



SOCIAL SECURITY

The Commissioner

January 21, 2009

The Honorable Barbara A. Mikulski
United States Senate
Washington, D.C. 20510

Dear Senator Mikulski:

Let me begin my response to your January 14, 2009, letter by acknowledging that, for over two decades, the Social Security Administration (SSA) has failed to ensure the integrity of its Employees Activities Association (EAA). Systematic and inappropriate exemption of the EAA from strict oversight and procurement rules has allowed the EAA to morph from the admirable employee-run nonprofit I remember fondly from the 1980s into a large and complex commercial enterprise that abuses its exclusive access to our employees for the benefit of for-profit subsidiaries that have increasingly engaged in predatory conduct. I took action to ensure that activities taking place on government property fully comply with all applicable law.

I first became concerned about the EAA in 2007 when agency executives began receiving allegations of neglect and misfeasance at our child care center, which the EAA had run on a no-bid basis for almost twenty years. While our investigation could not prove or disprove the most serious allegations of the concerned parents, it was clear that significant deficiencies existed and that employees were being denied the affordable, professional care that their children deserve.

In 2008, after we completed our investigation, we brought the child care center into compliance with GSA regulations for the provision of child care services. These regulations empower parents to select the provider, and the parent board concluded that the EAA was not competitive on quality or cost with many other providers. Operations under the new provider are vastly improved. After we began receiving complaints, I started unannounced visits to the child care center, and I can see the difference with my own eyes.

From almost the beginning of this effort, the American Federation of Government Employees objected vociferously to everything we did. In 2007, when I met with its officers personally to discuss their concerns, one of them, Witold Skwierczynski, argued that parents would suffer an abrupt increase in their child care fees because the EAA heavily subsidized the child care center. I thought his point was a reasonable one, and we took steps to ensure that his fear would not be realized.

We had enormous difficulty attempting to ascertain the existence and amount of the alleged EAA subsidy. Eventually we were provided with a limited statement of activities, but the only subsidy we could identify was the almost \$900,000 that SSA annually provides the child care center in free rent and logistical support.

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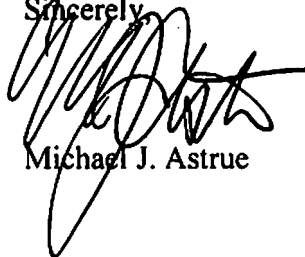
Due to these discrepancies and other issues brought to our attention by employees, we attempted to investigate the EAA's accounting on our own. Despite repeated pledges of cooperation, the EAA was willing to provide only a small amount of tangential information. Accordingly, last summer we exercised our right to audit the EAA and hired KPMG, a major accounting firm, for the job. Despite more pledges of cooperation, the EAA continued to stonewall and began making repeated threats against me personally if I persisted in attempting to investigate. KPMG was unable to perform an audit.

We will ensure that our employees continue to receive the services they need. The Federal Occupational Health Service, a unit within the Department of Health and Human Services, will run our fitness centers. We expect a smooth transition and will offer the same, if not improved, services to our employees. We will also continue to provide concession stands operated by a local organization called the Business Enterprise Program for the Blind so that our employees will have access to daily necessities and amenities.

I am convinced that these arrangements will allow our employees to continue to maintain the healthy work-life balance that you have recognized, and I have instructed the appropriate executives to survey our employees to determine their concerns and level of satisfaction with the services we are offering. I appreciate your interest in the welfare of our employees, and I share your commitment to ensuring that each of our employees is provided with a safe, comfortable, and respectful worksite.

I am confident that you will agree with me that the only right way to resolve all of the concerns in your letter is to work with the leadership of our committees of primary jurisdiction to direct the General Accounting Office to do the full audit that the EAA has resisted. Accordingly, I am sending copies of your letter and my response to other appropriate Members of Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. Astrue", written over the typed name below.

Michael J. Astrue

cc:

Senator Max Baucus

Senator Charles Grassley

Representative John Tanner

Representative Sam Johnson

United States Senate
WASHINGTON, DC 20510-2003

January 9, 2009

Mr. Michael J. Astrue
Commissioner, Social Security Administration
6401 Security Boulevard
Suite 900
Baltimore, Maryland 21235-0001

Dear Mr. Astrue:

I write to strongly urge you to stop all to plans undermine the Social Security Administration's Employee Activity Association (EAA). I understand that the Social Security Administration has already contracted out the EAA child care services, and plan to do the same with the fitness center. In addition, I have learned that effective January 16th you are planning to shut down the EAA stores that make life easier for thousands of SSA employees.

The EAA has for 60 years provided services that are important to employee morale and therefore important to the functioning of the agency. I understand that the EAA has had a positive relationship with SSA for its entire existence up until last year, and has provided services that SSA employees need to maintain a healthy work-life balance.

I am troubled by allegations that your Administration has made unsupported claims of financial impropriety and mischaracterized statements made by EAA officials. I'm also concerned that an audit authorized by your office was undertaken for the sole purpose of trying to find a reason to shut down the EAA.

Mr. Michael J. Astrue

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I care deeply about the employees of the Social Security Administration. I want to see them respected and I want the services that have made SSA a positive place to work in the past to continue to serve employees today and tomorrow. I want to know that you share this commitment, and that any future actions you are planning to take with respect to the EAA will improve life for the 12,000 members of the EAA, not serve an ideological agenda. I look forward to your response.

Sincerely,



Barbara A. Mikulski
United States Senator

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