



**DEPARTMENT
of HEALTH
and HUMAN
SERVICES**
Fiscal Year
2009

Program Support Center

*Justification of
Estimates for
Appropriations Committees*

Introduction

The FY 2009 Congressional Justification is one of several documents that fulfill the Department of Health and Human Services' (HHS') performance planning and reporting requirements. HHS achieves full compliance with the Government Performance and Results Act of 1993 and Office of Management and Budget Circulars A-11 and A-136 through HHS agencies' FY 2009 Congressional Justifications and Online Performance Appendices, the Agency Financial Report and the HHS Performance Highlights. These documents can be found at <http://www.hhs.gov/budget/docbudget.htm> and <http://www.hhs.gov/afr/>.

The Performance Highlights briefly summarizes key past and planned performance and financial information. The Agency Financial Report provides fiscal and high-level performance results. The FY 2009 Department's Congressional Justifications fully integrate HHS' FY 2007 Annual Performance Report and FY 2009 Annual Performance Plan into its various volumes. The Congressional Justifications are supplemented by the Online Performance Appendices. Where the Justifications focus on key performance measures and summarize program results, the Appendices provide performance information that is more detailed for all HHS measures.

The Program Support Center's Congressional Justification and Online Performance Appendix can be found at <http://www.psc.gov>.



MESSAGE FROM THE DEPUTY ASSISTANT SECRETARY FOR PROGRAM SUPPORT

I am pleased to present the Program Support Center's (PSC) fiscal year (FY) 2009 Congressional Justification. This performance budget request supports the President's and Secretary's priority initiatives and reflects the goals and objectives in the Department of Health and Human Services' (HHS) FY 2007 – 2012 Strategic Plan from an administrative support perspective. As the shared services provider for the Department, PSC provides a full range of administrative support services to all components of HHS and other Federal Agencies focusing primarily on products and services in the following areas: administrative operations, financial management, health resources, human resources, and strategic acquisitions.

This justification includes the FY 2009 Annual Performance Plan and FY 2007 Annual Performance Report as required by the Government Performance and Results Act of 1993 (GPRA). This past year we continued our efforts to strengthen the links between our performance management program and budget process. Performance management provides a consistent and effective way to measure our achievements and strive for continued improvement. To evaluate our performance, we continued to focus on measuring quality delivery, customer satisfaction, and cost management.

During the last fiscal year, PSC made significant administrative contributions to support the goals of the Department. The following are highlights of PSC's accomplishments in FY 2007.

- Implemented a partnership between the Supply Service Center (SSC) and a prime vendor that allows customers from the field to order material from SSC that can be seamlessly shipped from the vendor's site if an SSC product is out of stock;
- Significantly contributed to the continued implementation of the Unified Financial Management System (UFMS) for PSC and its customers;
- Opened the PSC Storefront in the HHH Building, responding to more than 5,000 inquiries and improving customer response;
- Improved Civilian Payroll average response time to customer inquiries by 25%;
- Represented the entire Federal government by negotiating and completing contractual agreements with over 2,600 grantees and cost avoidance of \$884 million; and
- Implemented an enhancement to the UFMS/Govtrip interface.

PSC's FY 2009 budget request reflects our successes, our vision, and our commitment to ensure that we meet the needs of our customers and support the mission of the Department. We have achieved our success to date through a relentless commitment to provide high-quality and cost effective administrative support services to our customers. As we look towards the future, we will continue to focus on this commitment as well as strive to achieve excellence in all we do.

Paul S. Bartley
Deputy Assistant Secretary for Program Support

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DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM SUPPORT CENTER
FY 2009 PERFORMANCE BUDGET SUBMISSION TO CONGRESS

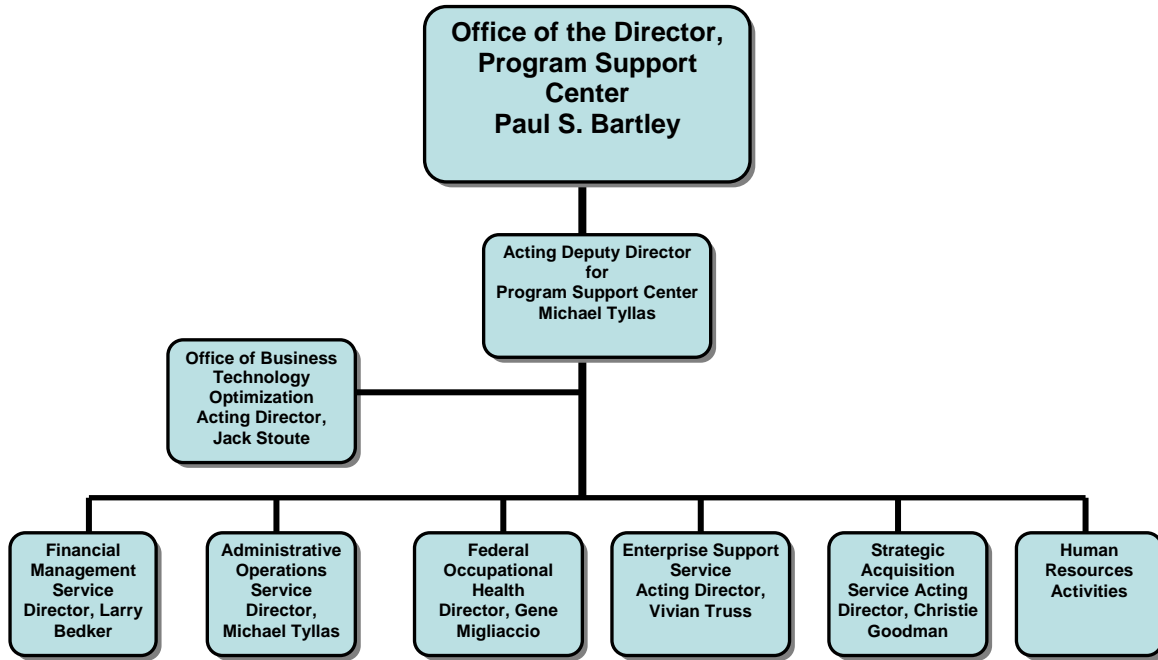
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Organizational Chart



Executive Summary

Introduction and Mission

The Program Support Center (PSC) is a component of the Office of the Assistant Secretary for Administration and Management (ASAM) within the Office of the Secretary, U.S. Department of Health and Human Services (HHS). PSC was established in 1995 to reduce government spending, HHS overhead, and duplication of efforts in the realm of administrative support services. PSC provides over 50 products and services on a competitive, fee-for-service basis to customers throughout HHS, as well as to approximately 14 other executive departments and 20 independent Federal Agencies. Products and services are provided in primarily five broad business areas: administrative operations, financial management, health resources, human resources, and strategic acquisitions.

As the shared services provider for HHS, PSC's mission is to assist and enable HHS to focus on its core mission of enhancing the health and well being of all Americans through the provision of centralized, qualitative administrative support goods and services. To accomplish its mission, PSC will eliminate duplication and capitalize on expertise, experience, and cost savings through partnering, standardization, streamlining, prudent acquisition strategies, cost negotiations, economies of scale, consistent quality service, and consolidated and timely service delivery. To guide PSC in fulfilling its mission, PSC will strive to uphold a core set of values that include: customer focus, workforce commitment, cost effective and high quality service delivery, communication, transparency, and technology optimization.

Vision

The PSC is the provider of choice for quality and value in shared services across the Federal Government.

FY 2009 Budget Overview

The activities of the PSC are supported through the HHS Service and Supply Fund (SSF), under authority that was established by 42 USC 231. The SSF provides a working capital fund for financing and accounting for business-type operations involving the provision of common services and commodities. It is governed by a Board of Directors. The products and services provided by the PSC are grouped into cost centers that are fully costed and managed as self-sustaining business lines. The actual cost of service provided is billed to the customers based upon a fee-for-service rate structure that is approved by the SSF Board of Directors.

PSC's performance budget request for FY 2009 is \$699,007,000, which is an increase of \$57.2 million above the FY 2008 budget request of \$641,821,000. This performance budget includes modest increases to allow PSC to engage in new business opportunities outside the Department thus increasing the PSC's revenue base and to support several Departmental or President's Management Agenda initiatives that PSC has been asked to perform. The increases in the FY 2009 performance budget are listed in the PSC 'Summary of Change' on page 13.

Program Increases:

Anticipated New Business (+\$34.3 million)

The single largest increase in the PSC budget is for expanded business with customers. Most of that increase \$18 million is for new Cooperative Administrative Support Unit (CASU) business. The other major elements of new business are for new contracts in Strategic Acquisition Services (SAS) \$10 million, Federal Occupational Health Services (FOHS) \$5 million, Human Resource Activities (HRA) \$2.3 million, Administrative Operations Service (AOS) \$2.1 million, and Business Technology Optimization (BTO) \$1.3 million

UFMS Oracle Upgrade (+\$15.0 million).

Anticipated cost for the UFMS ORACLE 12.0 upgrade. Cost includes hardware and software to migrate to new platform.

FMS System Investments (+\$2.9 million).

Continue the contract costs for system investments to support upgrade and achieve stabilization.

AOS IT Business Hosting (+\$2.2 million)

Business Application Hosting has been added as a new business line. This gives customers the ability to view their monthly expenses and provides a complete transparency into their IT costs

HR Activities (+\$2.2 million)

Expanding capabilities within current systems

Enterprise Support Service ESS Human Resources (HR) Initiatives (+\$1.9 million).
New initiative on HR system data verification and imaging.

Pay, Rents, Utilities, and Miscellaneous (net) (+\$4.4 million)
Net increase for normal operating expenses (detail provided in service requests)

Program Decreases:

UFMS O&M (-\$5.7 million).
Decreased costs realized due to full implementation and stabilization of UFMS.

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM SUPPORT CENTER**

**All Purpose Table
(Dollars in Thousands)**

**Expenses by Activity
Dollars in Thousands**

	<u>FY 2007</u>		<u>FY 2008</u>		<u>FY 2009</u>	
	<u>FTE</u>	<u>Actual</u>	<u>FTE</u>	<u>Enacted</u>	<u>FTE</u>	<u>Estimate</u>
Administrative Operations Service	197	\$199,647	208	\$242,426	213	\$263,050
Financial Management Service	206	84,441	226	102,025	231	115,564
Federal Occupational Health Service	75	130,740	81	128,048	83	133,674
Enterprise Support Service	163	46,986	171	47,314	175	50,863
Strategic Acquisition Service	102	63,333	108	55,064	111	63,974
Business Technology Optimization	1/	2,561	1/	2,821	1/	4,157
Human Resources Activities	368	55,301	398	64,123	407	67,725
Office of the Director	17	2/	28	2/	29	2/
TOTAL	1,128	583,009	1,220	641,821	1,249	699,007

1/ FTE are located within the Office of the Director

2/ Expenses for the Office of the Director have been distributed to all operating services.

Revenue by Customer

**PROGRAM SUPPORT CENTER
FY 2008 REVENUE (Budget Estimate Current Request)
by CUSTOMER**

Cost Center Identifier	Description	ACF	AOA	AHRQ	CDC	CMS	FDA	HRSA	I.H.S.	NIH	SAMHSA	OS	PSC	OTHER	Totals
	Administrative Operations Service														-
PSCAOS 91101	Freedom of Information	-	-	54	54	-	54	54	54	54	54	54	56	-	488
PSCAOS 91105	Child Care Development	-	4	-	-	-	312	35	12	76	26	79	185	-	729
PSCAOS 94207	Board for Corrections	-	-	1	21	2	18	13	55	10	1	5	2	25	153
PSCAOS 94208	Personnel Security Operations	158	13	105	-	276	9,125	2,427	38	-	66	668	1,481	993	15,350
PSCAOS 95605	Warehouse Operations	38	9	59	982	-	1,812	144	67	36	206	614	904	206	5,077
PSCAOS 95606	Transportation	-	-	13	-	-	9	10	2	93	7	764	279	-	1,177
PSCAOS 95612	Asset Management	15	4	6	113	60	174	43	360	-	4	111	125	-	1,015
PSCAOS 95614	Real Property	14	1	3	95	47	103	20	159	179	5	47	13	-	686
PSCAOS 95615	Building Operations	-	1	62	-	-	3,894	3,492	77	14	107	591	2,752	32	11,022
PSCAOS 95616	HHS Hotline	2	1	1	16	8	17	3	27	30	1	8	2	-	116
PSCAOS 95618	Transhare	873	98	-	52	840	1,021	430	103	-	75	2,298	249	-	6,039
PSCAOS 95619	Conference Center	-	-	-	-	-	321	162	1	1	-	22	217	7	731
PSCAOS 95620	Graphic Arts	6	6	12	25	9	368	237	75	20	309	361	540	141	2,109
PSCAOS 95624	Forms Management	15	1	4	106	52	114	23	177	199	6	52	15	-	764
PSCAOS 95623	Mail Operations	66	48	36	117	122	1,712	1,081	118	32	447	1,540	1,005	-	6,324
PSCAOS 95625	Printing Procurement	5	3	112	9	5	259	200	19	18	520	135	80	2	1,367
PSCAOS 95626	Reprographics	-	4	43	2	-	130	109	79	1	83	70	130	1	652
PSCAOS 95627	Telecommunications Services	-	16	41	13	-	1,025	204	40	-	53	590	294	-	2,276
PSCAOS 95629	Telecommunications-Mgmt.WITS	-	-	250	-	-	4,455	899	264	20,700	355	500	5,614	-	33,037
PSCAOS 96631	Regions	708	40	-	-	359	-	623	69	-	-	1,642	123	-	3,564
PSCAOS	Mid America CASU (Kansas City)	1	-	-	-	-	-	0	-	-	-	1	308	59,729	60,039
PSCAOS	RMRC CASU (Denver)	-	-	-	250	-	6	-	-	-	-	-	-	25,909	26,165
PSCAOS	NY CASU	14	-	-	-	53	-	-	-	-	-	1	209	41,572	41,849
PSCAOS ITO														21,698	21,698
	Sub-Total	\$ 1,915	\$ 249	\$ 802	\$ 1,855	\$ 1,833	\$ 24,929	\$ 10,209	\$ 1,796	\$ 21,463	\$ 2,325	\$ 10,153	\$ 14,583	\$ 150,315	\$ 242,426

**PROGRAM SUPPORT CENTER
FY 2008 REVENUE (Budget Estimate Current Request)
by CUSTOMER**

Cost Center Identifier	Description	ACF	AOA	AHRQ	CDC	CMS	FDA	HRSA	I.H.S.	NIH	SAMHSA	OS	PSC	OTHER	Totals
	Financial Management Service														
PSCFMS 92401	Cost Allocation	2,019	93	30	496	2,379	11	892	110	4,866	160	-	-	64	7,808
PSCFMS 92402	Payment Management	2,792	157	51	558	1,453	21	1,059	45	5,429	206	68	-	3,093	14,932
PSCFMS 92404	Debt Management	101	2	2	0	-	-	52	73	-	10	15	64	8,008	8,326
PSCFMS 92405	Accounting Services	4,669	568	389	-	-	-	4,548	4,490	-	899	4,370	3,163	-	23,096
PSCFMS 92408	Payroll Accounting Services	59	6	14	402	220	468	83	726	812	24	175	57	-	3,046
PSCFMS 92410	UFMS O&M	1,765	325	648	6,335	670	5,899	3,099	4,781	5,126	702	2,997	-	-	32,347
PSCFMS 92411	CoE Travel	99	10	20	581	243	518	92	668	1,019	29	475	28	-	3,782
PSCFMS	PRISM O&M	32	5	56	656	-	2,416	146	5,147	-	45	184	-	-	8,688
	Sub-Total	\$ 11,536	\$ 1,166	\$ 1,210	\$ 9,028	\$ 4,965	\$ 9,333	\$ 9,971	\$ 16,040	\$ 17,252	\$ 2,075	\$ 8,284	\$ 3,312	\$ 11,165	\$ 102,025
	Federal Occupational Health														
PSCFOH 01501	Clinical Services	171	20	10	534	568	1,782	435	36	74	163	545	111	80,024	84,321
PSCFOH 01502	EAP Services	46	4	8	75	152	267	57	420	41	14	130	41	18,883	20,138
PSCFOH 01503	Environmental Health Services	-	-	-	2,390	-	78	1	841	-	4	41	-	20,235	23,590
	Sub-Total	\$ 217	\$ 24	\$ 18	\$ 2,999	\$ 720	\$ 2,127	\$ 493	\$ 1,297	\$ 115	\$ 181	\$ 716	\$ 152	\$ 119,142	\$ 128,049

**PROGRAM SUPPORT CENTER
FY 2008 REVENUE (Budget Estimate Current Request)
by CUSTOMER**

Cost Center Identifier	Description	ACF	AOA	AHRQ	CDC	CMS	FDA	HRSA	I.H.S.	NIH	SAMHSA	OS	PSC	OTHER	Totals
Enterprise Support Service															
PCESS 94211	EEO Investigations	51	-	11	198	-	181	32	231	320	35	53	-	12	1,124
PCESS 94212	HHS University - Moved to ASAM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PCHRS 94213	HRS EEO Services	-	-	141	-	-	5	4	5	-	258	72	364	-	849
PCHRS 94215	Enterprise Applications	569	56	135	3,887	2,126	4,520	799	7,013	7,843	232	4,373	569	-	30,998
PCHRS 94217	Payroll	191	19	45	1,306	714	1,519	268	2,356	2,635	78	564	191	-	9,886
PCHRS 94301	Commissioned Corp Support Services Group	-	-	-	-	-	-	-	-	-	-	4,457	-	-	4,457
	Sub-Total	\$ 811	\$ 75	\$ 332	\$ 5,391	\$ 2,840	\$ 6,225	\$ 1,103	\$ 9,605	\$ 10,798	\$ 603	\$ 9,519	\$ 1,124	\$ 12	\$ 47,314
Strategic Acquisition Service															
PSCSAS 93701	Strategic Sourcing	7	4	14	155	12	136	42	157	619	11	33	247	-	1,437
PSCSAS 93704	Acquisitions Management	2,383	59	157	83	-	2	304	327	79	97	2,774	3,631	10,152	20,048
PSCSAS 93705	Supply Service Center (Perry Pt.)	-	-	-	900	-	5	-	4,500	2,750	-	-	14,545	29,302	33,579
	Sub-Total	\$ 2,390	\$ 63	\$ 171	\$ 1,138	\$ 12	\$ 143	\$ 346	\$ 4,984	\$ 3,448	\$ 108	\$ 2,807	\$ 18,423	\$ 39,454	\$ 55,064
Business Technology															
PSCOD 91109	Technology Optimization Consulting	-	-	-	-	-	-	-	-	-	-	258	-	814	1,072
	ONE HHS Contact Center	-	-	-	-	-	-	-	-	-	-	1,261	1,323	488	1,749
	Sub-Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,519	\$ 1,323	\$ 1,302	\$ 2,821
	PSC Total	\$ 16,869	\$ 1,577	\$ 2,532	\$ 20,411	\$ 10,370	\$ 42,757	\$ 22,122	\$ 33,722	\$ 53,076	\$ 5,292	\$ 32,998	\$ 38,917	\$ 321,390	\$ 577,699

PROGRAM SUPPORT CENTER
FY 2008 REVENUE (Budget Estimate Current Request)
by CUSTOMER

Cost Center Identifier	Description	ACF	AOA	AHRQ	CDC	CMS	FDA	HRSA	I.H.S.	NIH	SAMHSA	OS	PSC	OTHER	Totals
	Human Resource Activities														
HR Center 78111	Rockville	2,121	193	481	-	-	16,077	3,173	562	633	868	7,285	1,385	50	31,291
HR Center 78222	Baltimore	-	-	-	-	8,126	-	-	-	-	-	-	-	-	8,126
HR Center 78333	Atlanta	-	-	-	13,278	-	-	-	-	-	-	-	-	-	13,278
PSCSS 94212	HHS University - Moved to ASAM	235	22	116	1,354	767	1,200	1,378	1,951	3,419	129	657	152	48	11,428
	<i>Sub-Total</i>														
	HR Centers Total	\$ 2,356	\$ 215	\$ 597	\$ 14,632	\$ 8,893	\$ 17,277	\$ 4,551	\$ 2,513	\$ 4,052	\$ 997	\$ 7,942	\$ 1,537	\$ 98	\$ 64,123
		<i>\$ 2,121</i>													
	Totals	\$ 19,225	\$ 1,792	\$ 3,129	\$ 35,043	\$ 19,263	\$ 60,034	\$ 26,673	\$ 36,235	\$ 57,128	\$ 6,289	\$ 40,940	\$ 40,454	\$ 321,488	\$ 641,822

**PROGRAM SUPPORT CENTER
FY 2009 REVENUE (Budget Estimate)
by CUSTOMER**

Cost Center Identifier	Description	ACF	AOA	AHRQ	CDC	CMS	FDA	HRSA	I.H.S.	NIH	SAMHSA	OS	PSC	OTHER	Totals
	Administrative Operations Service														
PSCAOS 91101	Freedom of Information	-	-	50	50	-	50	50	50	50	50	50	52	-	456
PSCAOS 91105	Child Care Development	-	4	-	-	-	291	33	11	71	24	74	173	-	681
PSCAOS 94207	Board for Corrections	-	-	0	20	2	17	12	51	9	1	5	2	23	142
PSCAOS 94208	Personnel Security Operations	148	12	98	-	258	8,524	2,267	35	-	62	624	1,384	927	14,339
PSCAOS 95605	Warehouse Operations	35	8	55	917	-	1,693	135	63	34	192	574	844	192	4,743
PSCAOS 95606	Transportation	-	-	12	-	-	8	9	2	87	7	714	261	-	1,100
PSCAOS 95612	Asset Management	14	4	6	106	56	163	40	336	-	4	104	117	-	948
PSCAOS 95614	Real Property	13	1	3	89	44	96	19	149	167	5	44	12	-	641
PSCAOS 95615	Building Operations	-	1	58	-	-	3,638	3,262	72	13	100	552	2,571	30	10,296
PSCAOS 95616	HHS Hotline	2	1	1	15	7	16	3	25	28	1	7	2	-	108
PSCAOS 95618	Transhare	816	92	-	49	785	954	402	96	-	70	2,147	233	-	5,641
PSCAOS 95619	Conference Center	-	-	-	-	-	300	151	1	1	-	21	203	7	683
PSCAOS 95620	Graphic Arts	6	6	11	23	8	344	221	70	19	289	337	504	132	1,970
PSCAOS 95624	Forms Management	14	1	4	99	49	106	21	165	186	6	49	14	-	714
PSCAOS 95623	Mail Operations	62	45	34	109	114	1,599	1,010	110	30	418	1,439	939	-	5,908
PSCAOS 95625	Printing Procurement	5	3	105	8	5	242	187	18	17	486	126	75	2	1,277
PSCAOS 95626	Reprographics	-	4	40	2	-	121	102	74	1	78	65	121	1	609
PSCAOS 95627	Telecommunications Services	-	15	38	12	-	958	191	37	-	50	551	275	-	2,126
PSCAOS 95629	Telecommunications-Mgmt.WITS	-	-	234	-	-	4,162	840	247	19,337	332	467	5,244	-	30,862
PSCAOS 96631	Regions	661	37	-	-	335	-	582	64	-	-	1,534	115	-	3,329
PSCAOS	Mid America CASU (Kansas City)	1	-	-	-	-	-	0	-	-	-	1	288	55,797	56,087
PSCAOS	RMRC CASU (Denver)	-	-	-	234	-	6	-	-	-	-	-	-	24,203	24,443
PSCAOS	NY CASU	13	-	-	-	50	-	-	-	-	-	1	195	38,835	39,094
PSCAOS ITO														56,850	56,850
	Sub-Total	\$ 1,789	\$ 233	\$ 749	\$ 1,733	\$ 1,712	\$ 23,288	\$ 9,537	\$ 1,678	\$ 20,050	\$ 2,172	\$ 9,484	\$ 13,623	\$ 177,000	\$ 263,048

**PROGRAM SUPPORT CENTER
FY 2009 REVENUE (Budget Estimate)
by CUSTOMER**

Cost Center Identifier	Description	ACF	AOA	AHRQ	CDC	CMS	FDA	HRSA	I.H.S.	NIH	SAMHSA	OS	PSC	OTHER	Totals
	Financial Management Service														
PSCFMS 92401	Cost Allocation	3,121	144	46	767	3,677	17	1,379	170	7,521	247	-	-	99	17,187
PSCFMS 92402	Payment Management	2,792	157	51	558	1,453	21	1,059	45	5,429	206	68	-	3,093	9,811
PSCFMS 92404	Debt Management	101	1	1	0	-	-	52	73	-	10	15	64	8,008	8,326
PSCFMS 92405	Accounting Services	5,269	641	439	-	-	-	5,132	2,100	-	1,015	4,932	3,569	-	23,097
PSCFMS 92408	Payroll Accounting Services	59	6	14	402	220	468	83	726	812	24	175	57	-	3,046
PSCFMS 92410	UFMS O&M	2,637	485	969	9,465	979	8,813	4,630	7,144	979	1,049	4,477	-	-	41,626
PSCFMS 92411	CoE Travel	99	10	20	581	243	518	92	668	1,019	29	475	28	-	3,783
PSCFMS	PRISM O&M	32	5	56	656	-	2,416	146	5,147	-	45	184	-	-	8,686
	Sub-Total	\$ 14,110	\$ 1,449	\$ 1,597	\$ 12,429	\$ 6,572	\$ 12,253	\$ 12,573	\$ 16,073	\$ 15,760	\$ 2,625	\$ 10,326	\$ 3,718	\$ 11,200	\$ 115,564
	Federal Occupational Health														
PSCFOH 01501	Clinical Services	179	21	10	557	593	1,860	454	38	77	170	569	116	83,539	88,025
PSCFOH 01502	EAP Services	48	4	8	78	159	279	60	438	43	15	136	43	19,713	21,023
PSCFOH 01503	Environmental Health Services	-	-	-	2,495	-	81	1	878	-	4	43	-	21,124	24,626
	Sub-Total	\$ 227	\$ 25	\$ 19	\$ 3,131	\$ 752	\$ 2,220	\$ 515	\$ 1,354	\$ 120	\$ 189	\$ 747	\$ 159	\$ 124,376	\$ 133,674

**PROGRAM SUPPORT CENTER
FY 2009 REVENUE (Budget Estimate)
by CUSTOMER**

Cost Center Identifier	Description	ACF	AOA	AHRQ	CDC	CMS	FDA	HRSA	I.H.S.	NIH	SAMHSA	OS	PSC	OTHER	Totals
Enterprise Support Service															
PCESS 94211	EEO Investigations	55	-	12	213	-	195	34	248	344	38	57	-	13	1,208
PCESS 94212	HHS University														-
PCHRS 94213	HRS EEO Services	-	-	152	-	-	5	4	5	-	277	77	391	-	913
PCHRS 94215	Enterprise Applications	612	60	145	4,179	2,285	4,859	859	7,539	8,431	249	4,701	611	-	34,530
PCHRS 94217	Payroll	205	20	48	1,404	768	1,633	288	2,533	2,833	84	606	205	-	9,420
PCHRS 94301	Commissioned Corp Support Services Group	-	-	-	-	-	-	-	-	-	-	4,791	-	-	4,791
	Sub-Total	\$ 872	\$ 81	\$ 357	\$ 5,795	\$ 3,053	\$ 6,692	\$ 1,186	\$ 10,325	\$ 11,608	\$ 648	\$ 10,233	\$ 1,208	\$ 13	\$ 50,862
Strategic Acquisition Service															
PSCSAS 93701	Strategic Sourcing	9	5	19	208	16	182	56	210	830	15	44	331	-	1,927
PSCSAS 93704	Acquisitions Management	3,195	79	210	111	-	3	408	438	106	130	3,719	4,868	13,610	26,878
PSCSAS 93705	Supply Service Center (Perry Pt.)	-	-	-	1,207	-	7	-	6,033	3,687	-	-	19,500	39,284	35,170
	Sub-Total	\$ 3,204	\$ 84	\$ 229	\$ 1,526	\$ 16	\$ 192	\$ 464	\$ 6,682	\$ 4,623	\$ 145	\$ 3,763	\$ 24,699	\$ 52,894	\$ 63,974
Business Technology															
PSCOD 91109	Technology Optimization Consulting	-	-	-	-	-	-	-	-	-	-	380	-	1,200	1,580
	ONE HHS Contact Center	-	-	-	-	-	-	-	-	-	-	1,858	1,950	719	2,577
	Sub-Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,238	\$ 1,950	\$ 1,919	\$ 4,157
	PSC Total	\$ 20,201	\$ 1,872	\$ 2,951	\$ 24,614	\$ 12,105	\$ 44,645	\$ 24,275	\$ 36,112	\$ 52,161	\$ 5,778	\$ 36,792	\$ 45,356	\$ 367,401	\$ 631,279

**PROGRAM SUPPORT CENTER
FY 2009 REVENUE (Budget Estimate)
by CUSTOMER**

Cost Center Identifier	Description	ACF	AOA	AHRQ	CDC	CMS	FDA	HRSA	I.H.S.	NIH	SAMHSA	OS	PSC	OTHER	Totals
	Human Resource Activities														
HR Center 78111	Rockville	2,228	203	505	-	-	16,891	3,334	590	665	912	7,654	1,455	53	33,036
HR Center 78222	Baltimore	-	-	-	-	8,538	-	-	-	-	-	-	-	-	8,538
HR Center 78333	Atlanta	-	-	-	13,951	-	-	-	-	-	-	-	-	-	13,951
		251	23	124	1,446	819	1,281	1,471	2,083	3,650	138	701	162	51	12,201
	<i>Sub-Total</i>														\$ 67,725
	HR Centers Total	\$ 2,479	\$ 226	\$ 629	\$ 15,396	\$ 9,356	\$ 18,173	\$ 4,805	\$ 2,673	\$ 4,315	\$ 1,050	\$ 8,355	\$ 1,617	\$ -	\$ 67,725
	Totals	\$ 22,681	\$ 2,098	\$ 3,580	\$ 40,010	\$ 21,462	\$ 62,818	\$ 29,080	\$ 38,786	\$ 56,476	\$ 6,828	\$ 45,147	\$ 46,974	\$ 367,401	\$ 699,003

TAB: APPROPRIATIONS ACCOUNT TITLE

Budget Exhibits

Amounts Available for Obligation

Program Support Center
Amount Available for Obligation

	FY 2007 Actual	FY 2008 Enacted	FY 009 Estimate
Appropriation (DHHS, Ag or Interior)	_____	_____	_____
Across-the-board reductions (DHHS, Ag or Interior)	_____	_____	_____
Subtotal, Appropriation (DHHS, Ag or Interior)	_____	_____	_____
Rescission (other appropriation bills, provide PL ## ###)	_____	_____	_____
Supplemental (provide PL ## ###)	_____	_____	_____
Reappropriation (provide PL ## ###)	_____	_____	_____
Proposed Supplemental Appropriation	_____	_____	_____
Proposed Rescission	_____	_____	_____
Proposed Reappropriation	_____	_____	_____
Subtotal, adjusted appropriation	_____	_____	_____
Real transfer from (OPDIV)	_____	_____	_____
Comparable transfer from (OPDIV)	_____	_____	_____
Subtotal, adjusted general fund discr. approp	_____	_____	_____
Appropriation Lines	_____	_____	_____
Transfer lines	_____	_____	_____
Subtotal, adjusted trust fund discr approp.	_____	_____	_____
Total Discretionary Appropriation	_____	_____	_____
Appropriation Lines	_____	_____	_____
Transfer Lines	_____	_____	_____
Subtotal, adjusted mandatory appropriation	_____	_____	_____
_____	_____	_____	_____
Total Obligations	\$583,009,000	\$641,821,000	\$699,007,000

Please refer to page 23 for the amounts available for obligations under the Retirement Pay and Medical Benefits for Commissioned Officers.

Summary of Changes

Rationale for the Budget

FY 2008 Estimate, per FY 2008 Congressional Justification	\$647,069,000
Net Change, FY 2008, per FY 2008 Congressional Justification	<u>(5,248,000)</u>
FY 2008 Revised Estimate	\$641,821,000
Net Change, FY 2009	<u>57,186,000</u>
FY 2009 Estimate	\$699,007,000

Details, FY-2008 Net Changes:

ITSC Transferred to AOS	36,795,000
FMS – iPRISM/Procurement O&M	8,688,000
Anticipated New Business (AOS/CASU)	13,000,000
FMS costs reduction as previous accounting system closed	(5,300,000)
FOH – USPS Program Termination	(24,000,000)
ESS – completion of EHRP capital expense	(1,722,000)
ESS – decreased operational and contract costs	(2,226,000)
ESS – EHRP Upgrade – funding source utilized Capital	(1,000,000)
SAS – HCAS implementation occurring outside of Fund	(8,035,000)
SAS – Service Supply Center VA exiting services	(18,000,000)
SAS – Decrease in Strategic Sourcing contracts	(1,046,000)
HR Activities – decrease in operation costs for the University and Centers)	<u>(2,042,000)</u>
Total Change, FY 2008	(5,248,000)

Details, FY 2009 New Changes:

Pay	3,186,000
Rent/Utilities	597,000
Misc.	626,000
Anticipated New Business (FOH \$5.0, AOS \$18.0, SAS \$10.0, BTO \$1.3)	34,336,000
AOS IT Business Hosting	2,152,000
ESS HR initiatives (data verification and imaging)	1,850,000
UFMS ORACLE Upgrade	15,000,000
UFMS O&M decreased costs realized due to full implementation & stabilization	(5,700,000)
FMS contract costs for system investments	2,889,000
HR Activities (HR expanding capabilities with current system)	<u>2,250,000</u>
Total Changes, FY 2009	57,186,000

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM SUPPORT CENTER
Budget Authority by Activity**

	FY 2007	FY 2008	FY 2009	Increase or Decrease
	<u>Actual</u>	<u>Enacted</u>	<u>President's Budget</u>	
Expenses	\$583,009,863	\$641,821,000	\$699,007,000	\$57,186,000
FTE	1,128	1,220	1,249	29
Administrative Operations Service	199,647,000	242,426,000	263,050,000	20,624,000
Financial Management Service	84,441,000	102,025,000	115,564,000	13,539,000
Federal Occupational Health	130,740,000	128,048,000	133,674,000	5,626,000
Enterprise Support Service	46,986,000	\$47,314,000	\$50,863,000	\$3,549,000
Strategic Acquisition Service	63,333,000	55,064,000	63,974,000	8,910,000
Business Technology Optimization	2,561,000	2,821,000	4,157,000	1,336,000
Human Resources Activities	55,301,000	64,123,000	67,725,000	3,602,000
TOTAL	\$583,009,000	\$641,821,000	\$699,007,000	\$57,186,000

Retirement Pay and Medical Benefits for Commissioned Officers

Appropriation Language

The Program Support Center has responsibility for the administration of the retirement pay and medical benefits for Commissioned Corps officers. The appropriations language for that account follows.

Retirement Pay and Medical Benefits for Commissioned Officers

For retirement pay and medical benefits of Public Health Service Commissioned Officers as authorized by law, for payments under the Retired Serviceman's Family Protection Plan and Survivor Benefit Plan, and for medical care of dependents and retired personnel under the Dependent's Medical Care Act (10 U.S.C. ch. 55), such amounts as may be required during the current fiscal year.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Retirement Pay and Medical Benefits for Commissioned Officers

Amounts Available for Obligation

Retired Pay for Commissioned Officers

	FY 2007	FY 2008	FY2009
	Actual	Enacted	Estimate
Total, Discretionary Appropriation			
 <u>Mandatory Appropriation:</u>			
Appropriation Lines			
Transfer Lines			
Subtotal, adjusted mandatory appropriation	370,679,837	397,178,456	434,694,266
 <u>Offsetting collections from:</u>			
Unobligated balance, start of year			
Unobligated balance, end of year			
Unobligated balance, lapsing			
Total obligations	370,679,837	397,178,456	434,694,266

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Accrued Medical Amount Available for Obligation

	FY 2007 Actual	FY 2008 Enacted	FY2009 Estimate
Total, Discretionary Appropriation			
<u>Mandatory Appropriation:</u>			
Appropriation Lines			
Transfer Lines			
Subtotal, adjusted mandatory appropriation	<u>36,288,000</u>	<u>36,646,560</u>	<u>34,777,800</u>
<u>Offsetting collections from:</u>			
Unobligated balance, start of year			
Unobligated balance, end of year			
Unobligated balance, lapsing			
Total obligations	36,288,000	36,646,560	34,777,800

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Retirement Pay and Medical Benefits for Commissioned Officers

Summary of Changes

2008 Estimate.....	\$433,825,016
2009 Request.....	<u>469,472,266</u>
Net change.....	+35,647,050

	FY 2008 Current		<u>Change from Base</u>	
	<u>Estimate</u>	<u>Base</u>		
	FTE	BA	FTE	BA
Changes:				
1. Annualization of the FY 2009 COLA 3.0% COLA in FY 2008, and for the projected net increase of retirees during FY 2008.	---	\$311,904,250	---	+\$27,447,574
2. Annualization of the FY 2009 COLA, 3.0% COLA in FY 2008, and projected net increase in average costs per survivor in FY 2008	---	18,725,066	---	+749,003
3. Will only cover medical benefits for Officers under age 65. Costs do include a projected increase of 6.25% in medical care costs for these Officers.	---	66,549,140	---	+9,319,233
4. Will cover Medicare Eligible Accrual Benefits for Officers under age 65.	---	36,646,560	---	-1,868,760
Net change			---	+\$35,647,050

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Retirement Pay and Medical Benefits for Commissioned Officers

Budget Authority by Activity

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Retirement Pay and Medical Benefits for Commission Officers

Budget Authority by Activity

	FY 2007 <u>Actual</u>		FY 2008 <u>Enacted</u>		FY 2009 <u>Estimate</u>	
Retirement	\$286,676,701		\$311,904,250		\$339,351,824	
Payments						
Survivor's	18,004,871		18,725,066		19,474,068	
Benefits						
Medical Care	65,998,265		66,549,140		75,868,373	
Benefits						
Total Retired Pay	<u>370,679,837</u>		<u>397,178,456</u>		<u>434,694,266</u>	
Accrued Health	36,288,000	1/	36,646,560	2/	34,777,800	3/
Care Benefits						
Total MAX	406,967,837		433,825,016		469,472,066	

1/ FY07 - The DoD Office of the Actuary letter dated 9/11/ 06 set the PHS FY 2007 Treasury amount for the DoD MERHCF at \$36,288,000.

2/ FY08 - The DoD Office of the Actuary letter dated 6/27/06 set the PHS FY 2008 per capita amount for the DoD MERHCF at \$5988 for full-time members.

3/ FY09 - The DoD Office of the Actuary letter dated 7/19/07 set the PHS FY 2009 per capita amount for the DoD MERHCF at \$5560 for full-time members.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
 Retirement Pay and Medical Benefits for Commissioned Officers

Budget Authority by Object

	FY 2007 Actual	FY 2008 Enacted	FY 2009 <u>Estimate</u>	Increase/ <u>Decrease</u>
Benefits for former Personnel	\$370,679,837	\$397,178,456	\$434,694,266	\$37,515,810
Accrued Health Care Benefits	<u>36,288,000</u>	<u>36,646,560</u>	<u>34,777,800</u>	<u>-1,868,760</u>
Total budget authority by object	\$406,967,837	\$433,825,016	\$469,472,066	\$35,647,050

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Retirement Pay and Medical Benefits for Commissioned Officers

Authorizing Legislation

	FY 2008 Amount <u>Authorized</u>	FY 2008 Enacted	FY 2009 Amount <u>Authorized</u>	FY 2009 <u>Estimate</u>
1. Retirement payments Chapter 6A of Title 42, U.S.C.	Indefinite	\$311,904,250	Indefinite	\$339,351,824
2. Survivors' benefits Chapter 73 of Title 10. U.S.C.	Indefinite	18,725,066	Indefinite	19,474,068
3. Medical care Chapter 55 Of Title 10 U.S.C., P.L. 89-614; P.L.106-398; P.L. 107- 107.	Indefinite	66,549,140	Indefinite	75,868,373
4. Medicare Eligible Accruals, Chapter 55 Of Title 10 U.S.C., P.L. 108-375	Indefinite	36,646,560	Indefinite	34,777,800

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Retirement Pay and Medical Benefits for Commissioned Officers

Appropriations History Table

<u>Year</u>	<u>Budget Estimate to Congress</u>	<u>House Allowance</u>	<u>Senate Allowance</u>	<u>Appropriation</u>
1999	201,635,000	201,635,000	201,635,000	200,870,805
2000	214,905,000	214,905,000	214,905,000	201,842,168
2001	219,772,000	219,772,000	219,772,000	245,956,147
2002	242,577,000	242,577,000	242,577,000	273,478,736
2003	251,039,000	251,039,000	251,039,000	291,471,400
2004	308,763,000	308,763,000	308,763,000	321,083,552
2005	324,636,000	324,636,000	324,636,000	343,885,944
2006	363,029,000	363,029,000	363,029,000	376,517,351
2007	377,982,000	377,982,000	377,982,000	406,967,837
2008	439,907,000	439,907,000	439,907,000	433,825,016
2009	469,472,066			

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Retirement Pay and Medical Benefits for Commissioned Officers

Justification

A. Account Summary

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Estimate</u>	Increase or <u>Decrease</u>
Retirement payments	\$286,676,701	\$311,904,250	\$339,351,824	+\$27,447,574
Survivors' benefits	18,004,871	18,725,066	19,474,068	+749,002
Medical care	65,998,265	66,549,140	75,868,373	+9,319,233
Medicare Eligible Accruals	<u>36,288,000</u>	<u>36,646,560</u>	<u>34,777,800</u>	<u>-1,868,760</u>
Total budget authority	\$406,967,837	\$433,825,016	\$469,472,066	+\$35,647,050

B. General Statement

This appropriation provides for retirement payments to Public Health Service (PHS) officers who are retired for age, disability, or a specified length of service as well as for payments to survivors of deceased retired officers who had elected to receive reduced retirement payments.

This account also funds the provision of medical care to active duty and retired members of the PHS Commissioned Corps, and to dependents of active duty, retired and deceased members of the PHS Commissioned Corps.

The FY 2008 request is a net increase of \$34,928,810 over the FY 2008 level. This amount reflects increased medical benefits costs, an annualization of amounts paid to retirees and survivors in FY 2007 and a net increase in both the number of retirees and survivors during FY 2007. The budget request includes a cost-of-living adjustment (COLA) of 3.0 percent.

C. Retirement Payments

Authorizing legislation - Chapter 6A of Title 42 U.S.C.

FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Estimate</u>	Increase or <u>Decrease</u>
\$286,676,701	\$311,904,250	\$339,351,824	+\$27,447,574

2009 Authorization..... Indefinite

Purpose and Method of Operation

The purpose of this activity is to provide mandatory payments to Commissioned Officers of the Public Health Service who have been retired for age, disability or specified length of service.

Funding levels for the past five fiscal years were as follows:

2004.....	227,113,260
2005.....	247,031,515
2006.....	268,611,441
2007.....	292,249,000
2008.....	311,904,250

Rationale for the FY 2008 Budget Request

The FY 2009 request of \$339,351,824 is an increase of \$27,447,574 over the FY 2008 level and will support payments to an estimated 5,408 annuitants. The increase will fund the annualization costs of the FY 2008 COLA, an FY 2009 COLA of 3.0 percent, and the projected net increase of 259 retirees during FY 2009.

The FY 2009 estimates are based on payments to the following number of retirees:

Period Ending	Total	Net <u>Increase/(Decrease)</u>
September 30, 2007, (act.)	4,839	192
September 30, 2008, (est.)	5,149	310
September 30, 2009, (est.)	5,408	259

D. Survivors' Benefits

Authorizing legislation - Chapter 73 of Title 10 U.S.C.

FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Estimate</u>	Increase or <u>Decrease</u>
\$18,004,871	\$18,725,066	\$19,474,068	+\$749,003

2009 Authorization..... Indefinite

Purpose and Method of Operation

This activity provides for the payment of annuities to survivors of retired officers who had elected to receive reduced retirement payments under the Retired Serviceman's Family Protection Plan and Survivor's Benefit Plan. This program is financed by the Federal Government although deductions are made in the retirement payments to the officers who elect the option of survivors' benefits.

Funding levels for the past five years were as follows:

2004.....	14,008,086
2005.....	14,206,440
2006.....	16,674,656
2007.....	18,004,871
2008.....	18,725,066

Rationale for the FY 2009 Budget Request

The FY 2009 request of \$19,474,068 is an increase of \$749,003 from the FY 2008 level and will provide payments for an estimated 890 annuitants. This amount includes funds for the annualization costs of the FY 2008 COLA and the FY 2009 COLA of 3.0 percent.

The FY 2009 estimates are based on payments to the following numbers of annuitants:

<u>Period Ending</u>	<u>Total</u>	<u>Net Increase/(Decrease)</u>
September 30, 2007, (act.)	890	257
September 30, 2008, (est.)	900	10
September 30, 2009, (est.)	910	10

E. Medical Care

Authorizing legislation - Chapter 55 of Title 10 U.S.C.; P.L. 106-398; and P.L. 107-107.

FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Estimate</u>	Increase or <u>Decrease</u>
\$65,998,265	\$66,549,140	\$75,868,373	\$9,319,233

2009 Authorization..... Indefinite

Purpose and Method of Operation

This program provides for the cost of medical care rendered in non-Federal and in uniformed service facilities to active duty and retired PHS commissioned officers and dependents of eligible personnel.

This activity fulfills the mandatory medical care obligations of the Public Health Service to Commissioned Officers and their dependents. Medical care to eligible beneficiaries is authorized under the Dependents' Medical Care Act, as amended by P.L. 89-614, which allows for an expanded and uniform program of medical care to active duty and retired members of the uniformed services, and dependents of active duty, retired and deceased members. Health care provided in a uniformed service facility is billed directly to the Public Health Service by that organization. When medical care is provided to dependents or retirees in a private facility, the Civilian Health and Medical Program of the Uniformed Services (TRICARE) acts as the Government's agent to arrange payment and, in turn, bills the Public Health Service for the services rendered. In addition, contract medical care is arranged for active duty officers who are not stationed in an area accessible to uniformed facilities.

Funding levels for the past five years were as follows:

	Total <u>Funding Level</u>
2004	52,577,831
2005	44,992,558
2006	56,754,254
2007	65,998,265
2008	66,549,140

Rationale for FY 2009 Budget Request

The request of \$75,868,373 will provide medical care for under age 65 beneficiaries. The FY 2009 request reflects increases in the cost of drugs and inpatient and outpatient care for all beneficiaries in Federal and non-Federal facilities.

The FY 2009 estimates are based on payments to the following numbers of active duty officers:

<u>Period Ending</u>	<u>Total</u>	<u>Net Increase/(Decrease)</u>
September 30, 2007, (act.)	5,957	35
September 30, 2008, (est.)	6,120	163
September 30, 2009, (est.)	6,255	135

Narrative by Activity

Summary of Request

PSC submits a request that is responsible, performance driven, and focuses on fulfilling the mission of PSC as the shared services provider for HHS. Through the provision of administrative support services, PSC enables the HHS program agencies to focus on protecting the health of all Americans and supports the Department's commitment to responsible stewardship and effective management.

PSC's performance budget request for FY 2009 is \$699 million, which is an increase of \$57 million above the FY 2008 budget request of \$642 million. This performance budget includes modest increases to allow PSC to engage in new business opportunities outside the Department thus increasing the PSC's revenue base and to support several Departmental or President's Management Agenda initiatives that PSC has been asked to perform. The increases in the FY 2009 performance budget are listed in the PSC 'Summary of Change' on page 13.

- \$263.0 million for **Administrative Operations Service**, which is an increase of \$20.6 million above the FY 2008 budget request of \$242.4 million.
- \$115.6 million for **Financial Management Service**, which is an increase of \$13.5 million above the FY 2008 budget request of \$102.0 million.
- \$133.7 million for **Federal Occupational Health Service**, which is an increase of \$5.6 million above the FY 2008 budget request of \$128.0 million.
- \$50.9 million for **Enterprise Support Service**, which is an increase of \$3.5 million above the FY 2008 budget request of \$47.3 million.
- \$64.0 million for **Strategic Acquisition Service**, which is an increase of \$ 8.9 million above the FY 2008 budget request of \$55.1 million.
- \$4.2 million for **Business Technology Optimization**, which is an increase of \$1.3 million above the FY 2008 budget request of \$2.8 million.
- \$67.7 million for **Human Resources Activities**, which is an increase of \$3.6 million above the FY 2008 budget request of \$64.1 million.

Outputs and Outcomes Table (Key Performance Measures)

#	Key Outcomes	FY 2004 Actual	FY 2005	FY 2006		FY 2007		FY 2008 Target	FY 2009 Target	Out-Year Target
			Actual	Target	Actual	Target	Actual			
Long-Term Objective 1: Improve quality - Provide quality administrative support so that high performance can be maintained in HHS Program Services.										
1.1	Increase the percentage of services achieving timeliness targets.	91%	92%	95%	96%	95%	95%	95%	95%	95%
1.2	Increase the percentage of customers responding to PSC comment cards and indicating excellent/good ratings for satisfaction of services.	88%	87%	90%	95%	90%	91%	90%	90%	90%
1.3	Increase the percentage of cost centers processing billings to coincide with service delivery.	N/A	N/A	N/A	N/A	Identified baseline	87%	95%	95%	95%
Long-Term Objective 2: Increase Cost Savings to HHS by Expanding Market Share or Increasing Size of Customer Base.										
2.1	Increase percentage of new customers acquired annually.	10.7%	29.4% increase (234 new customers)	2% increase over FY04(18 new customers)	22% increase (194 new customers)	2% increase over FY06 (22 new customers)	17.6% increase (189 new customers)	2% increase over FY07 (25 new customers)	2% increase over FY08	2% increase
Long-Term Objective 3: Increase Cost Savings to HHS through Asset Management.										
3.1	Participate in Department-wide consolidations.	--	--	--	--	1 consolidation	0 consolidations	1 consolidation	1 consolidation	1 consolidation
3.2	Maintain PSC overhead rate to be less than 1.6% of total costs.	14%	8%	1.3%	1.4%	1.6%	1.3%	1.6%	1.6%	1.6%
3.3	Maintain percentage of revenue consumed by intra-service costs.	Identified baseline	10%	-10.0%	77.0%	4.0%	4.0%	4.0%	4.0%	4.0%
3.4	Increase the percentage of overall employee satisfaction PSC-wide.	68%	Goal Not Measurable	75%	61%	75%	Mar-08	75%	75%	75%
3.5	Increase the percentage of cost centers recovering within an established variance and achieving target Net Operating Result (NOR).	58%	62%	100%	62%	100%	60%	75%	75%	75%

Improve Quality:

PSC has a long term goal of improving quality of service delivery so that HHS OPDIVs may receive superior service while maintaining focus on their mission-related programs. There are three key outcomes or measures that indicate quality of service timeliness (Performance Measure 1.1), customer satisfaction (Performance Measure 1.2) and timely billings (Performance Measure 1.3).

Performance Measure 1.1 (Timeliness: Target met in FY 2007):

Timely service and responsiveness are critical elements that determine a customer's level of satisfaction with PSC. It is essential that an organization place a continued focus on maintaining and improving timeliness in order to maintain and improve the customer's perceptions of their service provider. PSC seeks to provide timely, accurate and efficient products and services to all customers through simplified, streamlined processes and procedures and through employing best business practices.

PSC measures the timeliness of service delivery against the timeliness performance standards established for each product and service listed in our comprehensive Directory of Products and Services. The target for each timeliness standard is set to achieve maximum customer satisfaction for timely delivery of products and services. In most cases, the timeliness targets are set at 95 to 100%. These standards exist in order to set expectations with the customer and to allow the customer to hold PSC accountable.

For Performance Measure 1.1, PSC tracks performance data to determine the percentage of its products and services that are achieving their individual timeliness standards. While these standards will be rolled up to the highest PSC level for reporting purposes, each product or service line will be held responsible for meeting their goals. Individual product and service lines results will be analyzed monthly and reviewed for problem resolution and tracked for improvement.

For FY 2007, PSC tracked 150 individual timeliness standards for 82 products and services. The performance results as of September 30, 2007 demonstrated that PSC had met the timeliness standards target of 95%.

Looking forward to FY 2008 and FY 2009, the target for Performance Measure 1.1 will remain constant at 95%. PSC will continue to analyze the targets established for each product and service to ensure that appropriate yet challenging targets are established. In addition, we will continue to evaluate ways to improve the effects of external forces on our business. With this approach, it is expected that PSC, as a whole, will be able to continue to achieve the timeliness standards at least 95% of the time in upcoming years.

Performance Measure 1.2 (Customer Satisfaction: Target met in FY 2007):

The other factor in measuring quality is overall customer satisfaction. PSC has placed great emphasis on providing quality, value-added services to all customers through reengineered processes and procedures, management and employee attention to quality, and through employing best business practices. PSC will measure the perceived quality of its service delivery as the percentage of customers expressing overall satisfaction with the quality of services provided. When PSC's customers are satisfied with products and services they are

receiving, it allows them to keep focus on their core mission. Additionally, it is important for PSC to track customer satisfaction because the higher the satisfaction ratings, the more likely customers are going to continue purchasing PSC products and services. This has an overall affect on price per service in that the total cost of the service is being spread over a larger customer base, thus reducing the price per unit. It is clear that customer satisfaction has a direct relationship not only to quality, but also to price for customers.

The customer satisfaction measure defines quality as those customers who are highly satisfied with overall service. PSC encourages customers to complete an on-line survey upon delivery of products and services and makes the survey available on PSC's website.

Survey responses are collected and analyzed on a monthly basis to arrive at the customer satisfaction rating. The monthly performance results are distributed to the cost center managers to resolve issues and to monitor the performance of their respective areas.

As a result of prior years' performance and in an effort to create an attainable yet challenging target, the FY 2006 target was set for 90% of customers to be satisfied with PSC services. For FY 2006, 1,771 customers completed the PSC On-line Customer Survey with a resulting customer satisfaction rating of 95% based on a four point scale, thus exceeding the target of 90%. In addition, the customer satisfaction rating for each Service Area within PSC exceeded the 90% target. The following table displays the customer satisfaction results by Service Area for FY 2006.

Overall Satisfaction Ratings (# of Comments)	AOS	BTO	FMS	FOHS	ESS	SAS	PSC Overall
Very Satisfied	505	18	255	284	145	227	1,434
Satisfied	34	5	42	115	30	15	241
Dissatisfied	13	0	8	15	4	2	42
Very Dissatisfied	15	0	8	15	12	4	54
Total	567	23	313	429	191	248	1,771
Percentage of Customers Very Satisfied and Satisfied	95%	100%	95%	93%	92%	98%	95%

As a result of prior years' performances and in an effort to create an attainable yet challenging target, the FY 2007 target was set for 90% of customers to be satisfied with PSC services. For FY 2007, 1,528 customers completed the PSC On-line Customer Survey with a resulting

customer satisfaction rating of 91% based on a four point scale, thus PSC achieved the target of 90% in FY 2007.

The following table displays the customer satisfaction results by Service Area in FY 2007.

Overall Satisfaction Ratings (# of Comments)	AOS	BTO	FMS	FOHS	ESS	SAS	PSC Overall
Very Satisfied	472	1	199	139	108	271	1,190
Satisfied	53	3	35	46	19	34	190
Dissatisfied	14	0	17	6	2	3	42
Very Dissatisfied	30	0	36	11	5	3	85
Total	569	4	287	202	134	311	1,507
Percentage of Customers Very Satisfied and Satisfied	92%	100%	82%	92%	95%	98%	91%

The lower customer satisfaction of 91% in FY 2007 as compared to 95% in FY 2006 could be attributed to the implementation and stabilization of UFMS and the PSC-wide buyout resulting in significant loss of institutional knowledge and customer service skills.

In FY 2007, PSC was not able to implement the initiative related to dissatisfied customers. PSC management is still investigating how a corrective action plan for dissatisfied customers can be properly implemented. The decrease from FY 2006 to FY 2007 in the number of customers completing the on-line survey is still under investigation. One possible reason might be that the current survey being used is not the right or appropriate survey for the organization. There might be a need to shift to another type of survey such as the Sirota customer survey.

Despite the success achieved in FY 2007, the FY 2008 and FY 2009 target will remain constant at 90% due to the potential for customer satisfaction fluctuations that may occur with existing or upcoming Departmental initiatives. As PSC recognizes consistent improvement in this measure, the targets will be revised to become more aggressive in future years. Meanwhile, in an effort to continually increase customer satisfaction, PSC will focus on providing employees with customer service training as well as following up with customers to resolve issues and improve customer relations. Additional discussions of this performance measure are provided in the FY 2009 PSC Online Performance Appendix.

Performance Measure 1.3 (Timely Billing: Baseline set in FY 2007):

In an effort to improve the quality of PSC service delivery, PSC established a new performance measure for FY 2008 that strives to achieve timely billings. As a fee-for-service organization, it is important for PSC to process its billings when services are rendered in order to collect revenue from its customers in a timely manner. This performance measure was under development during FY 2007 wherein 87% was established as the baseline. The 87%

resulted from the cost centers billing on time in 707 instances out of 815 actions in FY 2007.

Timely billing in PRICES is affected by the prompt receipt of billing data from the service providers, availability of the related UFMS reports and the efficient set-up by the cost center managers for the customers' billing information in PRICES.

Even though the FY 2007 result was 87%, a preliminary target has been established for FY 2008 to strive for 95% of cost centers to process billings to coincide with service delivery. The target will remain consistent for FY 2009.

Improve Cost Savings to HHS by Expanding Market Share:

The PSC seeks to expand its portion of the Federal shared services market in order to establish itself as the leader in shared services, benefit from economies of scale, achieve operational efficiencies, foster standardization, and free customers to focus on their core mission. As the shared services provider for HHS, it is essential that our prices be competitive and costs be controlled. To best serve our customers, we strive to identify ways that costs can be reduced and prices can be maintained and/or reduced.

Performance Measure 2.1 (Increase in Number of Customers: Target Met in FY 2007):

One method of controlling price increases is through obtaining new Federal customers, not just internal customers in the Department, but especially external customers outside the Department. By doing this, the PSC can spread overhead costs to a greater number of work units and achieve economies of scale through volume buys, thus lowering the cost to customers.

For this measure, the FY 2006 target was established before baseline data was available. As a result, PSC established a target of 2% growth over the FY 2004 baseline for FY 2006. The results for FY 2006 demonstrated that PSC exceeded its target for Performance Measure 2.1 by achieving a growth rate of 22%. The results could be attributed to the addition of two CASUs to PSC in October 2005. With the addition of the two CASUs to PSC's portfolio of business lines, PSC expanded its customer base. As a result of the market expansion achieved in FY 2006, the number of external customers has grown which will result in the ability to decrease costs in future years.

During FY 2007, PSC strived to increase its customers by 2% over the FY 2006 customer base. The FY 2007 result for this measure was 17.6% with an increase of 189 new customers. Moving forward, PSC would like to see growth continue at this rate. However, it is unlikely that this can be sustained over time. For FY 2008 and FY 2009, PSC has set a target of maintaining growth for the number of new customers at a rate of 2% over the prior year.

Improve Cost Savings to HHS through Asset Management:

Two critical factors that influence a customer's decision to purchase services from the PSC include quality of the service and price. PSC's first two goals address methods for monitoring quality and customer satisfaction.

The previous two goals focus on monitoring volume of services purchased, which directly correlates to the price PSC charges its customers. The remaining goal address also factors that influence price; however, this set of goals focuses on overall cost of delivering the products and services. If PSC costs can be maintained or reduced and the volume of services purchased remains steady or increases, there will be a positive result for the customer (i.e. prices remain the same or decrease).

Performance Measure 3.1 (Department-wide Consolidations: Target not met in FY 2007):

Performance measure 3.1 was established for FY 2007 and replaced a retired measure that previously tracked PSC's contributions to the Department's goal for a reduction in administrative staff. This measure is intended to track PSC's participation in Department-wide consolidations which will address the overall Department goal of reducing administrative costs. The target for FY 2008 is for PSC to participate in at least one consolidation. If, by working with other HHS components on consolidation initiatives, these other HHS components cease providing duplicate administrative services offered by the PSC as the Department's shared services provider, overall savings should be seen across the Department.

For FY 2009, the target for this measure will remain the same as PSC will strive to participate in at least 1 Department-wide consolidation annually.

Performance Measure 3.2 (Overhead Costs: Target Met in FY 2007):

PSC recognizes that it must be prudent in controlling overhead costs (those not involved directly in the performance of our products and services). To achieve this outcome, PSC originally established a performance measure to reduce the resources consumed by overhead to the extent possible while still maintaining required internal support functions. As a result of a 40% reductions in overhead costs achieved during FY 2002 and FY 2004 as well as the performance results for FY 2005, PSC realized it could no longer continue to aggressively reduce overhead costs. Therefore, for FY 2006 the goal of reducing overhead costs for this performance measure was changed to a maintenance goal.

For FY 2006, PSC established a target of maintaining an overhead rate of 1.3% or less. The results indicated that the PSC overhead rate for FY 2006 was 1.4%. Although PSC came close, the results demonstrated that PSC was not able to achieve its target for FY 2006. The target was not met for this performance measure because the costs increased as a result of PSC identifying and placing corporate costs where they appropriately belonged. In addition, costs increased as a result of full implementation of PSC's communication initiative.

For FY 2007, PSC established a revised target of maintaining an overhead rate of 1.6% or less. This budgeted overhead rate was increased slightly from the FY 2006 target due to the inclusion of FTE and contractual costs into overhead that were previously supplemented by the PSC Service Areas. The change was made to accurately reflect the costs in the appropriate place. Hiding cost in the direct service line was causing fund control issues as well as potentially limiting the service line either in reducing or restructuring the rates.

In addition, the increase included funds for upcoming business initiatives as well as increases related to oversight of competitive sourcing contracts. The FY 2007 results indicated that the actual overhead rate was 1.4% so that the FY 2007 target of 1.6% was achieved.

For FY 2008 and FY 2009, the performance targets will remain at the maintenance of an overhead rate of 1.6%.

Performance Measure 3.3 (Intra-service Costs: Target met in FY 2007):

Another factor that influences overall cost is the amount of intra-service costs (the cost of PSC services provided by one cost center to another). Intra-service costs result in higher rates to our customers with little value added to their mission while still a valid cost of doing business. As a result, PSC seeks to carefully manage and reduce resources consumed by intra-service support

to the extent possible while still maintaining required support functions. Reductions might take the form of identification of intra-service support more appropriately charged to customers, reduction in non-essential requests between Divisions/Service Units, and education of managers on prudent use of PSC's products and services. The rationale behind this metric is to improve buying behavior and to also capture lost revenue when two PSC offices are charging each other but never continuing with the next step, that of charging the customer.

PSC placed great emphasis on tracking and managing intra-service costs in FY 2003 and FY 2004 and established a baseline in FY 2004. In FY 2005, the goal was to reduce intra-service costs by 17%. For FY 2005, PSC's actual intra-service costs increased by 10% over the prior year due to business growth. Thus, the target for FY 2005 was not met. For FY 2006, PSC targeted reducing intra-service costs by 10% over the prior year. The results for FY 2006 indicated that intra-service costs increased by 77% over the prior year, thus PSC did not achieve its target. In FY 2006, the performance measure was finally refined so that in FY 2007, the measure would be the percentage of revenue consumed by intra-service costs so that the measure was tied to actual business process improvement. It was calculated by dividing the total intra-service costs incurred during the current year by the total revenue earned by PSC cost centers. In FY 2006, the revenue was \$532,179,743 resulting in a 4.44% of revenue consumed by PSC Intra-service costs.

While PSC focused on educating managers on prudent use of PSC products and services in an effort to control operational costs and improve buying behavior, PSC realized early on that this target would be impossible to achieve as it continues to strive for business expansion.

As a result of the performance in prior years, this measure was revised for FY 2007 to be a maintenance goal with a target of maintaining the percentage of revenue consumed by intra-service costs to 4%. This refined measure was based from the FY 2006 performance result of 4%. In FY 2007, the actual performance result was 4.0% and therefore, the performance target was achieved.

The target for FY 2008 and FY 2009 is to maintain the 4.0% percentage of revenue consumed by intra-service costs which was the same target in FY 2007. PSC will continue to evaluate this measure to determine a target or related measure that is more appropriate for the future.

Performance Goal 3.4 (Employee Satisfaction: Results not yet available):

Studies have shown that there is a direct link between employee satisfaction, productivity, and customer satisfaction. As a result, it is essential that PSC monitor employee satisfaction levels because dips in satisfaction may result in lower levels of productivity, which then has a correlation to a potential increase in costs. PSC recognizes the importance of employee satisfaction with respect to the overall success of the organization.

To measure employee satisfaction levels, PSC relies on the results of the Department's annual human capital survey. PSC previously participated in the HHS-wide Human Resource Management Index (HRMI) Survey. For FY 2006, PSC set a target to achieve a 75% satisfaction rating. To measure achievement of this outcome, the PSC participated in the FY 2006 Federal Human Capital Survey that was conducted by the Office of Personnel Management. The results of this survey were released to PSC in March 2007 and demonstrated that 58% of PSC employees responded to the survey with an overall job satisfaction rating of 61%. Therefore, the FY 2006 target of 75% was not met. To address the outcome of the FY

2006 human capital survey, the PSC developed and implemented an employee engagement program to communicate survey results and generate discussions over how to address negative results.

Starting in FY 2006, PSC implemented its Individual Development Planning Program to ensure that employees get the training and other developmental opportunities they need to advance in their careers and to meet the PSC's mission requirements. PSC also implemented the Employee Awards and Recognition Program as a means to ensure that PSC managers are aware of their role in rewarding high performance and motivating their employees as well as the tools that are available to support them. Lastly, PSC implemented its Succession Planning Program to ensure it is proactively planning for the loss of employees in mission critical positions.

PSC management hopes that the many initiatives and programs that are being implemented will improve employee satisfaction. Moving forward, PSC expects to continue to measure employee satisfaction as a critical component of its performance management program. The target for FY 2007, 2008 and 2009 will remain at the 75% overall satisfaction rating. The FY 2007 results will be available in March 2008. In the meantime, PSC is taking action to address satisfaction issues and work to improve human capital processes. Measuring employee satisfaction coincides with the President's Management Agenda initiative for Strategic Management of Human Capital. In addition to using human capital survey results to measure employee satisfaction, previously PSC conducted a workforce analysis to assess existing human capital processes. Surveys were conducted that identified human capital areas that PSC will focus on improving and strengthening over the next few years. Additional information about this performance measure is provided in the FY 2009 PSC Online Performance Appendix.

Performance Measure 3.5 (Cost Recovery: Target not met in FY 2007):

As a working capital fund, PSC must fully recover its operating costs with customer revenue at the agency level. However, in order to ensure that this rolled up information is being managed as effectively as possible, PSC also tracks this information at each individual cost center (product/service) level. Each cost center identifies costs, develops prices, and then revenue is collected at the cost center level. This enables PSC management to evaluate the performance, cost, and business results of each product line; identify problem areas; and take appropriate action. PSC will continue to monitor cost center performance with an expectation that all costs will be covered by revenue recognition.

During FY 2004 and FY 2005, PSC completed an analysis of most of its product lines and conducted extensive reengineering. As a result, PSC identified its core business products and expected all to be operating at the highest recovery levels for FY 2006. Therefore, PSC established targets for FY 2006 and FY 2007 that have 100% of cost centers achieving full cost recovery. The performance results for FY 2007 demonstrated that 60% of cost centers fully recovered costs thus the target was not met. Examples of our under-achieving cost centers have been Reprographics and Media n Arts. PSC management have taken a close look at those two centers and have reengineered them to cut costs by: eliminating certain services, reducing space assignment/rental costs, equipment costs, and not filling vacant positions.

PSC will continue to monitor the cost centers that have not achieved full recovery and evaluate them for cost recovery. If a certain point is reached wherein all possible adjustments and corrections are made and the cost centers are still losing money, the applicable services will be discontinued.

At the Service Area level, PSC continues to break even or roll excess to reserves. Management does monitor at a business line or cost center level, making adjustments each year to ensure that the lines are autonomously viable; however, some lines vary due to external events such as CRs, new department initiatives and unexpected volume swings. PSC tries to maintain continuity through the years by not providing a negative impact to the HHS core customers. In addition, reporting requirements for fiduciary as well as GPRA are at the Service Area level. PSC reports at the Service Area level, even though internally we monitor the business lines or cost centers.

While the results achieved for FY 2007 were below the target of 100%, organizationally PSC recovered 100% of its operating costs. PSC management continues to closely examine the cost centers that have repeatedly not achieved full cost recovery the last two fiscal years. This effort will help to identify ways to reduce costs and strive for greater operational efficiency. Additional information about this performance measure is provided in the FY 2009 PSC Online Performance Appendix.

While PSC continues to strive for full cost recovery at the organizational level and cost center level each year, it realizes that unforeseen circumstances and business fluctuations may alter its operations during the course of the year. Therefore, PSC established its FY 2008 target to have 75% of its cost centers recover costs within an established variance. This new target will remain in effect for FY 2009.

Organization of the Narrative by Activity

Administrative Operations Service

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Estimate	FY 2009 + / - FY 2008
BA	\$ 199,647,000	\$242,426,000	\$263,050,000	+ 20,624,000
FTE	197	208	213	5

Authorizing Legislation - 42 USC 231

FY 2009 AuthorizationIndefinite

Allocation MethodContract

Program Description and Accomplishments

The Administrative Operations Service (AOS) provides a wide range of administrative and technical services to customers within the Department and to other Federal Agencies, as well as corporate support to the PSC. The mission of AOS is to provide high-quality administrative support services at competitive prices by capitalizing on its expertise and leveraging economies of scale. Major service areas in AOS include: *Property Management*, including facilities management, space leasing, disposition of surplus Federal property, personnel and physical security, and logistics services, including receiving, asset management, storage and disposal; *Technical Support*, including telecommunications, visual communications, printing and publications, reprographics, conference facilities, and mail and messenger services; *Information Technology*, including a wide array of information technology infrastructure support services; and *Other Administrative & Corporate Support*, including Freedom of Information Act services, regional administrative support, services by Cooperative Administrative Support Units, ethics, competitive sourcing, and business operations.

Property Management: The mission of the Division of Property Management (DPM) is to provide facilities management, leased space management, personnel and physical security services, disposition of surplus Federal property, and logistics services, including receiving, asset management, storage, product distribution and disposal.

DPM provides building management, space acquisition, space alterations, and leased space management for customers located in leased facilities in the Washington metropolitan area, in the 10 HHS Regional Offices, and the newly established offices in support of the Office of Medicare Hearings and Appeals (OMHA). By delegation from the General Services

Administration (GSA), DPM performs lease contract management of the Parklawn Building and the Personal Property Facility located in Montgomery County, Maryland. DPM also acts as a liaison between GSA and the HHS tenants on all leased space issues in 15 buildings in Montgomery County and the District of Columbia. DPM partners with the Office of the Secretary in support of Departmental initiatives related to real property management issues.

As part of its facilities management services, DPM manages several programs. The DPM facility managers maintain an aggressive energy management program, which has resulted in utility company rebates and savings that have been, in turn, reinvested in new energy conservation projects and helped offset rising utility rates. The Safety Program has added Automated External Defibrillator (AED) units to a number of facilities and continues to provide initial and refresher training to over 330 employees' annually in AED/CPR techniques. The Safety Officer manages the PSC Safety Program and Co-chairs the OS Safety Committee. In addition, DPM administers the Department's Transit Subsidy Program that includes over 7,000 customers and a media value of over \$5 million a year.

DPM manages both initial and subsequent alteration projects from design through move-in. Staff specialists design the space, monitor the work, and track project costs using a proprietary Computer Aided Design (CAD) Program. This system quantifies work items from a Unit Price Agreement (UPA) and projects the total project cost. The system also captures space assignment square footage from which rent charges are based.

DPM provides complete personnel and physical security services to include: advising on appropriate position sensitivity; processing background investigations; adjudicating cases with issues; taking digital fingerprints; verifying previous background investigations; processing Special Agreement Checks; providing consultation services for personnel and physical security issues; installation, maintenance, and oversight of security equipment; contract guard services; and, emergency planning operations. In addition, DPM has assumed a lead role in implementing HSPD-12 shared services locally and across the nation, including employee identity proofing and identification card issuance. The physical security initiatives include: an automated security access system, a Shelter-In-Place Plan, a Continuity of Operations (COOP) Plan, and an emergency notification system utilizing the HHS Octel network, which alerts OS/ASAM staff emergencies.

In addition, DPM maintains security around the perimeter of the Parklawn Building to include physical barriers such as raised berms, posts, and reinforced railings.

DPM administers the Surplus Federal Property Assistance Program for the Department and has transferred over three hundred surplus properties across the United States and U.S. Territories to states, local governments, and nonprofit organizations. DPM is instrumental in the transfer of all properties determined suitable for health related program purposes and prioritizing homeless assistance programs. Other health use organizations are laboratories, clinics, and water and wastewater facilities. This activity is expected to grow as the Federal Government continues to release its surplus real property to state, local and non-profit organizations.

DPM operates the 115,000 square foot Personal Property Facility (PPF) in Gaithersburg, Maryland which offers secure storage, including climate controlled areas and provides for a diversity of logistics services including asset management, transportation, labor services, product distribution and disposal. The PPF is equipped with a wireless warehouse management system (WEBWIMS), state-of-the-art racking, specialized material handling equipment, and an automated carousel system. WEBWIMS provides data to manage asset life cycles, inventory,

property disposition, space utilization and customer reporting. Propshop, an e-commerce website, provides customers a streamlined order entry point to place service orders to the DPM. The web ordering system interfaces with other DPM systems to provide paperless transactions, track workload data, and eliminate duplication of data entry. An automated carousel system, which interfaces with Propshop and an automated mail/shipping system, supports DPM's forms and publications distribution business.

The Property Management Information System (PMIS), a secure, certified and accredited asset management system, is utilized to provide for all or part of the personal property management capability for all but one of the HHS OPDIVs. An automated interface with the software used by the PSC Acquisitions Management office and Finance (UFMS) will significantly reduce redundant data entry. Both interfaces are in program development at this time. When complete, the three integrated systems will provide shared data capability through the lifetime of all capitalized and non-capitalized personal property assets, as well as depreciation results for the financial records.

To support and improve the transportation services provided, DPM is implementing the use of Global Positioning System (GPS) technology on its delivery vehicles and utilizing PC Miler asset visibility. This will improve how the assets are utilized and create new opportunities to better serve customers.

Technical Support: The mission of the Division of Technical Support (DTS) includes telecommunications, visual communications, forms management, printing and publishing, reprographics, conference facilities, and mail and messenger services.

The DTS Telecommunications staff provides cost-effective, responsive, and flexible telecommunications products and services for HHS within the National Capital Region. They provide strategic coordination, integration of voice, data, and video communications via telephone network facilities, and implement major network changes to assure cost efficient, technologically current services. Specialists establish and manage partnerships with customers and vendors, and serve as liaisons with customer telecommunications managers. These specialists are also responsible for the voice mail systems, desktop maintenance, and management and oversight of domestic and international long distance services including domestic and international calling cards, and 800 services. Centralized billing for telecommunications includes high level monitoring of vendor invoices to ensure accuracy and contract compliance, and a central focus dedicated to providing error-free bills for all customers.

The DTS Visual Communications staff works in graphic design as partners in the process of delivering high quality media services to customers. DTS staff possesses expertise in interacting with customers in both concept and administrative functions with completion to the desired end-product. DTS Printing Procurement is responsible for the development, management, and execution of an ongoing agency-wide printing procurement and product distribution program. This includes providing technical expertise, direction, procurement, and execution of all aspects of the Federal printing and publishing program, ultimately saving the customer time and money.

DTS administers the HHS Forms Management Program and develops Department-wide initiatives, policy, and procedures governing the program. In addition to serving as the focal point for HHS in the implementation of the Presidential Management Agenda (PMA) E-Forms

Initiative, DTS provides for the review, clearance, control, numbering, and inventory for all official forms used within the Department.

DTS offers a full range of conference services to customers with its 15-room conference facility. This facility offers a professional staff of audio visual technicians who provide services that include the latest technology for videoconferencing, satellite downlink broadcasts, web casting, and distance learning. In addition, digital projection systems for use with computer-generated, large screen presentations provide customers with the latest high resolution technology needed in medical seminars and meetings for health and drug research professionals.

DTS provides postal metering and delivery of mail pieces for customers of HHS. It sorts, meters, ships, and delivers mail for HHS customers located both at the Southwest Complex in Washington, DC and the Parklawn Complex in suburban Maryland. Branch specialists are responsible for maintaining an agency-wide mail management program which includes the yearly estimating, verification, and reporting of HHS' actual mail expenditures.

Information Technology: In the fourth quarter of FY 2007, the Office of Information Technology Operations (OITO) was transferred from ASAM to PSC/AOS and now operates under the name Division of Information Technology Operations (ITO). Since the organization remained within the HHS Service Supply Fund, there was no affect on the FY 2007 budget. For FY 2008 and FY 2009, the budget for ITO will be included within the AOS budget.

The mission of ITO is to provide information technology (IT) infrastructure support services, including the use of a performance-based contract model, to selected OPDIVs (ACF, AoA, AHRQ, HRSA, SAMHSA, OIG, OS and PSC). The services provided include network services; Help Desk, Call Center, and desktop support services; server hosting, network architecture; IT training; IT security services; and Continuity of Operations Planning (COOP) support. ITO also manages the Departmental network (HHS-Net) for all OPDIVs and in FY 2009 will begin managing the enterprise-wide E-mail system for the Department.

In October 2005, ITO awarded a new support contract that is significantly different from prior support contracts. The contract is performance based, with appropriate incentives and disincentives based on the achievement of the specified service levels. To demonstrate contract performance levels and to improve overall customer satisfaction, the ITO measures 21 different service levels. Contract performance levels are very ambitious, in many cases raising the "industry best practice" performance bar. Approximately 85 percent of the services provided in the contract are firm-fixed price (FFP), at levels that are comparable to the best offered in the private sector. The FFP rates decline over the life of the contract, providing ITO with predictable cost savings each year of the contract. To demonstrate contract performance levels the ITO measures 21 different service levels.

A key factor in the success of the program is the shift to a "high-tech, low-touch" model, which maximizes the use of technology. In most cases the need to send technicians to user locations is obviated by the ability to remotely manage network connected devices from a central operations center. In FY 2008, ITO will complete work on the rationalization and standardization of the network infrastructure inherited from its customers via consolidation, improving quality of service and further driving costs down. Additionally, ITO will work to mature the Applications Hosting line of business, affording customer organizations the

opportunity to move business applications to a secure data center designed explicitly for this purpose.

Other Administrative & Corporate Support: Through the AOS Office of the Director, AOS also provides the following services to customers and corporate functions for PSC:

Board for Corrections – AOS manages the Department’s Board for Correction of Commissioned Corps Officer Record (Board). The Board serves as the final administrative step when Commissioned Corps officers allege errors in records or injustices. The Board exercises broad authority in correcting records or injustices when they occur.

Child Care Coordination – AOS provides oversight to the center which provides on-site child care for children of HHS employees working in or near the Parklawn Building in Rockville, MD. This oversight ensures an efficient administration of the center. The office also monitors the center’s accreditation and compliance with the licensing regulations. In addition, AOS currently manages the Child Care Subsidy Program for PSC, FDA, AOA, SAMHSA, and HHS/OS components.

Cooperative Administrative Support Unit (CASU) – PSC is the Lead Agency for the Mid-America CASU in Kansas City, MO; the Mid-Atlantic CASU in New York, NY; and the Rocky Mountain Regional CASU in Denver, CO. AOS provides management and oversight functions for the CASUs. The CASUs provide consolidated services to its customers in a cost effective and customer oriented manner, thus reducing redundancies and achieving economies of scale. Each CASU is governed by a Board of Directors made up of heads of its local customer agencies. The CASUs provide mail, contract staffing, copier management, copy paper, maintenance and repair, labor and moving, IT training, office supply and forms distribution, procurement, hearing impaired interpreter, TRANSHARE distribution, and conference room scheduling services to hundreds of customers across the country.

Regional Administrative Support – AOS provides administrative services to HHS staff in the ten (10) HHS Regional Offices in Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Kansas City, Denver, San Francisco and Seattle. Services offered include facility, space planning, personal property, telecommunications, mail, administrative assistance, TRANSHARE distribution and several other miscellaneous support services.

Freedom of Information Act (FOIA) Services – AOS provides services to the Public Health Service agencies and the PSC in compliance with FOIA. Services include the processing of all FOIA requests involving more than one agency or the PSC, processing all administrative appeals for signature by the Deputy Assistant Secretary for Public Affairs, working with the Office of the General Counsel to respond to litigation filed under the FOIA, and providing Department-wide training and consultation on FOIA matters. AOS also provides Privacy Act and Records Management services to the PSC. Privacy duties include updating PSC System of Record Notices to ensure compliance with the Act; developing or amending System Notices as needed; ensuring that the collection and maintenance of information is permitted; addressing unauthorized disclosures of personally identifiable information; reviewing HSPD-12 compliance issues; and advising employees of privacy rights and responsibilities. Records management activities include maintaining and updating record retention schedules; assisting with the destruction and retirement of records; and reviewing record retention policies and procedures for PSC components to ensure compliance with the guidelines of the National Archives and Records Administration.

Competitive Sourcing – The PSC Office of Competitive Sourcing manages all aspects of the program for the PSC, ensuring compliance with OMB Circular A-76 and meeting all goals and objectives of the Department and PMA. Key functions include preparing the annual PSC FAIR Act Inventory, conducting competitive sourcing studies, and monitoring the performance of winning in-house activities including Most Efficient Organizations (MEO).

Ethics – The Ethics Office facilitates the PSC Ethics Program, under the direction of the PSC Designated Ethics Counselor. This includes public and confidential financial disclosure, annual training, off-duty employment, and advice on ethics issues.

Strategic Workforce Management – The AOS Office of the Director manages the PSC Workforce Programs including the Awards and Recognition Program, Individual Development Planning Program, and the Succession Planning Program. Overall it is responsible for planning, developing, implementing, and maintaining policies, standards, programs and procedures governing workforce management across all components of the PSC.

AOS Performance Analysis

FY 2007 continued to be another productive year for AOS. In addition to providing critical services to its customers each day, the following highlights accomplishments achieved and initiatives undertaken by AOS during the year:

Asset Management System Consolidation: AOS continues its efforts to lead the Department-wide effort to consolidate departmental legacy systems into a single data base, the Property Management Information System (PMIS). It is working with CDC to migrate property records and will continue this activity into FY 2009. Discussions with FDA continue to move ahead for the effort to migrate their property records in late FY 2008. In addition, PMIS began formal work with UFMS to implement the integrated link between capital depreciation reporting and the financial system. This interface is currently undergoing user acceptance testing. A re-evaluation for a functional design change will occur in FY 2008.

Despite some delays, this effort has already led to streamlined financial reporting policies throughout the Department and promises to reduce manual accounting intervention by hundreds of hours per year. When the consolidation effort is completed, PMIS will serve as the sole reporting source for changes to the financial state of personal property throughout HHS.

Energy Management: AOS continues to initiate energy/water reduction initiatives at the 1.4 million square foot Parklawn Building. As a result of changes which have taken place at the facility (replacement of mechanical and electrical equipment and systems, operational changes, educating employees about energy saving ideas), Parklawn has dropped its energy and water consumption substantially. Energy consumption has dropped 30% in the Parklawn Building since 1985 when reduction initiatives were first implemented and water consumption has dropped 47% since 1998. As a result, the building was recently certified as an Energy Star Building by the Environmental Protection Agency. This certification distinguishes the building as one of the top 25% in the nation in terms of energy performance, and makes it a testament to improving our environment as well as the organization's bottom line. In the continuing effort to identify new energy reduction initiatives, AOS applied for and was selected for a Federal Energy Management Program (FEMP). The program involves a free DOE energy assessment

of Parklawn to uncover additional energy reduction measures. Only a small number of buildings nationwide were selected for these audits.

Transit Services: AOS has implemented new controls in the PSC Transhare Program to protect against fraud, waste and abuse. The controls will ensure that all participants are Government employees, participants do not have a Government assigned or a commercial parking space, and that the amount of transit subsidy received is based on actual transit costs. Third party verification has also been added with signature blocks for the participant's supervisor and a regional or agency coordinator. These additional safeguards were implemented in accordance with an OMB directive.

Security Services: The Homeland Security Presidential Directive 12 (HSPD-12), "Policy for a Common Identification Standard for Federal Employees and Contractors," requires all Federal Government agencies to develop specific and consistent standards for both physical and logical identification systems. The National Institutes of Standards and Technology (NIST) established detailed standards on implementing processes and systems to meet the personal identity verification (PIV) requirements of HSPD-12. These standards consist of two parts: PIV-I, security requirements; and PIV-II, technical interoperability requirements.

In FY 2006, AOS consolidated its Physical and Personnel Security Branches to better address HSPD-12 requirements. This consolidation allows PSC to implement a secure, seamless, end-to-end identity management applicant registration and identification card issuance service. The merger has eliminated duplication, streamlined operations, lowered costs, and reduced the time it took to process background investigations.

Through the efforts of AOS, PSC has established a nation-wide network of HSPD-12 compliant biometric enrollment stations in the regions for fingerprinting, photographing and identity proofing Federal employees and contractors. Serving as a model, AOS has played a key leadership role in helping the Department achieve HSPD-12 goals and OMB deadlines. AOS representatives participate on the agency-wide HSPD-12 working group and co-chair the important PIV-I subcommittee. PSC has also hosted a continuing series of vendor demonstrations so that the operating and staffing divisions of the Department are poised to procure compliant software and equipment even before these items are posted on NIST and GSA lists of HSPD-12 approved items. PSC has currently enrolled Federal employees with 15 years or less service from five (5) OPDIVs/STAFFDIVs ahead of schedule.

Parklawn Building Replacement: AOS is coordinating with GSA on all aspects of the Parklawn Replacement Lease, which will result in a replacement lease for the largest office building in the state of Maryland. AOS assisted in the development of the Prospectus to be reviewed by Congress and OMB and worked closely with GSA's contractor to develop the HHS program of requirements for the new space acquisition. AOS has reviewed and provided extensive input to the program, solicitation, budget, schedule, and Source Selection Team for this best value procurement.

A description of the consolidated lease competition for the Parklawn Building is included in the justification for the Health Resources and Services Administration. These funds will enable PSC employees to work in facilities that meet minimum health and safety standards, and are configured to enable PSC to fulfill its mission most efficiently. FY 2009 funding is required to facilitate the long-term housing solution required for all Parklawn occupants, since the current lease expires on July 31, 2010.

San Francisco Federal Building: AOS completed the HHS Region IX Administration relocation, consisting of over 180,000 rentable square feet to the new San Francisco Federal Building in June, 2007. The move was from the historical Federal Building at 50 United Nations Plaza in San Francisco, into a new state of the art, LEED certified building. The new San Francisco Federal Building was designed to optimize energy performance and comply with HHS space utilization policies. The benefits of the relocation include improved energy efficiency and efficient rental costs due to improved space utilization. AOS's handling of the relocation enabled the move to take place on schedule, thus avoiding double rent exposure that would have occurred had HHS not vacated the old premises on time. In addition, a considerable savings (under GSA's proposal) also resulted from AOS's efficient disposal and excising of abandoned HHS property at the old location.

Competitive Sourcing: Under the management of AOS, PSC met all requirements of both the FAIR Act and A-76 programs for this fiscal year. In FY 2007, AOS successfully conducted the Motor Vehicle Operators streamlined competition, which affected 12 FTE positions. AOS staff provided the technical and functional expertise to ensure compliance with the Federal Acquisition Regulation (FAR) and Circular A-76; provided the necessary resources and training to conduct the study; and, developed, certified, and submitted the Agency Tender. Upon completion of this study, the Agency's Most Efficient Organization (MEO) was determined to be the low-cost service provider. For FY 2008, PSC's Competitive Sourcing "Green" Plan, which consists of four streamlined competitions, two competing the existing organization and two developing and competing MEOs, has been submitted and approved by ASAM's Office of Competitive Sourcing.

Information Technology: ITO continues to have a productive year with positive results. The Blackberry refresh was completed on schedule on September 2007 along with one-third of all desktops replacements, approximately 2,400 assets, by the end of this fiscal year as contractually required. In FY 2008, 2,600 assets are scheduled for refresh. ITO has now standardized all workstations, laptops, Blackberry's and printers thus resulting in lower call volume and a 50% reduction in desk-side support visits. ITO's first call resolution rate is up to 91% resulting in increased service levels up by 35%, increased customer satisfaction up by 16%, and annual contract costs down by 8%. ITO also developed additional seat options in response to customer requirements and provided new IT devices and project management support for the transition of the National Disaster Medical System (NDMS) from the Department of Homeland Security to HHS. ITO has responded to OIG Security Audits to ensure compliance with FISMA, A-123, and SAS-70 and deployed PointSec Encryption software in compliance with new Federal mandates. ITO has also eliminated 47 outdated OS CIO policies and upgraded three. Lastly, ITO has developed a near real-time, web-based, Situational Awareness System Dashboard that monitors critical systems and alerts management for immediate response to the customer's business needs.

Performance Management – AOS continues to manage the performance management program for PSC, to include collecting performance data, informing decision-makers, refining approaches for analysis of the data, and taking corrective action to address areas for improvement. For FY 2007, monthly reports were developed and distributed to provide timely performance information to decision makers. This process resulted in recognition of high performing areas and corrective action plans to address areas needing improvement. In addition, performance measures for FY 2008 and FY 2009 were developed by operations managers in consultation with the PSC Director and the PSC Business Office.

Another element under the Performance Management Program is managing customer satisfaction through various customer feedback mechanisms. For performance reporting, PSC collects and tracks customer satisfaction utilizing an electronic survey that is available for customer input 24/7. The resulting data is analyzed monthly to determine overall customer satisfaction with services and to identify areas for improvement. The FY 2007 results in analyzing the customer data is provided in more detail in the Summary of the Request section under Customer Satisfaction (Performance Measure 1.2).

Communications – AOS continues to execute the PSC’s Communications Program and develop new communication initiatives to address internal and external needs. The internal communication objectives that are underway include the new employee orientations, a monthly electronic newsletter for employees, standard broadcast messages, employee surveys, and Intranet content management. The external communication objectives that are underway include a quarterly customer newsletter, brand management, marketing materials, customer surveys, Internet content management, and customer relationship management. These initiatives will further increase employee and customer satisfaction through strategic and timely communication.

AOS Funding History

FY 2004	\$ 86,170,000
FY 2005	\$ 105,420,000
FY 2006	\$ 171,427,000
FY 2007	\$199,647,000
FY 2008	\$242,426,000

Budget Request

The estimated FY 2009 budget for Administrative Operations Service is \$263,050,000 to provide administrative operations services.

The FY 2009 expenses for the Administrative Operations Service are estimated at \$263,050,000 a net increase of \$20,624,000 from FY 2008 based on \$18,000,000 to expand the CASU customer base, \$2,152,000 for business line Application Hosting, \$318,000 for pay increases, and \$154,000 for rent increases.

Financial Management Service

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Estimate		FY 2009 + / - FY 2008
BA	\$84,441,000	\$102,025,000	\$115,564,000	+	13,539,000
FTE	206	226	231		5

Authorizing Legislation - 42 USC 231

FY 2009 AuthorizationIndefinite

Allocation MethodContract

Program Description and Accomplishments

The Financial Management Service (FMS) serves as a major part of the foundation of the Department's finance and accounting operations through the provision of a wide array of accounting and financial services; debt management and collection services; grant payment, cash management, and accounting support services; and indirect cost rate negotiation and approval services for HHS and other Federal grant and program activities. FMS also provides fiscal advice, technical and policy guidance, and assistance in implementing new initiatives aimed at assuring compliance with regulatory requirements. In addition, FMS is the Department's Center of Excellence for E-Gov Travel and the provider of operations and maintenance support for the Department's Unified Financial Management System (UFMS). The mission of FMS is to provide high-quality financial management services at competitive prices. This is accomplished through the provision of centralized products and services that focus on timely and accurate service delivery.

Financial Operations: The Division of Financial Operations (DFO) provides a full range of financial and accounting services including commitment and fund accounting, funds control, disbursements, financial reporting, financial statement preparation, and assistance with solving financial problems. These services are provided to the PSC and several HHS OPDIVS, including the Administration for Children and Families (ACF), Administration on Aging (AoA), Health Resources and Services Administration (HRSA), Substance Abuse and Mental Health Services Administration (SAMHSA), and the Agency for Healthcare Research and Quality (AHRQ) as well as the Office of the Secretary (OS).

DFO accounts for all costs, obligations, disbursements, advances, receivables, expenses, revenue and accruals, and supports administrative control of funds. It applies proprietary and budgetary accounting principles to appropriations, allotments and allowances in processing cash receipts, recording purchases (obligations), receiving (accruals), disbursements, payroll, and inventory control. All obligations recorded in the accounting system by DFO follow the Government Accountability Office (GAO) guidelines published in the Principles of Federal

Appropriations Law. DFO furnishes fiscal advice, and provides technical and policy guidance to headquarters program offices and field accounting activities. Additionally, DFO prepares auditable financial statements and reports for internal and external use.

In support of its activities, DFO uses the UFMS which comply with Federal generally accepted accounting principles. In addition, DFO adheres to Federal fiscal laws and regulations mandated by the GAO, Office of Management and Budget (OMB), General Services Administration (GSA), and the Department of the Treasury (Treasury).

The major statutes that govern DFO operations include but are not limited to: Chief Financial Officers Act of 1990, Certifying Officers Act of 1941, Prompt Payment Act of 1989, Federal Managers' Financial Integrity Act of 1982, Federal Financial Management Improvement Act of 1996, Debt Collection Improvement Act of 1996, Government Performance and Results Act of 1993, and the Government Management Reform Act of 1994. DFO also follows OMB Circular A-11 instructions on budget execution under existing Federal laws and OMB Circular A-123, Management Responsibility for Internal Controls, including Appendix A, Internal Control over Financial Reporting.

DFO is a Treasury designated Debt Collection Center for (1) Health Profession Debt; (2) HHS debt less than 180 days delinquent; and (3) audit and program disallowances for a period of 180 days following the completion of any appeals. While DFO provides debt management services for all components within HHS, the HHS debts not included within the designation that are greater than 180 days delinquent are electronically referred to Treasury's Debt Collection Center for cross servicing. The services provided include day-to-day interaction with the Department of Justice and Treasury to successfully collect overdue accounts. Collections are deposited within 24 hours of receipt.

DFO refers eligible Health Professions debt to the Office of the Inspector General (OIG) for exclusion from participation in Medicare and Medicaid. Prompt, accurate, effective collection and deposit of funds owed to the Federal Government is essential to fulfillment of public financial and program objectives. Timely exclusion from Medicare and Medicaid participation and the referral of claims to the Department of Justice for enforced collection has been highly effective in achieving compliance from medical professionals who fail to meet legal debt obligations to the Federal Government.

In support of the Department's effort for improved financial performance, DFO provides operational and maintenance (O & M) support for UFMS. The scope of O & M services includes post deployment support and ongoing business and technical operations services. Post deployment services include supplemental functional support, training, change management, and technical help desk services. Ongoing business operation services involve core functional support, training and communications, and business help desk services. Ongoing technical services include the operations and maintenance of the UFMS production and development environments, ongoing development support, and backup and disaster recovery services.

DFO, through its E-Gov Travel Center of Excellence (CoE), provides operational customer support on travel related services for the HHS. Services include: providing Tier Three support to Federal Agency Travel Administrators and liaison to the Tier One E-Gov Travel Help Desk; performing contract maintenance for the E-Gov Travel and Travel Management Center vendors; collecting and responding to customer feedback; evaluating and prioritizing changes and improvements to systems and processes; managing the impact of upgrades and system

testing; developing and executing training and communications plans; managing enhancement needs through development and deployment; and leading requirements gathering, testing, and implementation of any new or updated interface.

Payment Management: The Division of Payment Management (DPM) provides centralized electronic grant and grant-type payment, cash management, and grant accounting support services to HHS and 12 other Federal Departments and Agencies. DPM serves as a fiscal intermediary between Federal Awarding Agencies and recipients of grants and grant type awards. As part of its services, DPM provides same day and next day automated payments; monitors the status of funds in the hands of grant recipients and initiates collection action as needed; provides debt collection services for disallowances or disallowed costs, and reports information to the Department of Commerce for Federal domestic assistance awards. In addition, DPM is designated by OMB as the Federal Government's central collection point for interest earned on advances of Federal grant and grant-type funds.

DPM operates and maintains the Payment Management System (PMS). PMS is an automated system used to provide disbursement, grant monitoring, reporting, and cash management services to both awarding agencies and grant recipients. PMS is a highly flexible system capable of receiving automated or manual payment requests; editing them for accuracy and content; batching them for forwarding to the Federal Reserve Bank for payment; and recording and posting them to the appropriate general ledger accounts.

On-line inquiry capabilities allow all PMS users to determine the status of their respective accounts on a real-time basis. The timing and amount of payments may be checked, balances verified, collection information confirmed, and funding levels and grant award amounts verified. PMS is accessible through the DPM home page.

Cost Allocation: The Division of Cost Allocation (DCA) is the third major component of FMS and is responsible for reviewing and negotiating facility and administrative rates (also known as indirect cost rates), fringe benefit rates, special rates as determined to be appropriate, research patient care rates, statewide cost allocation plans, and public assistance cost allocation plans. DCA provides these services on behalf of Federal granting and contracting agencies nationwide based on the legal requirement for grant and contract issuing agencies to review cost allocation methods and practices of entities receiving Federal grant and contract funds. Through its services, DCA helps ensure that indirect cost rates paid by the Federal Government are legally sound, fair, and equitable.

Additional services provided by DCA include: resolving audit findings on cost allocation plans and indirect cost rates; providing guidance on matters affecting grant programs; providing recommendations on improving grantee accounting systems; and providing assistance in developing Government-wide and Department-wide accounting policies, procedures, and regulations.

In addition, for organizations not subject to the commercial cost principles, DCA collects rate agreements (issued by HHS and other Departments) and distributes them on a government-wide basis. DCA also evaluates a wide range of ADP and telecommunication facilities operated by state/local governments, colleges and universities, and other nonprofit organizations to determine whether charge-backs for services to Federal programs are reasonable, proper and allowable under Federal cost principles.

In support of its activities, DCA maintains the Cost Allocation Management Information System, the Indirect Cost Rate Information System, the Rate Agreement Distribution System and the Statistical Analysis System.

FMS Performance Analysis

Unified Financial Management System (UFMS): In FY 2007, FMS continued to contribute to the Department-wide implementation and stabilization of UFMS, the Department's new and consolidated financial system. On October 16, 2006, UFMS successfully went live for PSC and its customer OPDIVs, except for IHS. The implementation for IHS is scheduled for October 2007. PSC is now in the stabilization phase and is continuing its efforts to make UFMS a success for the Department by acclimating employees and customers to using UFMS and addressing technical issues that arise.

In addition to UFMS developmental activities, FMS provides Operations and Maintenance (O&M) support for UFMS to CDC, FDA, and the PSC Customer OPDIVS, including ACF, AHRQ, AOA, HRSA, SAMSHA, OS and the PSC. The services provided for O&M support include post deployment support and ongoing business and technical operations services.

With the implementation of UFMS for the PSC and its customers, the Department is getting closer to its goal of a consolidated financial management system for all of HHS. The PSC's implementation contributes toward, HHS goal of producing timely, accurate, and useful financial information to support operating, budget, and policy decisions using UFMS. This is in alignment with the Department-wide goal and PMA objective of improving financial management practices.

Annual Audit of Financial Statements – As in prior years, FMS continues its efforts to ensure that PSC is successful in the annual audit process and dedicates resources to tasks required in order to achieve an unqualified audit opinion. In addition, resources continue to be directed at addressing and resolving prior findings and conditions, as well as immediately taking action on those items that were discovered and/or reported in the current year's review. FMS audit liaison staff continue to analyze and improve estimation techniques and correct accounting transactions to reduce the number of adjustments made for financial statement reporting. As a result of these efforts, PSC continues to meet the required financial statement reporting deadlines as well as play a significant role in the achievement of an unqualified opinion for HHS.

A-123 Implementation – FMS has served a leadership role in the PSC's implementation efforts to meet the requirements of OMB Circular A-123, Appendix A which directs management to conduct an assessment of internal controls over financial reporting. As the shared services provider for the HHS, PSC conducted its A-123 assessment to provide an assurance statement over the effectiveness of its internal controls as they relate to the services PSC provides and as an operating component of HHS. For the assessment, PSC's management completed risk assessments, identified and documented key processes and controls, and tested these controls to determine their effectiveness over financial reporting. Through the leadership of FMS, PSC has met all scheduled milestones for A-123 implementation.

Debt Collection – FMS has continued to serve the Department well in its role as a Department of Treasury designated Debt Collection Center, a role that it has fulfilled for over eight years.

The performance in FY 2007 demonstrates that more than \$4 billion in Department debt claims were referred to the Department of Treasury's cross-servicing operation.

In FY 2007, the Debt Collection Center collected over \$1.6 billion through administrative offset for delinquent child support. The collections were disbursed to participating States for monies owed to children and families for back child support.

Payments – During the past year, FMS's strong track record related to timely payments in response to the Prompt Payment Act was interrupted briefly by the stabilization efforts of the UFMS implementation. However, by June 2007, the Division of Financial Operations returned to meeting the CFO Council's 98% target of on-time payments for the June payment.

During FY 2006, FMS engaged in recovery auditing activities for purchase order/contract payments made in FY 2004 and FY 2005 by the PSC accounting operation. The recovery auditing contractor reviewed over 220,000 payment transactions with a dollar value in excess of \$4.8 billion.

Cost Allocation: For FY 2007, the Division of Cost Allocation is on track to complete over 2,600 facility and administrative (indirect) cost rate and cost allocation plan negotiations with grantee institutions where HHS is designated as the cognizant Federal Agency by OMB. The negotiations have resulted in \$950 million of cost avoidance and over \$152 million in cash refunds for the Federal Government.

FMS Funding History

FY 2004	\$ 54,898,000
FY 2005	\$ 54,977,000
FY 2006	\$ 66,987,000
FY 2007	\$84,441,000
FY 2008	\$102,025,000

Budget Request

The estimated FY 2009 budget for the Financial Management Service is \$115,564,000, to provide financial management services.

The FY 2009 expenses for the Financial Management Service are estimated at \$115,564,000, a net increase of \$13,539,000 from FY 2008 based primarily on \$15,000,000 for UFMS ORACLE Upgrade, \$876,000 for pay increases/new hires, \$2,889,000 for continued contract costs for system investments, \$258,000 for rent, a miscellaneous decrease of \$177,000, decrease of \$5,700,000 for the stabilization of UFMS.

Federal Occupational Health Service

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Estimate	FY 2009 + / - FY 2008
BA	\$130,740,000	\$128,048,000	\$133,674,000	+ 5,626,000
FTE	75	81	83	2

Authorizing Legislation - 42 USC 231

FY 2009 AuthorizationIndefinite

Allocation MethodContract

Program Description and Accomplishments

The Federal Occupational Health Service (FOHS) provides comprehensive, high-quality, customer-focused occupational health services in strategic partnership with Federal Agencies nation-wide. The mission of FOHS is to improve the health, safety and productivity of the Federal workforce. FOHS programs provide strategic prevention and early intervention services to employees and Federal Agency employers, thereby providing economies in both financial and human costs.

FOHS currently provides services to numerous Federal Departments and Agencies and serves over 1.5 Million Federal employees. The services provided by FOHS include health and wellness programs, employee assistance, work/life, and environmental health and safety services. FOHS provides occupational health services via three divisions: the Division of Health and Clinical Services provides a variety of clinical services; the Division of Employee Assistance Program Services provides behavioral health services; and the Division of Environmental Health Services provides environmental health and industrial hygiene services.

The services that FOHS provides include consultations to agency management, program design to meet customer needs, service provider selection, direct provision of services, and program oversight and evaluation. FOHS provides services in cities and towns all across the country including some of the most remote corners of the United States. The support and services FOHS provides enables agencies to promote health, wellness, physical fitness, and productive, safe work environments for their employees, as well as maintain compliance with OSHA and other federally mandated standards.

Health and Clinical Services: The Division of Health and Clinical Services provides occupational health and clinical services to employees and consultations to management under two different types of interagency agreements. A basic package of standardized services is offered that includes walk-in care, emergency response, and preventive screenings at permanent Occupational Health Centers. In addition, specialized or customized clinical services are offered that help agency managers meet their specific occupational health responsibilities arising out of legislative and regulatory requirements or agency initiatives.

Basic Occupational Health Center Services (BOHCS) include but are not limited to:

- On-site clinical care, referrals and follow-up;
- First aid and emergency response;
- Routine immunizations for flu, tetanus and pneumonia;
- Services prescribed by a personal physician such as bed rest, blood pressure and glucose monitoring, and allergen or hormone injections;
- Health and wellness education programs - group sessions and individual education on topics such as smoking cessation, nutrition, and stress reduction;
- Online health promotion information including Health Risk Appraisals; and
- Confidential maintenance of employees' occupational health records in accordance with the Privacy Act.

Specialized clinical services include but are not limited to:

- Medical surveillance services for the assessment of exposure of groups of employees to health hazards such as toxic substances, noise, lead and asbestos;
- Database management of individual and aggregate test results;
- Medical clearance examinations including pre-placement and periodic fitness-for-duty examinations, including those associated with protective equipment, such as respirator use;
- Consultations with management on occupational health issues, program development and assessment;
- Medical opinions on reasonable accommodations requests filed under the Americans with Disabilities Act and Family and Medical Leave Act;
- Injury prevention and disability management services;
- Education and training on various topics including general health and wellness, Tuberculosis, Bloodborne Pathogens, and hearing conservation;
- Wellness/fitness program development, Fitness Center design, staffing, management, and individual fitness assessments;
- Other preventive health services such as periodic health evaluations, individual and corporate health-risk appraisals;
- Development, implementation and management of on-site Automated External Defibrillator Programs including requisite training, physician oversight and quality assurance;
- Self-directed or group smoking cessation programs with availability of nicotine replacement therapy (nicotine gum and patches);
- Federal Law Enforcement Medical Programs consisting of:
 - Development of medical standards based on agency-specific job task analyses unique to law enforcement officers;
 - Pre-placement and periodic medical examinations;
 - Medical review of physical examinations to determine whether applicants or incumbents satisfy the functional requirements of their positions.
 - Fitness-for-duty medical evaluations;
 - Expert witness testimony;
 - Medical consultations on worker's compensation, return-to-work, and reasonable accommodation issues; and
 - Medical information/data management and trend analysis for law enforcement agencies.

Environmental Health: The Division of Environmental Health Services offers a wide range of industrial hygiene, environmental health, safety, and engineering services. This includes the provision of project design, evaluation, management, oversight services as well as project labor for a wide range of services including but not limited to:

- Industrial hygiene surveys and evaluations involving chemical, physical or biological agents and exposures;
- Environmental health evaluations and site surveys;
- National Environmental Protection Act (NEPA) assessments;
- Lead and asbestos inspections and assessments;
- Hazardous materials evaluations;
- Specialized facility assessments for compliance with federal/state/local laws and regulations;
- Worksite safety and health evaluations for worker and visitor protection and for OSHA regulatory compliance, workers compensation issues and incident investigations;
- Indoor air quality studies and solutions;
- Sanitation and food service evaluations;
- Ventilation and engineering evaluations, assessments and recommendations;
- Building microbial and mold assessments, evaluations, quality laboratory analyses and control;
- Training including courses in:
 - Bloodborne pathogen exposure and protection
 - Hazard communication and materials
 - Laboratory standards
 - Safety engineering
 - Ventilation
 - Asbestos
 - Lead;
 - Respiratory protection
 - Personal protective equipment
- Workplace and worker ergonomic assessments, evaluations, control and accommodation;
- Consultations on safe worksite planning, hazard surveillance/analysis, risk assessment, hazard control, and workers compensation issues;
- Occupational health and safety program management – planning, development, implementation, evaluation, and operational assistance;
- Research and field evaluations related to environmental issues and conditions; and
- Industrial hygiene and environmental laboratory analysis and services.

Employee Assistance Programs (EAP): The Division of Employee Assistance Program Services offers services under a “consortium” program as well as providing unique or specialized EAP services to individual client agencies such as the U.S. Postal Service.

EAP services include but are not limited to:

- Clinical assessment of employee emotional, substance abuse, workplace or situational problems that may interfere with job performance;
- 24 hour a day/ 7 day a week telephone access to professional consultation for managers and clients;

- Short-term problem resolution in 3, 4 or 6-session models;
- Referral to community resources when longer-term treatment is necessary;
- Crisis counseling - 24 hours a day;
- Critical incident stress management and intervention;
- Supervisory training, employee orientation and union briefings;
- Health and wellness promotions and presentations, including employee and management newsletters;
- Consultations with supervisors regarding employee services and behavioral health issues which may be affecting workplace performance and productivity;
- Website-based dependent care resources;
- Web-based services including: self-screenings, personal plan development, information about a wide range of topics, and links to government and other reputable websites;
- International services for Federal employees overseas;
- Legal and financial services, including identity theft services and protection.
- An online, interactive substance usage education and prevention program as well as online seminars and health and wellness presentations;
- Specialized services to agencies with law enforcement functions.
- Pre- and post-deployment educational resources;
- Drug Free Workplace and Department of Transportation (DOT) substance abuse assessment, consultation, monitoring, and follow-up; and
- A full range of Work/Life resource and referral services, including child and elder care resources, education, relocation, career and retirement planning, legal and financial counseling, that help employees better manage their work and personal lives and increase their productivity.

Other Behavioral Health Specialized Services include:

- Organizational Development - Management consultation, work environment assessment, recommendations to resolve organizational problems, training, team building, and other organizational interventions to help employees function effectively as a work group;
- Consultation on violence in the workplace to assist agencies to develop effective policies and train employees to implement proper procedures; and
- Alternative Dispute Resolution Services assist agencies to develop effective policies and provide qualified neutrals to facilitate resolution of issues through mediation and other means.

FOHS Performance Analysis

In FY 2006, FOHS supported disaster relief efforts of the Federal Government, provided services that support strategic management of the Federal workforce, implemented new technology to become more efficient and effective in its service delivery, and utilized strategic sourcing options to control costs. These efforts were continued by FOHS in FY 2007 along with other initiatives to institute a “balanced scorecard” approach to improve program performance.

Disaster Relief Efforts: FOHS continued support of disaster relief efforts of the Federal Agencies that were tasked with the national response and recovery efforts for areas of the United States that were affected by Hurricane Katrina. While significantly diminished in scope compared to the previous year, the last disaster health center in the Gulf Region closed in

Baton Rouge, Louisiana in April 2006 but additional sites were established in Kansas to support relief efforts to the tornadoes that struck the area in June.

Influenza Vaccination: Despite long delays in shipment of the 2006 influenza vaccine, FOHS supported the HHS National Influenza Immunization week in November 2006 and were able to immunize over 100,000 Federal employees.

Pandemic Preparedness: FOHS continued its efforts to improve awareness and education of pandemic planning. This past year, FOHS participated in Pandemic Tabletop Exercises sponsored by FEMA, and Federal Executive Boards in New York and Boston, as well as the U.S. Courts in Philadelphia and New York, reaching over 100 Federal managers.

Human Capital Management: The Federal workforce of today is required to do more with fewer employees. As a result, there is a need for workplace services to enhance productivity of the workforce. FOHS fulfills this need by providing consultation to managers and direct occupational health services for approximately 800,000 Federal civilian employees. Through its EAP, Alternative Dispute Resolution (ADR) and Medical Employability (ME) Programs, FOHS provides employees and management with resources that help them in very personal and global ways. During FY 2006, FOHS assisted over 70 customer agency Human Resource and Employee/Labor Relations Offices with more than 3,000 medical leave and reasonable accommodation determinations. Through the ADR Program, FOHS assisted customer agencies by providing mediation services for approximately 900 cases of employment related disputes. In performing EAP services, FOHS provided 40,646 1:1 counseling services, 551 supervisor training sessions, and 1686 employee orientations. These combined services have assisted agencies throughout the Federal sector to manage their human capital more effectively. FOHS is continuing this EAP activity in FY 2007

Expand Electronic Government: In FY 2006, FOHS implemented the web based Services Tracking and Management (STM) system. STM streamlines and simplifies administrative management of interagency agreements for delivery of services for customer organizations. It provides a user friendly way of developing interagency agreements, adding additional services and expanding agreements across customer agencies, tracking service delivery, and facilitating accurate and timely billing for services. Since STM provides customers web access to agreement activity reports, FOHS has eliminated the mailing of approximately 1,700 paper reports each month which results in a cost saving of approximately \$17,000 annually. STM has allowed FOHS to consolidate over 500 agreements, thus streamlining processes and reducing the resources required to manage these accounts. This is an ongoing process and total cost savings will not be realized until the end of FY 2007. In addition, STM provides potential for greater customer satisfaction through the use of the web based Customer Portal enabling convenient access to account activity reports with increased detail tailored to meet their needs and viewed at their convenience. With the implementation of STM, FOHS is positioned with the flexibility it needs to adopt new business, ensure that business processes are consistent across the organization, improve access to management information, provide customers with a consolidated view of the work performed for them, provide billing and activity reports that are web accessible and accurate, and enable the FOHS to work more efficiently. FOHS has continued to improve the performance of STM throughout FY 2007. Customers continue to access data related to their specific interagency agreements through the web portal.

Strategic Sourcing for Cost Control: FOHS piloted the Department's Strategic Sourcing Blanket Purchase Agreement (BPA) for medical professional staffing in the DC Metropolitan

area. While initial implementation was slow, progress continues and FOHS is currently evaluating proposals from those vendors to expand its use to two staffing contracts that are expiring, with anticipated period of performance beginning in second quarter of FY 2008. As a result of consolidating multiple contracts into this mechanism, over time FOHS expects a reduction in management costs as well as the potential to decrease indirect contract support costs by three to five percent.

FOHS Funding History

FY 2004	\$167,660,000
FY 2005	\$ 177,227,000
FY 2006	\$ 223,137,000
FY 2007	\$130,740,000
FY 2008	\$128,048,000

Budget Request

The estimated FY 2009 budget for the Federal Occupational Health Service is \$133,674,000, to provide occupational health services.

The FY 2009 expenses for the Federal Occupational Health Service are estimated at \$133,674,000, a net increase of \$5,626,000 from FY 2008 based on \$5,000,000 for anticipated new business, \$262,000 for pay increases, \$82,000 for rent increases and \$282,000 for miscellaneous increases.

Enterprise Support Service

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Estimate	FY 2009 + / - FY 2008
BA	\$46,986,000	\$47,314,000	\$50,863,000	+ 3,549,000
FTE	163	171	175	4

Authorizing Legislation - 42 USC 231

FY 2009 AuthorizationIndefinite

Allocation MethodContract

Program Description and Accomplishments

The Enterprise Support Service (ESS), formerly named the Human Resources Service, provides an extensive array of human resource system and reporting enterprises (including administration and management) for the HHS civilian employees and Commissioned Corps officers. The mission of ESS is to provide high quality human resource support services at competitive prices to a multi-customer base of HHS components and other Federal agencies. These services include automated personnel and time and attendance systems support, equal employment opportunity services, and compensation and medical benefits support services for active duty and retired Commissioned Corps officers. ESS also serves as the liaison between the Department's civilian payroll service provider and HHS employees.

Enterprise Applications Division: ESS provides all HHS OPDIVs and STAFFDIVs with personnel and time and attendance systems support. To accomplish this mission, the Enterprise Applications Division manages and maintains the Department-wide personnel system, PeopleSoft, which integrates with the payroll system provided by the Defense Finance and Accounting System (DFAS). The HHS Departmental payroll system was transitioned to DFAS on April 17, 2005. The Enterprise Applications Division maintains numerous inbound and outbound interfaces from HHS personnel and time and attendance systems to DFAS.

The Enterprise Applications Division also provides the Commissioned Corps of the U.S. Public Health Service with complete computer applications support for its automated personnel, payroll, and management information systems. This includes systems analysis, design and development, modification and maintenance; the production of official personnel orders, recurring and special onetime reports, and payroll data including check and bond transactions; and the operation of an in-house data processing facility to support these functions. It also runs the monthly Commissioned Corps Payroll for approximately 11,000 Active-Duty Officers, Retirees, and Annuitants. These services are provided in addition to the services provided by the Office of Commissioned Corps Force Management, a component of the Office of the Secretary, Service and Supply Fund.

Payroll Services Division: The Payroll Services Division administers the departmental payroll processes in support of, and as a liaison for, the Defense Finance and Accounting Service (DFAS). This division manages payroll-related service requests; performs payroll customer service management, manages compliance, reporting, and policy changes to payroll processing; performs audits on personnel actions affecting payroll; and processes payroll actions relative to separated employees, including retirement and other separation actions, which are forwarded to the Office of Personnel Management (OPM) upon completion. In addition, the Payroll Services Division provides direction, technical assistance, standard operating procedures, and documentation to HR personnel and other persons who use outputs from the HHS personnel and DFAS payroll systems. It also provides required information and works with the PSC and other Departmental staff to resolve audit-related issues and findings.

Commissioned Corps Support Services: The Office of Commissioned Corps Support Services (OCCSS) provides an administrative infrastructure for the U.S. Public Health Service by performing all pay systems administration activities for Commissioned Corps officers, both active and retired; administers the Commissioned Corps retirement program and survivors' assistance program; and provides administrative management and direction relating to medical matters affecting Commissioned Corps officers, retirees, and their family members. These services are provided in addition to the services provided by the Office of Commissioned Corps Force Management, a component of the Office of the Secretary, Service and Supply Fund.

Equal Employment Opportunity: The Division of Equal Employment Opportunity (EEO) provides administrative EEO services to PSC, AHRQ, and SAMHSA. In this role, it encourages and assists its customers in voluntarily taking affirmative steps towards achieving the Federal goal of having a fully representative work force which includes members of all groups protected by the various EEO laws, including persons with disabilities. It administers the special emphasis/diversity programs to accommodate the special needs of particular groups and to foster a working environment in which employees treat each other with respect and dignity and value the differences in backgrounds that each employee brings to the workplace. EEO administers the discrimination complaints program which seeks to identify and eliminate discriminatory policies and practices from within the workforce based on race, national origin, color, sex, age, religion, disability, sexual orientation and/or reprisal, and provides for the prompt, fair and impartial processing of discrimination complaints. EEO operates an alternative dispute resolution (ADR) program in order to resolve complaints of discrimination at the earliest possible stage and administers an EEO investigation program for HHS to provide EEO complaint investigations on a timely and impartial basis.

ESS Performance Analysis

During FY 2007, ESS continued to contribute significantly to the achievement of the strategic goals and objectives for both PSC and HHS as a whole. The following are highlights of the accomplishments and initiatives undertaken in this year.

Enterprise Support: In FY 2007, ESS successfully implemented the new pay and legislation changes for over 60,000 civilian employees as a result of Executive Order 13420 signed by President Bush on December 21, 2006.

To support the transfer of the National Disaster Medical System (NDMS) from the Department of Homeland Security to HHS in FY 2007, ESS successfully assisted with the movement of over 9000 intermittent and 45 permanent NDMS employees. The transfer process required matching data from the Department of Homeland Security's personnel/payroll system at the National Finance Center to HHS's personnel and time and attendance systems as well as the payroll system with DFAS.

Phase I of the OPM e-Government Retirement System Modernization Project was completed a month ahead of schedule and under budget. This project will save the Human Resources Centers the task of closing out retirement records when employees separate since the data has all been certified and is electronically on file at OPM. It will also speed up retirement processing as the retirement history process has converted from paper to online access for OPM retirement processors.

The Department's Human Resource (HR) system, EHRP, was successfully upgraded from the PeopleSoft HR8.0 release to PeopleSoft HR 8.9. The software upgrade vastly improved functionality and data integrity and allows continued vendor support, fewer screens to complete an action, improved navigation and the ability to notify other individuals of an action and its status through email.

In June 2006, the Enterprise Application Division successfully implemented the Most Efficient Organization (MEO), which was the outcome of the A-76 Competitive Sourcing study in 2005. Over 100 positions were studied including contractors. As part of the successful bid for this A-76 initiative, with the implementation of the Most Efficient Organization (MEO), EAD implemented twenty seven Key Performance Indicators (KPIs) to ensure the workload defined in the Performance Work Statement (PWS) was being met. Data is compiled monthly and reported to the Competitive Sourcing Office. Based on a mid-year review by the Competitive Sourcing Office independent contract, EAD is meeting the performance indicators. Based on the mid-year review, the EAD MEO is within the proposed budget.

The Commissioned Corps Payroll and Personnel system is currently being transitioned from a legacy WANG platform to a Web based Payroll and Personnel system called CCPAYROLL. The Commissioned Corps Retiree population (approximately 5,600) is currently using the new CCPAYROLL payroll and personnel system.

The Beta Prototype for Active Duty Officers was successfully delivered this year. This was also the first year that the CCPAYROLL system had the responsibility to produce and report out the end of year numbers and 1099R's for the Retiree, Annuitant and former Spouse population. 1099R's were successfully produced and mailed out to approximately 5,600 of the retiree population.

The transition of Commissioned Corps active duty population to the CCP system is scheduled for FY 2008 with parallel testing currently underway. The implementation will include online access to earnings statements. This will result in a cost savings of approximately \$45,000 per year since the active duty earnings statements will not need to allow for mailing costs to Commissioned Corps Officers.

Commissioned Corps Support Services: The Office of Commissioned Corps Support Services, Medical Affairs Branch revised staffing models and redistributed workloads to institute better business practices and eliminate the necessity to fill a vacant FTE, leading to an

annual cost savings of approximately \$100,000; audited and processed approximately \$60M in Federal bills issued for healthcare services provided to the Commissioned Corps officers during fiscal year 2007, meeting or exceeding all timeliness expectations pertaining to the payment process; and lastly, monitored and audited approximately \$2.5 million in payments issued by United Concordia, reimbursing agencies for dental care provided to active duty Public Health Service officers during the same calendar year. Additionally, the Medical Affairs Branch contributed to the overwhelming success of the 2007 Commissioned Officers Association (COA) conference by serving as event staff, lecturing and providing informative literature that heightened awareness on a vast array of public health and healthcare access issues. Furthermore, the Medical Affairs Branch has outlined a cost effective business plan to advance the containment of medical records from paper to electronic, targeting the project for FY 2008.

The Office of Commissioned Corps Support Services, Compensation Branch processes payroll transactions and maintains payroll accounts for over 11,000 active-duty officers, retirees, and annuitants. The Branch collaborated with the Department of Defense in the development of new medical/dental special pay rates for FY 2008, the management of the Uniformed Services Thrift Savings and Survivor Benefit Plans, and the ongoing phased elimination of the Social Security Offset reduction for SBP annuitants age 62 or older. In addition, they collaborated with the Department of Veterans Affairs (VA) on the management of the Service Members Group Life Insurance Plan, and by sharing information pertaining to the payment of VA disability compensation and Concurrent Retirement and Disability Pay.

The Compensation Branch implemented the Most Efficient Organization (MEO); coordinated with the Department of Labor for PHS Participation in issues involving Unemployment Compensation for Ex-Service members, to accelerate responsiveness to former officers; and finally coordinated with the Office of Commissioned Corps Force Management and the Office of Commissioned Corps Operations with ongoing Commissioned Corps Transformation initiatives.

Equal Employment Opportunity: To support the efforts to diversify the Federal workforce, the Division of Equal Employment Opportunity (EEO) revised the Special Appointment Authorities Handbook. This updated guidance was distributed to managers in the PSC, AHRQ, and SAMHSA and provides managers additional methods for recruiting in hard to fill position with under represented populations.

To improve the timeliness of service delivery and maintain the privacy of employees, EEO established an electronic mailbox where employees may communicate with the office in order to obtain information about the EEO programs and ask questions or present inquiries or concerns to an EEO staff person.

To promote diversity among PSC's workforce, EEO continues to promote several initiatives to recruit Hispanic individuals. It participated in a job fair in Orlando, Florida sponsored by Latinos for Hire. Through its outreach program, EEO coordinates with the Hispanic Association for Colleges and Universities to meet with career counselors, internship coordinators, and students interested in Federal employment.

ESS Funding History

FY 2004	\$ 51,804,000
FY 2005	\$ 52,835,000
FY 2006	\$ 52,890,000
FY 2007	\$46,986,000
FY 2008	\$47,314,000

Budget Request

The estimated FY 2009 budget for the Enterprise Support Service is \$50,863,000, to provide services that support human resources activity within the Department.

The FY 2009 expenses for the Enterprise Support Service are estimated at \$50,863,000, a net increase of \$3,549,000 from FY 2008 based on \$1,850,000 for HR system data verification and imaging, \$580,000 for pay increases, \$59,000 for rent increases, \$947,000 IT internal support, and \$113,000 for miscellaneous expenses.

Strategic Acquisition Service

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Estimate	FY 2009 + / - FY 2008
BA	\$63,333,000	\$55,064,000	\$63,974,000	+ 8,910,000
FTE	102	108	111	3

Authorizing Legislation - 42 USC 231

FY 2009 AuthorizationIndefinite

Allocation MethodContract

Program Description and Accomplishments

The Strategic Acquisition Service (SAS) is responsible for providing leadership, guidance, and supervision to the procurement operations of the PSC and for improving procurement operations within HHS. It provides strategic sourcing services; acquisition management services; and pharmaceutical, medical, and dental supplies to HHS and other Federal agencies. SAS streamlines procurement operations in HHS through activities such as the reduction of duplicate contracts, the use of consolidated contracts, and implementation of new procurement practices designed to provide higher quality procurement services at reduced cost.

Strategic Sourcing: The Strategic Sourcing Division is responsible for Department-wide initiatives to consolidate purchasing of expendable commodities and commodity-like services. This includes conducting spend analysis to support acquisition decisions, implementing change management processes to empower the acquisition community, and investigating and implementing innovative government and industry procurement practices within the HHS acquisition environment. As part of the Department's Acquisition Integration and Modernization (AIM) efforts, the Strategic Sourcing Division manages the Strategic Sourcing Contract Portfolio. The portfolio includes HHS-wide Blanket Purchase Agreements (BPAs) to facilitate purchasing of the following commodities and services: Custodial Products, Events Management Services, IT Peripherals Hardware, Lab Supplies, Office Equipment, Office Furniture, Office Supplies, Temporary Administrative and Professional Staffing Services, and Temporary Professional and Medical Staffing Services.

Acquisition Management: The Division of Acquisition Management solicits, negotiates, awards and administers simplified acquisitions and complex contracts in such areas as health care and support services, evaluation design studies and analyses, conference management, technical assistance, information technology, professional services, labor services, computer/office machine repairs, real property leasing, renovations, and commercial products and services. These services are provided to HHS components nationwide, as well as to customers outside the Department. The wide array of acquisition and cost advisory services are provided by highly trained, experienced, and specialized staff utilizing state-of-the-art technology.

Supply Service Center: PSC operates a full service medical supply depot located in Perry Point, MD. The HHS Supply Service Center is a national and international source of pharmaceutical, medical, and dental supplies for the healthcare facilities and programs of HHS, DOD, and other Federal civilian agencies. In addition, the Supply Service Center offers logistical support worldwide, in concert with technical assistance and material management, to service their customer's requirements.

Registered by the Food and Drug Administration (FDA) as an authorized repackager/relabeler, the Supply Service Center provides customized pharmaceutical repackaging services. This includes provision of over 200 unit-of-use pharmaceutical prepacks of solid, oral dosage forms to a variety of Federal customers. These products are convenient, prescription-size, patient-ready units labeled for direct distribution to patients by health care providers. All repackaging/relabeling is accomplished using state-of-the-art equipment and an experienced staff oversees all facets of this operation. The Supply Service Center follows standard industry and FDA-approved methods for receiving, sampling, testing, and accepting all repackaging supplies and components.

The Supply Service Center offers a comprehensive program involving the repackaging, storage, and worldwide distribution of drug products being studied in a number of clinical drug trials. The program is primarily sponsored by the National Institutes of Health (NIH). Technical assistance, inventory management, and logistical support are provided to meet the packaging and distribution requirements of each unique clinical drug trial. Agreements with prospective research programs are executed in cooperation with NIH and other Federal Agencies in order to participate as the Drug Distribution Center (DDC).

In addition, the Supply Service Center provides medical supply support for Presidential Initiatives, Foreign Medical Assistance programs, Emergency Disaster Relief, and Department of Defense programs. It procures pharmaceutical and medical products, equipment, and related supplies which may be assembled into specialized kits supporting a specific coordinated disaster response involving specially trained teams.

SAS Performance Analysis

Strategic Sourcing: SAS focused its FY 2007 efforts on expanding the HHS Strategic Sourcing Program, conducting customer outreach and change management activities, and establishing more efficient management capabilities. Specifically, SAS added two office furniture manufacturers to the Strategic Sourcing Contract Portfolio, resulting in additional capacity; participated on the Federal Strategic Sourcing Initiative (FSSI) domestic delivery services sourcing team, which awarded a contract to Federal Express with an average savings of 35%; and added 5,000 items to the lab supplies market basket.

To increase the strategic sourcing usage rates, SAS initiated several customer outreach activities including distributing a monthly email newsletter to educate the HHS buying community about the program. SAS conducted focus groups and a change readiness survey to obtain buyer feedback regarding the program and, as a result, tailored change management activities such as information sessions, targeted communications, and vendor fairs to address identified issues.

To improve the management efficiency of the strategic sourcing program, SAS developed an automated tool to track vendor usage and facilitate consistent vendor performance management. A second automated tool was developed to facilitate the spend analysis process and the identification of potential sourcing opportunities.

Through its performance efforts in FY 2007, SAS has enabled the Department to effectively purchase products and services by leveraging organizational needs and buying power, resulting in reduced pricing and total cost of ownership, improved service levels, and enhanced process efficiencies.

Acquisition Management: In FY 2007, SAS continued to strengthen its workforce with experienced personnel by capitalizing on the HHS' "Direct-Hire" authority for acquisition professionals through the recruitment and selection of key personnel. In addition, SAS continued its partnership with the Department of Interior in an effort to sponsor Government-wide Acquisition Management Interns. As a result of this partnership, one new intern has been selected for permanent employment with SAS and more are expected to follow in 2008.

SAS continues to support contingency planning and business continuity efforts for PSC and the Department. To prepare for future emergency operations, SAS readied the acquisition workforce in FY 2007 through additional FEMA training and the establishment of contingency contracts. In addition, several of SAS employees participate as members of the HHS Contingency Contracting Cadre in support of the Department's contingency planning efforts.

SAS is approaching \$800 million in contract award obligations and has passed back over \$3 million to customer agencies through effective competition and negotiation strategies during FY 2007. Of the contracting dollars awarded so far, over 37% have been placed with small businesses. Through SAS's performance efforts, PSC exceeded the Department's goal of 20% for awarding procurement dollars to small businesses.

Lastly, SAS has continued to invest in the Department's consolidated closeout contract during FY 2007. As a result, 540 contracts have been closed, \$318,126 has been de-obligated, and \$6,979 in refunds has been received.

Supply Service Center: In FY 2008, the Supply Service Center will generate approximately \$40 million in total customer sales, providing the very best in customer service in terms of productivity, quality, and responsiveness at a reasonable cost. It continues to increase its number of customers and projects as well as renewing its partnerships from prior years.

During FY 2007, the Supply Service Center continues its role as a critical provider of medical supply support for our nation's military during a critical period in our country's history, combating terrorism and supporting the Middle East war effort. It supports over twenty-five military projects, totaling some \$3.5 million dollars. The specific projects supported involve a

number projects for the U.S. Army Medical Material Agency, including the Combat Support Hospital Program; the Surgeon General's Medical Nuclear, Biological and Chemical Defense Material; the 84 Bed Field Hospital assemblage; and a number of kits and builds for the U.S. Navy.

Additionally, the Supply Service Center continues to support a variety of medical supply assemblage programs throughout the Federal government, including the State Department, Peace Corps, Department of Homeland Security's Office of Emergency Response, Metropolitan Medical Response Systems, Office of Foreign Disaster Assistance, CDC, and the U.S. Agency for International Development. It supports these programs not only through the development and supply of customized medical, dental and diagnostic kits, but also through the logistical and inventory support for re-supply and kit modifications.

The Supply Service Center continues to be a major distributor of influenza vaccine for the Federal worker, the U.S. Armed Services, and other populations served by various Federal agencies. In FY 2007, it packed and shipped close to 335,000 doses of vaccine in insulated shipping containers throughout the world. As has been the practice for a number of consecutive flu seasons, an extremely erratic shipping schedule of the vaccine by the manufacturer continued to task the Supply Service Center operations in regards to workflow operations in order to meet customer demands and requirements.

A new state-of-the-art repackaging line was installed in the Center's Pharmacy Services Branch in FY 2007. This highly technical line is capable of producing finished product at a rate of 150 bottles per minute. In addition, at each of the various stages of the production run, the machinery integrated into the line elevates quality control standards to an unprecedented level. For example, at the tablet/capsule filler, a short count detection and reject component is featured, the capper has a high/missing cap and/or foil seal detector, an induction sealer was installed for "tamper-proof" finished product, and a pressure sensitive labeler integrates "on-the-fly" thermal transfer printing capabilities for barcodes and two character string application to the printed label on the finished bottle. The production capabilities and standards of the new line fully meet the requirements of the FDA and current Good Manufacturing Practices.

In FY 2007, the Supply Service Center was awarded three additional clinical drug trials, which brings the total to fourteen the number of multi-year trials being managed at the Center. Combined, these trials helped the Center realize over \$4 million in revenue for FY 2007. This business line is continued to increase, with a potential of five new studies being awarded in FY 2008.

The Supply Service Center negotiated an MOU with CDC and program officials with the Strategic National Stockpile to serve as a supply and storage facility for the Federal Medical Station program. The program is designed to be a deployable "field" hospital-type medical assemblage, with a configuration design that allows for rapid transportation and an expedited set-up to an affected community or site. The Supply Service Center assumed the lead in the pharmacy module configuration, and will procure, assemble and store pharmaceuticals for ten FMS builds. Additionally, the Center will also re-supply and store up to ten medical/surgical modules, depending on program requirements. FY07 funding for the FMS project totaled approximately \$5 million. CDC officials have indicated that they fully anticipate Perry Point's role to increase in the FMS program over the next few years.

In FY 2007, the Supply Service Center co-developed, with the Office of Public Health Emergency Preparedness, a standard formulary to be utilized for “Community Health Kits”, a kit assemblage consisting of both pharmaceuticals and medical/surgical products. These kits will be an invaluable resource for not only hurricanes, but acts of terrorism, disease outbreak, and other naturally occurring disasters. Currently, completed kits are ready to be deployed at a moment’s notice. These kits will be maintained with dated material rotated for the duration of the program.

SAS Funding History

FY 2004	\$ 103,591,000
FY 2005	\$ 72,996,000
FY 2006	\$ 69,151,000
FY 2007	\$63,333,000
FY 2008	\$55,064,000

Budget Request

The estimated FY 2009 budget for Strategic Acquisition Service is \$63,974,000 to provide strategic acquisition services.

The FY 2009 expenses for the Strategic Acquisition Service are estimated at \$63,974,000, a net increase of \$8,910,000 from FY 2008 based on a net increase of \$10,000,000 for anticipated new business, decrease in strategic contract cost of \$991,000, and \$99,000 for miscellaneous decreases.

Business Technology Optimization

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Estimate	FY 2009 + / - FY 2008
BA	\$2,561,000	\$2,821,000	\$4,157,000	+ 1,336,000
FTE	0	0	0	0

Authorizing Legislation - 42 USC 231

FY 2009 AuthorizationIndefinite

Allocation MethodContract

Program Description and Accomplishments

The mission of the Office of Business Technology Optimization (BTO) is to help HHS organizations streamline and minimize duplication of administrative services by integrating information technology (IT), business processes, and people.

BTO offers project management services to identify, develop, and implement business and IT solutions that assist HHS components in maximizing return on their IT investments and ensures that IT solutions are supportive of strategic business goals. In addition, BTO provides IT security services in the areas of certification and accreditation (C&A), IT security training, FISMA audits, security test and evaluation (ST&E), and IT Continuity of Operations (COOP) in compliance with Departmental and Federal guidance.

BTO Performance Analysis

FY 2007 is the second year that PSC has tracked timeliness of service delivery and customer satisfaction for BTO services. BTO has continued to exceed its performance standards: 95% of project milestones met on time and 90% of projects delivered within budget, month after month.

The IT security staff within BTO assists the PSC and other HHS organizations with implementing Federal and Departmental policies mandated under the Secure One HHS Program. In accordance with the e-Government Act, 2003, (Public Law 107-347), Title III, Federal Information Security Management Act, 2002 (FISMA) each agency is required to develop, document and implement an agency-wide information security program, which focuses on certification and accreditation (C&A) activities. In FY 2007, IT security services were provided by the PSC Chief Information Security Officer (CISO) and the security team. This team is composed of both Federal and contractor security staff providing expert technical security services and management oversight in order for various applications that are maintained by the Office of the Secretary, Assistant Secretary for Resources and Technology (ASRT), and Assistant Secretary for Administration and Management (ASAM), and the Commissioned Corps to achieve certification and accreditation (C&A). The following applications received C&A services: HHSIdentity, EWITS, UFMS, eOPF, DCPS, COPPS, CCPayroll, e-CAD, e-Induction, Quick Hire/Quick Class, iComplaints, and HHSU CoP.

BTO has been instrumental in leading the implementation of several E-Government initiatives on behalf of HHS, such as Enterprise Workflow Information Tracking System (EWITS), USA Services (ONE-DHHS call center), E-Gov Travel, and the Electronic Official Personnel Folder (eOPF) system. To consolidate management functions and streamline administrative operations as part of the ASAM's participation in the Department's Chief Information Officer (CIO) consolidation goal, BTO completed the transfer of the following activities to the Office of the Secretary, Office of the CIO: Capital Planning Investment Control oversight, C&A Designated Approving Authority, C&A Certifying Authority, Enterprise Architecture, and oversight for all IT related data calls.

BTO Funding History

FY 2004	\$ 0
FY 2005	\$ 0
FY 2006	\$0
FY 2007	\$2,561,000
FY 2008	\$2,821,000

Budget Request

The estimated FY 2009 budget for the Business Technology Optimization is \$4,157,000, to provide information technology support and consulting services as described below.

The FY 2009 expenses for Business Technology Optimization are estimated at \$4,157,000, a net increase of \$1,336,000 from FY 2008 due to anticipated new business of \$1,336,000. Costs incurred are directly recouped from customer with little overhead cost.

Human Resources Activity

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Estimate	FY 2009 + /- FY 2008
BA	\$55,301,000	\$64,123,000	\$67,725,000	+ 3,602,000
FTE	368	398	407	9

Authorizing Legislation - 42 USC 231

FY 2009 AuthorizationIndefinite

Allocation MethodContract

Program Description and Accomplishments

Human Resources Activities: Within the HHS, there are five Human Resources Centers (HR Centers). PSC oversees the financial aspects of three HR Centers that are located in Baltimore, Rockville, Maryland and Atlanta, Georgia. A fourth HR Center is serviced by the National Institutes of Health (NIH) and is located in Bethesda. A fifth HR Center is serviced by the Indian Health Service (IHS) and is located in Rockville. The cost and FTE associated with the NIH and IHS sites are included in the respective OPDIV's budget requests. All sites report to the Department's Office of Human Resources for program and policy direction. These centers are responsible for providing high quality human resource services at competitive prices to a multi-customer base of HHS components and other customer agencies.

The HR Centers provide human resources strategic programs, customer service, and workforce relations support for HHS customer organizations. They serve as the principal advisor to the customer organizations' leadership on matters related to human resources management, including strategic human capital planning, recruitment and placement, position classification and management, compensation and pay administration, executive resources, workforce planning, labor and employee relations, employee services, and employee benefits, entitlements and advisory services. HR Centers interpret regulations, directives, and other guidance related to human resources programs. In addition, they provide policy direction, coordination and operational control for human resources programs.

The HR Centers operate on a fee-for-service basis. Service Level Agreements between the HR Centers and customers ensure alignment of customer expectations and service delivery outcomes. In partnership with their customers, the HR Centers have implemented human capital strategies and system enhancements that identify, recruit, select, and retain employees with the skill mix necessary to accomplish OPDIV missions. Together these tactical initiatives position HHS as an employer of choice. Automated hiring, job classification, and employee records management tools have been deployed.

HR automation continues to enhance HR Center products and services to increase efficiency and leverage business intelligence. Additional automation initiatives include learning management, performance management, workflow tracking, project management and customer activity based cost tracking.

HHS University: The HHS University (HHSU) supports the Department's mission and goals by providing high-quality, cost-effective continued learning and development opportunities. HHSU employs innovative approaches and emerging learning technologies, including on-line training courses. It develops and delivers competency-based common needs training and programs to all HHS employees. It supports HHS' change management activities by fostering a continuing learning culture and development of a flexible workforce. HHSU's focus is to achieve cost efficiencies and economies of scale in the delivery of training and development services.

HHSU manages the Department's Learning Management System (LMS). Available to all HHS employees, LMS provides one-stop access to training, and allows tracking and reporting of training activities at any level within the Department. LMS also makes tools available to assist the Department with effective human capital management, through activities such as talent management, succession planning, and knowledge and content management.

Performance Analysis

Human Resources Activities: To ensure delivery of consistently high quality customer service, the HR Centers operate under established performance measures and metrics. The HR Centers performance goals are aligned with the PSC strategic goals and support the Department's strategic initiative to achieve responsible stewardship and effective management by strengthening human capital management within HHS.

HHS developed a balanced scorecard to articulate the strategic direction for human resources by adopting four perspectives as a way of presenting strategic concerns: customer, stakeholder/financial, learning and growth, and HR employee professional development. These four perspectives comprise a performance-based strategy that allows HHS to meet its present needs while focusing on future goals. These perspectives have been incorporated into performance measures and initiatives for the HR Centers. The balanced scorecard is the foundation of the HHS Strategic Management System (SMS), i.e., a web based application that is used throughout the HR organization.

The following are specific accomplishments that the HR Activities have achieved in FY 2006 and 2007.

- Achieved a high level in hiring efficiency as reflected in hiring timeliness, aided by use of hiring flexibilities such as direct hire authority. Overall time to hire for GS positions varied in HR Centers from less than 27 to 45 days, including 105 direct hires;
- An online customer service survey distributed during FY 2006 to over 5500 customers (with 481 respondents) indicated an 82% or greater overall customer satisfaction rating based on a four point scale (excellent, good, fair, poor). Results of the customer service survey for FY 2007 will be available in October 2007;
- Continued to make progress in implementing the HHS performance management system. Where implemented, all employees were assigned to new performance standards and plans. Along with other Federal Agencies, HHS established a beta-site where the "new" Performance Management Appraisal Program (PMAP) was

monitored, evaluated and improved upon based on the OPM Performance Appraisal Assessment Tool (PAAT);

- The HHS Strategic Management System (accountability system) was enhanced to provide for more comprehensive analysis of key HR data to better assess human capital accountability and effectiveness. OHR developed a “Human Capital Accountability Implementation Plan” (HCAIP) in association with gaining OPM approval of its HC accountability system, and updated the “HHS Human Capital Strategic Management Plan;”
- The HHS Learning Management System (LMS) began its phased-in implementation. The system will track training and development, report on competency levels, and transition HHS to a continual learning organization environment;
- Collaborations have been formalized among the HR Centers with such activities as bi-monthly Executive Officers Roundtable Discussions meetings; OHR’s Advisory council meeting with all HHS HR Directors; PSC Payroll/DFAS Meetings; quarterly Advisory Council Meetings; and HR Center Director meetings with customers to discuss and address human resources issues;
- In April 2007, the HR centers began efforts to support the Department’s new Talent Resource Center which is intended to produce high quality candidates and reduce the selection time to bring a candidate on board. /or improved processes and enhanced technology;
- Designed and implemented a governance model that allows the customers the ability to voice opinions through monthly customer steering committee meetings;
- Implemented a self-directed team through collaborations to establish new procedural guidelines to reduce errors and standardize processes;
- Processed 7,158 employee benefit actions;
- Implemented the Client Billable Hours database;
- Created a quality review unit for staffing and classification actions to facilitate continuous improvement;
- Hosted joint training sessions Payroll and DFAS training sessions;
- Provided Delegated Examining Unit (DEU) services to ensure that Centers retained DEU authority;
- Provided consultative services in areas such as Human Resource Information Systems (EHRP, EWITS, Quickhire, QuickClass and E-Induction) to the development of Talent Resource Center; coordinated a 1-day collaborative retreat where Center classifiers and CDC subject matter experts developed standard positions for 5 series in order to assist in expediting the hiring process. The same effort is being coordinated to develop a template for corresponding quick hire announcements and weights;

- Transferred 9,600 employees of the National Medical Disaster System from the Department of Homeland Security to HHS, to include relocating employee Official Personnel Files and initiating removal of 900 employees from the rolls;
- Drafted and began implementation of Continuity of Operations Plans for the HR Centers in preparation to support the Department during emergency and disaster efforts. Critical and essential employees have been briefed on emergency preparedness roles and responsibilities. Telephone trees have been created and tested for employees to locate individuals in case of an emergency;
- Recruited the Department's fifth class of Emerging Leaders and participated in numerous recruitment events in support of hiring Hispanics, veterans, and other under-represented groups;
- Together with the Office of Human Resources, fully implemented the additional modules of the Enterprise Workflow Information System (eWITS), which includes tracking and reporting of personnel actions, and improves data integrity and accuracy by interfacing with other key automated HR systems; and
- Made significant improvement in HR automation initiatives:
 1. Revamped HR's presence on the HHS Intranet by expanding the scope and depth of information available to the workforce;
 2. Implemented iComplaints, a software package to track and report Equal Employment Opportunity complaint activity to standardize business processes throughout the Department;
 3. Increased utilization of the Department of Labor's Safety and Health Information Tracking System (SHIMS) for use in processing Workers Compensation claims;
 4. Completed the full roll-out of e-OPF to all users and upgraded to an enhanced version (3.01) and instituted a review and audit process on the back end;
 5. Completed several major EHRP (PeopleSoft) enhancements to improve system performance, integrated HHS Careers with USAJOBS by upgrading to QuickHire Xi with Applicant Integration;
 6. Began the cleanup of Quick Class and implemented the Benchmark Position Description (PD) Library which is accessible via the HHS intranet; and
 7. Expanded use of the Peregrine help desk software to accommodate the transfer of the National Medical Disaster System and its employees from the Department of Homeland Security to HHS. This population of transferred employees generated over 33,000 calls and 1,800 emails.

HHS University: HHSU continues to actively participate in the requirements for the HHS Strategic Human Capital Plan through the management and implementation of the Mentoring, Emerging Leaders, and Senior Executive Service (SES) candidate development programs. This year 52 individuals graduated from the Department's Emerging Leader Program and converted into permanent positions. In addition, 43 individuals were selected for participation 2007–2009 Class of Emerging Leaders. The SES candidate development program graduated 24 individuals this year and 13 new individuals were selected for participation the Class of 2007–2009.

HHSU continues to develop a cadre of adjunct instructors and trainers to aid in the development and delivery of our courses. Adjunct faculty is an important part of the HHS talent management strategy as they help the Department move toward harnessing knowledge management and transfer capabilities. In addition, HHSU has established distance learning and blended learning models. The Department's OPDIVs and STAFFDIVs have received training in acquisitions, customer service, the No Fear Act, and Microsoft Office computer clinics and labs. In total, over 90,000 on-line training sessions were conducted by HHS employees; 560 classroom courses were conducted through HHSU; and over 8,900 students were provided education and learning experiences.

HRA Funding History

FY 2004	\$ 42,977,000
FY 2005	\$ 45,563,000
FY 2006	\$ 49,151,000
FY 2007	\$55,301,000
FY 2008	\$64,123,000

Budget Request

The estimated FY 2009 budget for the Human Resources Activities is \$67,725,000 to provide human resource services.

The FY 2009 expenses for the Human Resources Activities are estimated at \$67,725,000, a net increase of \$3,602,000 from FY 2008 due to \$2,250,000 for HR expanding capabilities with existing systems, \$1,150,000 anticipated pay increases, \$44,000 for rent increases and \$158,000 for miscellaneous expenses.

Supplemental Materials

DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM SUPPORT CENTER
Budget Authority by Object

Personnel Compensation			
Full-Time Personnel (11.1).....	\$ 78,299,908	\$ 91,433,464	\$ 93,089,732
Other than Full-Time Personnel (11.3).....	4,666,093	5,003,552	5,094,188
Other Personal Compensation (11.5).....	2,065,016	3,078,066	3,120,054
Military Personnel (11.7).....	3,598,011	4,420,482	4,500,557
Subtotal, Personnel Compensation.....	88,629,028	103,935,564	105,804,531
Civilian Personnel Benefits (12.1).....	25,423,568	28,800,931	29,322,645
Military Personnel Benefits (12.2).....	1,734,177	2,467,876	2,512,581
Benefits to Former Employees (13.0).....		393,755	414,162
Subtotal, Pay Costs.....	115,786,773	135,598,126	138,053,919
Travel (21.0).....	1,054,913	1,142,353	2,869,299
Transportation of Things (22.0).....	2,951,948	3,196,629	3,790,937
Rental Payments to GSA (23.1).....	12,632,240	13,679,302	15,948,587
Communication, Utilities, and Miscellaneous Charges (23.3).....	35,651,456	38,606,536	45,949,957
Printing and Reproduction (24.).....	361,792	391,780	658,161
Other Contractual Service:			
Advisory and Assistance Services (25.1).....	28,275,259	30,618,941	40,349,657
Other Services (25.2).....	232,984,791	252,569,950	254,052,907
Purchases from Government Accounts (25.3).....	63,025,671	68,249,747	41,365,930
Operation and Maintenance of Facilities (25.4).....	15,781,728	17,089,845	27,894,899
Operation and Maintenance of Facilities (25.6).....	22,260,262	24,105,372	40,786,984
Operation and Maintenance of Facilities (25.7).....	16,063,173	17,394,618	12,326,733
Subtotal, Other Contractual Services.....	378,643,932	410,028,473	416,777,110
Supplies and Materials (26.0).....	32,644,075	35,349,879	71,533,222
Equipment (31.0).....	3,534,919	3,827,922	3,425,845
Subtotal, Non-Pay Costs.....	467,475,275	506,222,874	560,953,118
Total, Reimbursable Obligations.....	583,009,000	641,821,000	699,007,000

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM SUPPORT CENTER
SALARIES AND EXPENSES
(Dollars in Thousands)**

Object Class	FY 2007 Actual	FY 2008 Estimate	FY 2009 Estimate
Personnel Compensation:			
Full-Time Permanent (11.1).....	\$78,299,908	\$91,433,464	\$93,089,732
Other than Full-Time Permanent (11.3).....	4,666,093	5,003,552	5,094,188
Other Personal Compensation (11.5).....	2,065,016	3,078,066	3,120,054
Military Personnel (11.7).....	3,598,011	4,420,482	4,500,557
Subtotal, Personnel Compensation.....	88,629,028	103,935,563	105,804,531
Civilian Personnel Benefits (12.1).....	\$25,423,568	28,800,931	29,322,645
Military Personnel Benefits (12.2).....	1,734,177	2,467,876	2,512,581
Benefits to Former Employees (13.0).....	0	393,755	414,162
Subtotal, Pay Costs.....	115,786,774	135,598,125	138,053,919
Travel (21.0).....	1,054,913	1,142,353	2,869,299
Transportation of Things (22.0).....	2,951,948	3,196,629	3,790,937
Communications, Utilities, and Miscellaneous Charges (23.3).....	35,651,456	38,606,536	45,949,957
Printing and Reproduction (24.0).....	361,792	391,780	601,489
Other Contractual Services:			
Advisory and Assistance Services (25.1).....	28,275,259	30,618,941	40,349,657
Other Services (25.2).....	233,237,839	252,570,473	254,052,907
Purchases from Govt. Accts. (25.3).....	63,025,671	68,249,747	41,365,932
Operation and Maintenance of Facilities (25.4).....	15,781,728	17,089,845	27,894,899
Operation and Maintenance of Equipment (25.6).....	22,260,262	24,105,372	40,786,984
Operation and Maintenance of Equipment (25.7).....	16,063,173	17,394,618	12,326,733
Subtotal, Other Contractual Services.....	378,643,932	410,028,996	416,777,111
Supplies and Materials (26.0).....	32,644,075	35,349,879	71,533,222
Subtotal, Non-Pay Costs.....	451,308,116	488,716,173	541,522,015
Total, Salaries & Expenses.....	567,094,890	624,314,298	679,575,934

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM SUPPORT CENTER
Detail of Full-Time Equivalent Employment (FTE)**

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
	<u>FTE</u>	<u>FTE</u>	<u>FTE</u>
Administrative Operations Service	197	208	213
Financial Management Service	206	226	231
Federal Occupational Health Service	75	81	83
Enterprise Support Service	163	171	175
Strategic Acquisition Service	102	108	111
Business Technology Optimization	0	0	0
Human Resources Activities	368	398	407
Office of the Director	17	28	29
Total, FTEs	1,128	1,220	1,249

	Average GS Grade
2004.....	10.71
2005.....	11.14
2006.....	11.02
2007.....	10.98
2008.....	10.95

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM SUPPORT CENTER**

**Detail of Positions
Detail of Full-Time**

	<u>2007 Actual</u>	<u>2008 Enacted</u>	<u>2009 President's Budget</u>
Executive level I	1	1	1
Executive level II	1	1	1
Executive level III	4	4	4
Executive level IV	2	2	2
Executive level V	2	2	2
Subtotal.....	<u>10</u>	<u>10</u>	<u>10</u>
Total - ES Salary.....	\$1,465,652	\$1,698,596	\$1,794,821
GS-15.....	60	61	61
GS-14.....	147	147	149
GS-13.....	251	261	265
GS-12.....	190	205	208
GS-11.....	78	87	87
GS-09.....	78	84	84
GS-08.....	31	33	33
GS-07.....	65	72	72
GS-06.....	31	41	41
GS-05.....	37	40	40
GS-04.....	29	32	32
GS-03.....	13	16	16
GS-02.....	13	13	13
GS-01.....	1	1	1
Subtotal.....	<u>1,024</u>	<u>1,093</u>	<u>1,102</u>
Total - GS Salary.....	\$84,900,797	\$89,089,350	\$94,136,237
CO-06.....	17	25	32
CO-05.....	17	26	34
CO-04.....	14	18	21
CO-03.....	7	9	11
CO-02.....	3	3	3
Subtotal.....	<u>58</u>	<u>81</u>	<u>101</u>
Total - CO Salary.....	\$4,102,228	\$4,420,482	\$4,500,557
Wage Graded			
06.....	12	12	12
05.....	14	14	14
04.....	10	10	10
Subtotal	<u>36</u>	<u>36</u>	<u>36</u>
Total - WG Salary.....	\$1,643,270	\$1,724,340	\$1,822,023

	<u>2007 Actual</u>	<u>2008 Enacted</u>	<u>2009 President's Budget</u>
Total FTE usage, end of year.....	1,128	1,220	1,249
Average ES level.....			3.30
Average ES salary.....			\$161,874
Average GS level.....			10.95
Average GS salary.....			\$82,911
Average Commissioned Officer grade.....			4.80
Average Commissioned Officer salary.....			\$70,728
Average Wage Graded grade.....			5.06
Average Wage Graded salary.....			\$45,646

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
PROGRAM SUPPORT CENTER
New Positions Requested
2009**

	<u>Grade</u>	<u>Number</u>	<u>Annual Salary</u>
Administrative Operations Service			
Lead Visual Information Specialist	GS 13	1	\$ 96,846
Visual Information Specialist	GS 12	1	81,440
Property Management Specialist	GS 12	1	81,440
Management Analyst	GS 9	0	-
Freedom of Information Assistant	GS 14	1	114,437
Audio Visual Production Specialist	GS 12	1	81,440
		5	\$ 455,603
Financial Management Service			
Accountant	GS 09/12	2	\$ 135,892
Accountant	GS 13	1	96,846
Accountant	GS 12/13	1	81,440
Accountant	GS 13/14	1	96,846
Accountant	GS 09/12	2	123,691
Computer Specialist	GS 14	1	114,437
Financial Management Specialist	GS 14	0	-
		5	\$ 649,151
Federal Occupational Health Service			
Program Manager	GS 09/12	2	\$ 162,880
		2	\$ 162,880
Enterprise Support Service			
HR Specialist	GS 12/13	4	\$ 387,383
		4	\$ 387,383
Human Resources Activities			
Personnel Assistant	GS 12	5	407,200
HR Specialist	GS 12/13	4	\$ 387,383
		9	\$ 794,583
Strategic Acquisition Service			
Supervisory Contract Specialist	GS 14	0	\$ -
Management Analyst	GS 12/13	1	\$ 96,846
Contract Specialist	GS 12/13	2	162,880
		3	\$ 259,726
Office of the Director			
IT Specialist	GS 13	1	96,846
		1	\$ 96,846
Total		29	\$ 2,052,547

Special Requirements

No special requirements for the PSC.