's support of the NHPRC grant program in FY 2010, there is a program for the NHPRC staff to administer. The transfer was needed in previous years because the Administration did not request funding for the NHPRC grants program. When Congress added resources for the grants program then resources were needed to support the staff and associated administrative costs.

5. **The fiscal year 2009 expenditure plan for the Electronic Records Archives (ERA) notes that two system requirements were pushed back on the schedule from increment 2 to increment 3. Three more system requirements moved from increment 3 to increment 4 on the schedule, and one requirement moved from increment 2 to increment 5. Shouldn't the Appropriations Committee regard these slippages as project delays and cost overruns? What is NARA doing to prevent further ERA schedule slippages and cost overruns?**

Answer: In analyzing the slippage and cost overrun experienced during the development of Increment 1, NARA learned that it would be more efficient to group certain related requirements together rather than develop them in separate increments, as originally planned. Because of the impact of delays in Increment 1, NARA line offices were consulted to prioritize the remaining functional requirements not met in Increment 1. ERA functional development priorities were shifted to reflect those priorities and to allow NARA to develop the remaining functionality within the planned budget and schedule. Although the level of complexity for the requirements developed may differ, development of all of the requirements shown in the Expenditure Plan still fall within the original five increments defined in the Acquisition Strategy.

As a result of delays and overruns during Increment 1, NARA implemented a set of program management reforms to maintain closer control over the performance of the contractor. At the executive level, NARA holds weekly meetings between the NARA Chief Information Officer and key contractor executive personnel. Senior official level meetings are also held on a weekly basis to ensure early identification of issues that would affect either cost or performance including weekly meetings with Contracting Officers. In addition, there are a variety of monthly activities by which NARA is monitoring performance and costs. For example, monthly invoices are reviewed in detail by the NARA Contracting Officer, the ERA Contracting Officer Representative, and the ERA Project Control staff. NARA also reviews a formal Cost Performance Report, delivered by the contractor each month, which measures Earned Value and estimated cost at completion of the project.

6. **When will all electronic records of the Bush Administration Executive Office of the President be ingested into the ERA EOP Instance?**

Answer: As of June 19, 2009, NARA has ingested 43% of the electronic records (as measured by data volume) associated with the Bush Administration Executive Office of the President (EOP) into the ERA EOP Instance. We expect the remaining Bush EOP electronic records will be ingested into the ERA EOP Instance by the end of FY 2009.

7. **A total of \$305.6 million has been appropriated thus far for ERA. An additional \$85.5 million is requested for fiscal year 2010. How much more money does NARA estimate will be needed, after fiscal year 2010, to develop ERA, before the program achieves steady state? When will steady state be achieved?**

Answer: According to ERA's life cycle cost estimate, the program is expected to require between \$80 to \$89 million in FY 2011 and \$80 to \$90 million in FY 2012 to reach steady state in FY 2012. The program will require continued funding after FY 2012 to operate, maintain, and sustain engineering support and technology refresh for all the instances of the system. Also, future system development efforts would require funding.

Regarding steady state, ERA's Requirements Document (2003) defined two distinct goals for the system: (1) support for NARA's business processes for lifecycle management of records and (2) the framework for preservation and sustained access to historically valuable electronic records. Steady state with respect to both goals should be achieved, as provided in the original acquisition strategy, by FY 2012.

The preservation and the search frameworks will allow us to implement a variety of tools to preserve and provide sustained access to different types of electronic records. However, solutions to unique preservation and access challenges could be acquired progressively after the end of the current contract. As long as information technology and the Government's use of it continue to change, there will be new types of electronic records, evolving customer needs for accessing preserved records using current technologies, and new opportunities for NARA to improve its services. ERA must continue to evolve to meet those challenges after steady state is reached.

8. **Is there a risk that ERA might end up like the earlier version of IRS Business Systems Modernization, or the FBI Virtual Case File program---that is, hundreds of millions of taxpayer dollars effectively wasted, by being spent to develop a system that does not work as intended and ultimately needs to be scrapped?**

Answer: There is no appreciable risk that ERA might follow the path of the earlier IRS or FBI efforts. NARA has successfully deployed two major components of the ERA system, one for Federal records and one for Presidential electronic records. Each component addresses a number of requirements and independently satisfies the critical threshold of providing worthwhile productive capabilities.

The Federal records instance enables NARA and other agencies to create, review, and approve of records schedules, transfer requests and legal transfer instruments for all types of Federal records, and also supports transfer, survival, and management of electronic records.

The Presidential records instance has enabled the physical transfer of all Presidential electronic records of the Bush Administration to NARA's control and it is supporting the indexing of these records to support special access requests from the Congress, the courts, and the current and past Administrations.

9. **Last year's Appropriations Act included \$1,000,000 for the start-up and staffing of the Office of Government Information Services (OGIS). Where is NARA in the process of staffing OGIS? How does NARA anticipate using funds in the coming years to make OGIS a fully functional and effective office?**

Answer: NARA has just hired the Director of OGIS, Ms. Miriam Nisbet. We are beginning the process of hiring the rest of the OGIS staff. Ms. Nisbet has extensive experience with the Freedom of Information Act (FOIA), as well as the Federal Records Act, the Presidential Records Act, and the Privacy Act. She has also provided training and guidance on FOIA interpretation, policy, and administration. We anticipate using the OGIS funds in the coming years in a variety of ways. Some of the resources will be used to review policies and procedures of administrative agencies under FOIA. We will assess agency compliance with FOIA and recommend policy changes to the Congress and President to improve the administration of FOIA. Additionally, the OGIS staff will provide services to mediate and track disputes between FOIA requestors and Executive branch agencies, and to issue advisory opinions as appropriate. To ensure transparency of their operations, the OGIS staff will develop and publish an annual record of their activities and accomplishments, including any advisory opinions.

10. **A critical issue during the period leading to the Presidential transition was the accounting for, and preservation of, e-mail records by entities of the Executive Office of the President. What preparations is NARA making to ensure that future Presidential transitions proceed smoothly in this regard? Is NARA working with the current Administration to ensure that its e-mail records are properly preserved for archiving purposes?**

Answer: During the 2009 Presidential transition, NARA learned valuable lessons regarding how best to transfer large volumes of electronic records in ways that minimize disruption to ongoing business at the Executive Office of the President (EOP) while making the records accessible to authorized NARA staff within a secure search and access system shortly after transition. The transition was successful due to early technical and record discussions among knowledgeable staffs at NARA and the Bush EOP, our ability to determine the technical and record characteristics of the electronic records to be transferred (including data format, volume, and export options), and the installation of NARA transfer equipment to the EOP prior to transition.

NARA has engaged with the Obama EOP to consider various options to make the next transition of Presidential electronic records from the EOP to NARA easier and faster. NARA has met with the Office of Administration CIO and his staff and we plan to continue meetings on at least a quarterly basis throughout the administration. These meetings are intended to facilitate open communication between NARA and the EOP.

The EOP has displayed a willingness to keep NARA informed of changes being made to the EOP Email system and the supplemental components that collect, arrange, and preserve the messages for eventual transfer to NARA. We are considering ways in which NARA might play a more direct, active, and timely role in the email preservation and transfer process.

Additionally NARA is in regular contact with White House Counsel and the White House Office of Records Management on records issues and to prepare early for efficient transfer strategies and methods. NARA continues to further develop the Electronic Records Archives for the preservation of and access to electronic records, as well as complimentary means of managing electronic records within business systems prior to transfer. NARA is committed to ensuring, within the statutory framework, that all Presidential and Federal electronic records created by the EOP, not just those in email formats, are appropriately transferred and preserved.

NARA looks forward to the continued discussions and meetings with the EOP as we plan for the future.

- 11. Of the \$4.5 million of NHPRC funds budgeted for fiscal year 2010 for the Founding Fathers' papers, how much will be spent to post the already-published, annotated volumes online? When will these volumes be posted online? Of the \$4.5 million, how much is expected to be obligated in fiscal year 2010?**

Answer: We anticipate that the work associated with putting the papers of the Founding Fathers online will take approximately three years to accomplish. The specific materials targeted are the papers of John Adams, Benjamin Franklin, Alexander Hamilton, Thomas Jefferson, James Madison, and George Washington. The papers of five of these figures currently are being transcribed and annotated by small teams of historians and editors, housed at three universities and one historical society. The Hamilton Papers were completed in 1987. To date, there are 225 volumes completed among the Founding Fathers projects. That number continuously grows as the Founding Fathers editorial projects complete additional volumes each year.

As indicated in a report issued last year by the Archivist of the United States to the Congress, *The Founding Fathers Online* (April 2008), our goal is to deliver these documents to the American people in a single, unified, and sustainable web site. In FY 2010, we will begin to expand upon the work already undertaken to achieve online access to these materials. The published volumes of the Founding Fathers' papers include transcriptions of the documents and explanatory notes about them. There are also not-yet-published transcriptions of the historical documents related to these works that must also be made available online to the public as expeditiously as possible and we expect that these materials will be online within the three year schedule.

Beginning in FY 2010 we will work, as appropriate, with various stakeholders, including existing online publishers, traditional print publishers, the editorial projects, and historical document publishing service providers to establish the initiative's parameters, detail the costs and business model to be used, finalize timetables, establish rigorous performance measures, make appropriate agreements, and begin to get the work done. We do not yet have a detailed time table in place for this work, so it is difficult to say how much of the \$4.5 million we will obligate in FY 2010. Our very preliminary estimate would be about

one-third, or \$1.5 million, but this could certainly change, as initial costs for the initiative may require a larger investment.

12. **I would like to ask how NARA achieves a proper balance between providing full and open access to records while at the same time ensuring that records are properly safeguarded against theft. The NARA Inspector General has recently expressed concerns about the adequacy of NARA's processes for ensuring that records are not lost or stolen. How does NARA achieve the balance between openness and access on the one hand, and security on the other, and what steps is NARA taking to ensure that records are not lost or stolen?**

Answer: Striking the right balance that allows for the fullest possible use of our archival records by researchers and at the same time protecting the records from theft or accidental loss is a perpetual challenge. Our continuing efforts address this balance on several fronts: physical and intellectual control, requirements for patrons using our research rooms, training, and outreach. The following are examples of NARA processes and initiatives to safeguard our nation's records against theft.

Physical security Many of our facilities-including the two archival buildings in the Washington, DC, area and the Presidential libraries-have 24-hour guard service. At all of our facilities nationwide, archival records are kept in secured storage areas. Security classified records and records with intrinsic value are kept under tighter controls with more limited access than the large majority of our holdings that are unclassified. Access to all archival storage areas is authorized on a work need basis. When records are removed from their storage areas, whether for research, exhibit, or loan, we collect detailed information on the records and their intended use as well as about the person or organization that initiated the request. When records are returned, the date is recorded and copies of the forms are maintained for future reference.

There are also facility and program reviews conducted on regular schedules that look at the security of the holdings, including annual inspections of the specially protected records and materials in each of our three major records-holding offices.

Intellectual control Archival records are described in several systems that maintain intellectual and physical control over the holdings. NARA is working to improve our description, location and tracking systems. For example, the electronic system for managing textual records in the Washington, DC, area is being replaced by one with more robust tracking capabilities.

Research rooms For researchers examining records at NARA facilities we have long had strict rules to maintain clean research rooms. These rules require researchers to use NARA-supplied paper and pencils or their own laptops to take notes. They prevent researchers from bringing briefcases that could be used to conceal stolen documents, and permit researchers to have only one file folder or box of records open at a time. The rules are

enforced by staff in each research room, and in some rooms there also are cameras to help monitor the researchers.

Another way we facilitate access while protecting the documents is to replace the original records with copies for examination. For decades this has been done through the NARA microfilm publication program. In recent years, NARA has entered into partnerships with non-governmental organizations to digitize many of our most popular records. These partnerships allow on-line access to many of the holdings in NARA's research rooms. Selected records are also available through free tools on NARA's website.

Training To bolster protection of the records, NARA instituted an agency-wide training program on holdings security for all staff and contractors who have direct contact with archival records or with patrons using those records. It covers contact with records in research rooms, working with records in archival storage areas, preservation labs, and offices, and what employees should do if they suspect that there has been theft or vandalism. NARA plans to make this training an annual requirement for staff.

Outreach We conduct several outreach efforts to enlist the public's help in recovering documents that belong in our holdings. On our web site, we list some of the most prominent missing items and encourage the public to help us locate these items. There is also a brochure available about recovering missing documents. NARA staff surveys manuscript dealer catalogs and web sites to try to locate alienated records.

Sometimes these outreach efforts result in the return of missing records, but despite these internal and externally focused efforts and considerable written guidance and training, there still have been thefts and unexplained losses of a small number of records. Some of these incidents where the thieves have been caught, prosecuted, and convicted have been widely publicized. We hope the publicity will serve as a warning and deterrent. However, these and other recent events, demonstrate that NARA must remain ever vigilant to the threat of theft and must continually review its security procedures to ensure that they are adequate.

13. **With regard to the backlog of unprocessed records, how much progress is NARA making in reducing this backlog? How is NARA utilizing its staffing in order to properly balance the need to reduce the backlog of unprocessed records with the need to provide timely services to researchers? How will the FY 2010 budget request assist NARA in this regard?**

Answer: In FY 2007, the Office of Records Services, Washington, DC, began a 10-year processing initiative to tackle the backlog of inadequately processed records in the National Archives in Washington, DC, and College Park. The processing backlog occurred, in part, because, in the decade prior to the processing initiative, the archival holdings in the Office's Washington facilities greatly increased. After conducting a thorough work process analysis of its processing and reference functions, the Office refocused its existing resources to eliminate the backlog and maintain reference services.

To date this processing initiative is a success. For each of the three years that the initiative has been in place, the Office has processed and described 10% of its holdings with a total of 40% completed. In addition, the Office has been able to maintain reference services for on-site and remote researchers. Continuing this success, however, will be more difficult in the years to come because so many archivists have retired over the last two years. We are working to fill vacant positions and get new Archivists up to speed as quickly as possible. Also, the 2010 Budget supports our efforts by providing increased funding for Archivists in general.

Office of Presidential Libraries

The Presidential Libraries now have more than 47% of their holdings processed for public access, an increase so far this year of more than five percent from last year's total. The increase in holdings processed has come while the Libraries continue to exceed NARA's customer service standards for responding to written requests for information and providing records requested by researchers. While the new staff hired through the Archivist Development Program have helped three Libraries address critical needs, all of the deed of gift Presidential Libraries continue to make progress against their backlog of unprocessed holdings as well.

The Presidential Records Act (PRA) Libraries (Reagan, Bush 41, Clinton, and Bush 43) have the most recent records in the system, and as a result have the largest backlogs of unprocessed records. At a conference this year, the PRA Presidential Libraries examined their processes to identify ways to open records in a more streamlined manner as well as establish a framework for training new staff. As the Libraries implement the findings of the conference and bring the new staff on board, they should be able to increase the amount of records they make available for research by more than 1.3 million pages in FY 2010, essentially doubling the volume of records opened in FY 2008.

Office of Regional Records Services

The Office of Regional Records Services (NR) operates thirteen National Archives locations outside Washington, DC. In 2008, they evaluated the status of processing work to establish a baseline of the backlog and prepared a plan to eliminate the backlog within five years. Beginning in 2009, the plans are being implemented. As of the end of 2008, 19 percent of records were processed. At the end of the third quarter 2009, 35 percent were processed. Because NARA is constantly receiving additional records, the FY 2010 Budget's support of archival staff and NARA generally is critical to achieve and continue at the current processing pace. In the past five years, the holdings in NR have increased from 650,000 cubic feet to over 1.1 million cubic feet. About half of this increase is attributable to the accession of Official Military Personnel Files at the St. Louis location.

14. **NARA is subject to a number of regulations aimed at ensuring that the environmental and safety conditions of buildings allow records to be safely stored and preserved. To what extent are the facilities used by NARA not fully up to these standards? What is NARA doing to bring all facilities and holdings into full compliance? What would it cost NARA to bring all its facilities and holdings into full compliance?**

Answer: In 1999, NARA revised the requirements for facilities storing Federal records (NARA facilities, agency records centers or commercial records centers). These requirements, outlined in 36 CFR 1228, Subpart K, are being implemented in NARA's facilities and we have currently certified several of our facilities as being compliant. We are currently working with the General Services Administration(GSA) -- who owns or leases most of the facilities we use as records storage centers -- to bring the facilities in Chicago, IL, Dayton, OH, Seattle, WA, Suitland, MD and San Bruno, CA into compliance. Where we were in facilities that were not cost effective to upgrade, we have moved into new, build to suit, leased facilities (in Ellenwood, GA, Ft. Worth, TX, Riverside, CA, and Valmeyer, IL). And, we are working with GSA to lease a new facility in Denver, CO. The requirements are to be fully implemented by October 1, 2009, and, while many of our facilities will be compliant by that date, there are a few that will not. More specifically, we will not have moved to the new facility being built in St. Louis to replace the Millitary Personnel Records Center and we will not have moved in to the new facility in Denver, CO by the October 1, 2009, date.

Regarding the efforts made to bring NARA facilities storing archival records into compliance with NARA Directive 1571, Archival Storage Standards, we continue to make progress renovating facilities to the archival holding standards adopted by NARA in February 2002. Currently the National Archives Building in Washington, DC, the National Archives in College Park, the Southeast Regional Archives, the William J. Clinton Presidential Library, the George W. Bush Temporary Presidential Library, and the new Kansas City Archives meet the archival storage standards. Areas of the Gerald R. Ford Presidential Museum, the Ronald Reagan Presidential Library and the Lyndon B. Johnson Presidential Library also meet the archival storage standards. We are currently building an addition to the Richard Nixon Presidential Library specifically designed to meet the standards and we are doing HVAC renovations at the Jimmy Carter Presidential Library and the Dwight D. Eisenhower Presidential Library to bring those facilities into compliance with the standards. Designs are being completed and funding has been received to renovate the John F. Kennedy Presidential Library and the Franklin D. Roosevelt Library to meet the standards. Further, NARA is moving records from the current Laguna Niguel Regional Archives to a bay in the Riverside Regional Records Center being renovated to meet the archival storage condition. NARA is working to bring all of the facilities into compliance as we replace HVAC equipment and as we perform major renovations to our archival storage facilities.

15. How much did NARA spend on outside contracts in fiscal year 2008?

Answer. In Fiscal Year 2008, NARA obligated \$213,773,309.77 on all outside contracts, excluding payments against Inter-Agency Agreements, expenditures using non-appropriated funds, and expenditures under the Micro-purchase Threshold.

16. For fiscal year 2008, how much did NARA rely on contracts that were not fully and openly competed?

Answer: NARA seeks to maximize competition in every acquisition and only uses other than full and open competition requiring written justifications in accordance with the Federal Acquisition Regulation (FAR) Parts 6, 8, and 13 when necessary. NARA follows the FAR directed sourcing required by FAR Part 8, especially in regards to the AbilityOne Program (formally referred to as the Javits-Wagner-O'Day Act (JWOD) Program) to support physically and mentally challenged Americans find jobs. NARA also follows FAR Part 19 competition procedures (these allow for direct awards to 8(a) businesses without competition) to support the Small Business Administration's promotion of awards to small and disadvantaged companies. While these programs were not fully and openly competed, they do not require any written sole/limited source justification. These purchases are not part of the data referenced and enumerated below that aggregate to a total sole source amount of \$2,326,427.09.

Other than awards based on FAR Part 8 or FAR Part 19, NARA used limited competition procedures in FY 2008 for 57 awards (totaling \$1,070,527.29) that were less than the Simplified Acquisition Threshold (SAT). Of these, five were awards (totaling \$389,947.13) greater than the \$50,000 threshold of this request. In FY 2008 the other than full and open awards less than SAT consisted of various proprietary software and equipment needs, specialized Human Resources support, highly specialized photo imaging equipment, as well as numerous brand name requirements. NARA anticipates that certain proprietary items will present a recurring other than full and open competition environment. NARA sought competition among vendors offering brand name commercial items when brand name justifications were used. However, there were instances when the only vendor able to provide the necessary equipment or software was the original manufacturer. In FY 2008, there were only four contract awards based on other than full and open competition that exceeded the Simplified Acquisition Threshold in dollar value. NARA executed a real property lease with Potomac Electric Power Company for \$122,683.60. NARA also purchased Oracle software licenses for \$304,990.00 and a Laser Optical Negative Camera and Archival Film Playback System for \$382,320.00. Finally, NARA procured IT support Services at NARA's Alternate Work Site Located at the Allegheny Ballistics Laboratory, Rocket Center, West Virginia for \$445,906.20.

The Presidential Library System is under the auspices of NARA. Three of these libraries/museums are located on the property of various state universities. As such, the universities, through contracts with NARA, provide all necessary services for the facilities, including facility operation and maintenance, security guards, and landscaping. The following presidential libraries/museums utilize this arrangement: The Lyndon B. Johnson Presidential Library and Museum, the Gerald R. Ford Presidential Library, and the George Bush Presidential Library and Museum. The initial agreements that established the libraries led to the perpetual relationships between the particular universities and NARA. These are not viewed as standard limited source competition scenarios.

As mentioned above, NARA strives to maximize competition for each contract award. During the acquisition phase of contracts involving development and potentially proprietary data or equipment, the creation of a restricted competition environment for follow-on efforts is a concern that is not overlooked. Bearing this in mind, there are instances where using

other than full and open competition is in the best interest of the Government and NARA uses the tools available to meet its requirements in these instances.

NOTE: The dollar values used in this section may differ slightly from those used for Questions 15 and 17. This is due to the fact that the responses for 15 and 17 include modifications after award whereas the other than full and open responses for this question use value at time of award only.

17. **Please provide a listing of all of NARA's fiscal year 2008 outside contracts of \$50,000 or more, along with the purpose of each contract. In the listing, please indicate which contracts were not fully and openly competed.**

Answer: See Attached Spreadsheet.

18. **How many contract employees now work in space with the regular civil service employees of NARA?**

Answer: NARA currently has 1,398 contract employees working with regular civil service employees across the country.

19. **Please provide a list of how many contract and civil service employees now work in each major location (more than 100 total employees) maintained by NARA.**

Answer: There are very few NARA facilities with more than 100 employees (including both civil service and contractor). Those facilities include:

The National Archives Building, Washington, DC - 353 civil service, 181 contractor
The National Archives at College Park, MD - 949 civil service, 520 contractor
Washington National Records Center, Suitland, MD - 104 civil service, 10 contractor
Military Personnel Records Center/Civilian Personnel Records Center, St. Louis, MO - 777 civil service, 67 contractor
Ronald Reagan Presidential Library, Simi Valley, CA - 42 civil service, 116 contractor

NARA Contract Awards Greater than \$50K

Award Vehicle Number	Purpose	Award Value	Other Than F&O
NAMA-08-F-0052 Total	ADP Software	\$50,287.59	
NAMA-08-M-0056 Total	ADP SOFTWARE	\$52,100.00	
NAMA-08-F-0149 Total	ADP Input/Output & Storage Device	\$52,690.00	X
NAMA-08-F-0104 Total	Misc. Commun. Equip.	\$52,696.10	
NAMA-NAS-08-M-0008 Total	A2 Charters Vault Service	\$52,800.00	
NAMA-08-M-0043 Total	PUBLIC RELATIONS SERVICES	\$54,500.00	
NAMA-NW-08-F-0035 Total	OFFICE FURNITURE	\$54,905.32	
NAMA-NH-08-F-0004 Total	ADP CENTRL PROCESS UNIT(CPU,COMP)DIGITL	\$55,175.00	
NAMA-08-F-0145 Total	Other Admin Support Services	\$55,834.00	
NAMA-NR-08-F-0094 Total	OFFICE FURNITURE	\$57,548.34	
NAMA-NR-08-F-0117 Total	ADP INPUT/OUTPUT & STORAGE DEVICES	\$58,672.70	
NAMA--08-C-0002 Total	O&M Services	\$59,484.00	
NAMA-08-F-0125 Total	CAD/CAM	\$59,712.00	
NAMA-08-F-0040 Total	CAD/CAM	\$59,718.33	
NAMA-NW-08-F-0007 Total	PHOTOGRAPHIC SUPPLIES	\$62,596.00	
NAMA-08-M-0046 Total	ARTS/GRAPHICS SERVICES	\$63,980.00	
NAMA-08-F-0134 Total	Lab Equip. and Supplies	\$64,509.00	
NAMA-08-F-0135 Total	Misc. Commun. Equip.	\$64,712.75	
NAMA-08-F-0121 Total	office furniture	\$65,887.82	X
NAMA-NAS-08-M-0056 Total	FDR Library Plumbing Repairs	\$66,600.00	
NAMA-08-F-0045 Total	EOP Tape Duplication	\$69,972.00	
NAMA-NAS-08-M-0042 Total	GRFL Auditorium AV	\$70,145.07	
NAMA-NW-08-F-0032 Total	PHOTOGRAPHIC EQUIPMENT & ACCESSORIES	\$70,393.11	
NAMA-NR-08-F-0106 Total	MISCELLANEOUS ITEMS	\$71,650.00	
NAMA-NW-08-F-0028 Total	CABINETS, LOCKERS, BINS, & SHELVING	\$72,056.00	
NAMA-NW-08-F-0031 Total	PHOTOGRAPHIC EQUIPMENT & ACCESSORIES	\$72,674.36	
NAMA-NAS-08-M-0048 Total	RMN Office Furniture	\$73,000.00	
NAMA-08-F-0074 Total	ADP Software Maintenance	\$74,111.80	
NAMA-08-M-0092 Total	ADPE SYSTEM CONFIGURATION	\$74,661.00	
NAMA-08-F-0085 Total	ADP CPU Analog	\$74,878.00	
NAMA-NAS-08-M-0021 Total	GLFL Dehumidification System	\$75,000.00	
NAMA-NAS-08-M-0054 Total	RR Security DVR Storage	\$75,030.00	
NAMA-NW-08-F-0020 Total	PHOTOGRAPHIC SUPPLIES	\$75,050.60	
NAMA-NH-08-F-0032 Total	ADP SUPPORT EQUIPMENT	\$75,335.28	
NAMA-08-F-0061 Total	NARA 4th of July Event	\$76,830.00	
NAMA-08-F-0031 Total	Kodak Film	\$77,513.60	
NAMA-08-F-0097 Total	ADP Software	\$77,700.00	
NAMA-08-M-0074 Total	MISCELLANEOUS ITEMS	\$80,169.60	
NAMA-08-F-0058 Total	OIG Independent Audit	\$80,931.80	
NAMA-NR-08-F-0112 Total	MISCELLANEOUS SPECIAL INDUSTRY MACHINE	\$81,086.00	
NAMA-NR-08-F-0116 Total	MISCELLANEOUS SPECIAL INDUSTRY MACHINE	\$81,145.46	
NAMA-NAS-08-F-0029 Total	A2 Heat Exchangers	\$81,874.56	
NAMA-NH-08-F-0021 Total	ADP SOFTWARE	\$82,294.29	
NAMA-NH-08-F-0023 Total	ADP SOFTWARE	\$82,294.29	
NAMA-NR-08-F-0026 Total	MAINT-REP OF OFFICE MACHINES	\$83,453.20	
NAMA-08-F-0124 Total	flood recovery services	\$83,865.47	X
NAMA-08-F-0129 Total	Enterprise DNS Hardware Maint.	\$83,962.65	
NAMA-08-F-0120 Total	CAD/CAM	\$84,211.25	
NAMA-NR-08-F-0074 Total	OFFICE FURNITURE	\$87,048.52	
NAMA-08-M-0039 Total	OTHER MANAGEMENT SUPPORT SERVICES	\$87,300.00	X
NAMA-08-F-0059 Total	Printing, Duplicating, Bookbinding	\$88,848.30	
NAMA-08-F-0150 Total	CAD/CAM	\$89,934.60	
NAMA-NW-08-M-0012 Total	CAMERAS, MOTION PICTURE	\$89,975.00	
NAMA-08-F-0046 Total	CAD/CAM	\$90,096.00	
NAMA-NAS-08-F-0017 Total	A2 Main WSSC Water Valves	\$90,437.40	
NAMA-NW-08-F-0003 Total	PHOTOGRAPHIC SUPPLIES	\$90,534.00	
NAMA-08-F-0086 Total	Cabinets	\$91,093.84	X
NAMA-08-M-0081 Total	ARTS/GRAPHICS SERVICES	\$91,105.00	
NAMA-NH-08-F-0013 Total	ADP SOFTWARE	\$91,529.10	
NAMA-NAS-08-F-0012 Total	GWB Collection Cabinets Furniture	\$94,629.33	
NAMA-NAS-08-M-0058 Total	RR Collections Earthquake Mitigation	\$95,567.24	
NAMA-08-M-0083 Total	PREFABRICATED & PORTABLE BUILDINGS	\$95,607.30	
NAMA-08-F-0082 Total	ADP Data Entry Services	\$98,400.00	
NAMA-08-M-0029 Total	WAREHOUSE & STORAGE SERVICES	\$98,500.00	
NAMA-08-F-0108 Total	Lab Equip. and Supplies	\$100,013.67	
NAMA-08-M-0075 Total	GEN-PURP ADP EQUIP(INCL FIRMWRE),SFTWR	\$102,500.00	
NAMA-NW-08-F-0023 Total	VISIBLE RECORD EQUIPMENT	\$109,472.00	
NAMA-NAS-08-F-0018 Total	NPRC Annex Office Furniture	\$110,466.31	
NAMA-NAS-08-F-0004 Total	RR fire alarm/Smoke detectors	\$113,991.91	
NAMA-08-F-0105 Total	ADP Components	\$117,987.25	
NAMA-NW-08-F-0005 Total	PHOTOGRAPHIC SUPPLIES	\$118,594.50	
NAMA-08-F-0055 Total	File Reproduction	\$119,484.22	
NAMA-08-F-0115 Total	ADP CPU Digital	\$120,142.60	
NAMA-NAS-08-M-0001 Total	A2 Parking Lot Land Lease	\$122,683.60	X
NAMA-08-F-0065 Total	ADP Support Equipment	\$125,121.00	
NAMA-08-F-0044 Total	Logo Design	\$126,850.00	

NAMA-08-F-0092 Total	ADP Components	\$127,509.00	
NAMA-08-F-0146 Total	ADP Software	\$127,746.08	
NAMA-08-C-0006 Total	Facility Support Services	\$130,083.67	
NAMA-08-M-0089 Total	OTHER ADMINISTRATIVE SUPPORT SERVICES	\$132,440.00	
NAMA-NAS-08-F-0032 Total	A2 Cooling Tower	\$133,915.31	
NAMA-NAS-08-F-0027 Total	KC Archives Shelving	\$135,857.55	
NAMA-NAS-08-M-0063 Total	A2 Security DRV Storage	\$139,893.00	
NAMA-08-M-0076 Total	SOUND RECORDING & REPRODUCING EQUIPMENT	\$140,155.00	
NAMA-08-C-0003 Total	Janitorial Services	\$146,884.39	
NAMA-08-D-0002 Total	Boxes, Cartons, and Crates	\$150,539.93	
NAMA-NW-08-F-0019 Total	OFFICE DEVICES & ACCESSORIES	\$171,224.00	
NAMA-NAS-08-F-0024 Total	A1 Office Furniture (CUJ)	\$175,692.04	
NAMA-NAS-08-M-0045 Total	GWB Temporary Library Lease	\$177,500.00	
NAMA-08-M-0091 Total	ADP SOFTWARE	\$177,640.00	
NAMA-08-F-0155 Total	ADP Software	\$178,740.84	
NAMA-NAS-08-M-0011 Total	RR ESPC Energy Project	\$179,204.00	
NAMA-08-M-0010 Total	WATER SERVICES	\$180,991.10	
NAMA-08-C-0014 Total	O&M Services	\$188,513.34	
NAMA-08-F-0076 Total	ADP Software	\$189,663.89	
NAMA-08-F-0152 Total	ADP Software	\$190,645.12	
NAMA-08-F-0116 Total	Scanner	\$194,225.46	
NAMA-NAS-08-F-0008 Total	GWB Office Furniture	\$196,038.87	
NAMA-NAS-08-M-0026 Total	COOP site Reimburbles	\$199,465.81	
NAMA-08-M-0099 Total	ADP DATA CONVERSION SERVICES	\$200,000.00	
NAMA-08-M-0080 Total	CAMERAS, STILL PICTURE	\$203,000.00	
NAMA-NAS-08-F-0028 Total	A2 HVAC Dampers	\$205,361.01	
NAMA-08-F-0063 Total	Tokens for Work@Home Proj	\$215,000.00	
NAMA-08-M-0098 Total	ADP COMPONENTS	\$216,111.49	
NAMA-NAS-08-M-0002 Total	JFK Offsite Storage Lease	\$221,760.00	
NAMA-NAS-08-F-0006 Total	A1 FIPS201 access control	\$236,153.05	
NAMA-08-F-0096 Total	ADP CPU Analog	\$238,104.00	
NAMA-NAS-08-M-0041 Total	GRFM Auditorium Renovation	\$240,400.00	
NAMA-08-F-0138 Total	Other Environ. Ser/Studies/Anal.	\$241,658.00	
NAMA-NAS-08-M-0055 Total	FDR Library Roof Repairs	\$260,000.00	
NAMA-08-C-0016 Total	Landscaping Services	\$262,795.53	
NAMA-08-M-0073 Total	COMPUTER AIDED DESIGN/MANUFACT(CAD/CAM)	\$283,742.47	
NAMA-08-F-0062 Total	ADP Software	\$304,990.00	X
NAMA-08-F-0033 Total	ADP Software	\$311,000.00	
NAMA-08-C-0019 Total	Public Vaults Renovation Proj	\$312,080.52	
NAMA-08-F-0056 Total	Copier Rental	\$319,613.40	
NAMA-08-F-0143 Total	ADP Backup & Security Serv.	\$328,800.00	
NAMA-NAS-08-M-0022 Total	RMN Addition Construction Management	\$340,650.00	
NAMA-08-F-0122 Total	ADP CPU Analog	\$348,490.50	
NAMA-08-F-0091 Total	Forklifts	\$363,155.00	
NAMA-08-M-0011 Total	UTILITIES	\$375,011.33	
NAMA-08-F-0153 Total	CAD/CAM	\$380,942.70	
NAMA-08-F-0010 Total	Electric Services	\$382,000.00	
NAMA-NW-08-M-0016 Total	ADP SUPPORT EQUIPMENT	\$382,320.00	X
NAMA-08-F-0069 Total	ADP Software	\$390,081.75	
NAMA-08-F-0156 Total	ADP Systems Analysis Services	\$390,574.00	
NAMA-NAS-08-M-0012 Total	LBJ/GRFL ESPC Energy Project	\$394,692.29	
NAMA-08-M-0086 Total	PHOTOGRAPHIC EQUIPMENT & ACCESSORIES	\$403,839.00	
NAMA-NAS-08-F-0030 Total	A2 Conference Rooms AV System	\$406,572.00	
NAMA-NAS-08-M-0059 Total	GWB Temporary Library Alterations	\$431,689.12	
NAMA-08-F-0136 Total	Security Guard Services	\$439,270.40	
NAMA-08-C-0015 Total	Janitorial Services	\$445,548.09	
NAMA-08-F-0049 Total	ADP Facility O&M	\$463,270.39	
NAMA-08-F-0137 Total	CAD/CAM	\$471,703.32	
NAMA-NAS-08-M-0033 Total	GBW Facility Security	\$500,678.07	
NAMA-08-F-0025 Total	Archival Preservation System	\$507,708.25	
NAMA-NAS-08-F-0016 Total	A2 Photovoltaic System	\$520,294.00	
NAMA-NAS-08-D-0001 Total	A2 Fiber optic cabling	\$545,078.42	
NAMA-08-C-0017 Total	Security Guard Services	\$593,864.62	
NAMA-08-M-0088 Total	PACKING/CRATING SERVICES	\$608,800.00	
NAMA-08-M-0077 Total	VIDEO RECORDING & REPRODUCING EQUIPMENT	\$609,500.00	
NAMA-08-F-0041 Total	NARA COOP IT Support	\$611,141.69	X
NAMA-NAS-08-M-0006 Total	RR Cogen Lease	\$614,400.00	
NAMA-NAS-08-F-0007 Total	GWB Shelving	\$626,085.00	
NAMA-NAS-08-M-0010 Total	JFK ESPC Energy Project	\$670,722.00	
NAMA-08-C-0013 Total	Facility Support Services	\$755,033.45	
NAMA-08-M-0065 Total	sole-source 8(a) award for a hybrid contract	\$844,458.42	
NAMA-NAS-08-M-0039 Total	Nationwide Advanced Electrical Metering	\$863,655.00	
NAMA-NAS-08-M-0014 Total	A2 ESPC Energy Project	\$897,971.00	
NAMA-08-F-0064 Total	BPR Property Mgmt System	\$962,087.02	
NAMA-NAS-06-M-0049 Total	COOP Site construction	\$975,000.00	
NAMA-08-C-0020 Total	Desktop Replacement Services	\$1,035,783.36	
NAMA-NAS-07-M-0010 Total	COOP Site ERA construction	\$1,060,000.00	
NAMA-09-M-0055 Total	LIBRARY SERVICES	\$1,134,487.88	
NAMA-08-M-0093 Total	ADP SUPPORT EQUIPMENT	\$1,149,100.00	
NAMA-08-D-0009 Total	ADP Data Entry Services	\$1,155,971.40	

NAMA-08-F-0148 Total	Teleph./Commun. Services	\$1,197,387.00
NAMA-NAS-08-F-0013 Total	JC High Density Shelving	\$1,219,954.00
NAMA-08-F-0088 Total	Logistics Support Services	\$1,385,022.00
NAMA-NAS-08-F-0015 Total	A2 Carpet	\$1,500,000.00
NAMA-08-F-0004 Total	Address/Urts	\$1,543,265.15
NAMA-08-C-0010 Total	CFM Services	\$1,600,613.48
NAMA-08-F-0042 Total	Security Guard Services	\$1,667,238.02
NAMA-08-F-0060 Total	ADP Software	\$2,018,740.10
NAMA-NAS-08-M-0005 Total	Ft. Worth, TX FRC Lease	\$2,142,758.04
NAMA-08-F-0114 Total	Laptop Computers	\$2,324,160.00
NAMA-NAS-08-M-0004 Total	Riverside, CA FRC Lease	\$2,388,356.12
NAMA-NAS-08-M-0003 Total	Atlanta, GA FRC Lease	\$2,711,087.87
NAMA-08-F-0071 Total	St. Louis Annex Move	\$2,782,268.00
NAMA-08-C-0009 Total	CFM Services	\$3,128,400.00
NAMA-NAS-08-M-0023 Total	RMN Addition Construction	\$5,721,711.49
Grand Total		\$71,931,339.64

WITNESSES

	Page
Fenty, A. M	1
Gandhi, N. M	1
Gray, V. C	1
Morphy, Martha	137
Prouty, Paul	75
Thomas, A. C	137

