**U.S. GENERAL SERVICES ADMINISTRATION**
**FY 2003 PERFORMANCE PLAN**

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# GSA FY 2003 PERFORMANCE PLAN

## I. Introduction

**Overview**

GSA's Mission:

We help federal agencies better serve the public by offering, at best value, superior workplaces, expert solutions, acquisition services and management policies.

In FY 2002, we are providing value to our customer agencies through three GSA Services—the Public Buildings Service, Federal Supply Services (FSS) and the Federal Technology Service (FTS). We provide policy leadership for all federal agencies through the Office of Governmentwide Policy (OGP). We serve the general public through the Office of Citizen Services (OCS). The synergy achieved by having these three Services and two offices in the same agency makes us uniquely positioned to provide our customer agencies with integrated solutions to their workplace requirements.

GSA's Six Agency-wide Goals

- Provide best value for customer agencies and taxpayers
- Achieve responsible asset management
- Operate efficiently and effectively
- Ensure financial accountability
- Maintain a world-class workforce and world-class workplace.
- Carry out social, environmental, and other responsibilities as a federal agency.

**The GSA Strategic Plan**

GSA's Strategic Plan, dated April 3, 2002 outlines the agency's program for fulfilling its mission. Achieving the six agency-wide strategic goals will ensure that GSA remains a critically important part of providing good government.

To achieve GSA's six agency-wide strategic goals requires a clear picture of what success looks like and how to measure it. Agency management is focused on defining that picture in a rapidly changing environment. The measures described in this plan will be used to define our progress in achieving these goals. A matrix of all goals and measures contained in the GSA plan follows the introduction.

**Goal 1: Provide best value for customer agencies and taxpayers.** Use customer feedback to determine customer needs and take action to seize opportunities. Use OMB Circular A-76 and the FAIR Act inventory to conduct competitions re direct conversions of GSA's commercial activities. Support small and disadvantaged business.

**Goal 2: Achieve responsible asset management**. Seek enhanced legislative authority to improve asset management across government and to manage real and personal property for

the benefit of the taxpayers.  Manage assets directly controlled by GSA to achieve maximum benefit for the taxpayers.

**Goal 3: Operate efficiently and effectively.**  Implement a rigorous performance measurement process.  Use the Internet to provide information, services, and contracting opportunities and to enable customers to complete transactions on-line.  Ensure that IT capital investments achieve their objectives.

**Goal 4: Ensure financial accountability.**  Develop financial tools needed to effectively manage GSA.  Maintain clean audit opinions on GSA's annual financial statements.

**Goal 5: Maintain a world-class workforce and world-class workplace.**  Implement GSA's strategic human capital management plan.  Create and maintain a positive and productive work environment.

**Goal 6: Carry out social, environmental, and other responsibilities as a federal agency.**  Protect the environment and assist agencies in providing accessibility to IT for persons with disabilities.

**GSA Values**

GSA's values go hand in hand with our goals.  Organizational values represent those beliefs held by an organization's associates which guide the way they conduct themselves on a daily basis and lead them to principled conclusions during the decision making process.  These beliefs guide associates during each "moment of truth."  GSA has five values:

**Value 1: Ethics and integrity in everything we do**

**Value 2: Respect for fellow associates**

**Value 3: Results orientation**

**Value 4: Teamwork**

**Value 5: Professionalism**

## II.  PERFORMANCE HIGHLIGHTS BY GSA SERVICE/OFFICE for FY 2001

**Public Buildings Service (PBS)**

PBS controls approximately 40% of the federal government's office space and houses approximately 1 million federal employees of more than 100 federal agencies.  PBS manages space in approximately 8,000 properties: 1,700 are government-owned and the remainder is leased from the private sector. More than 400 of the government-owned properties have some historic significance.

The PBS vision is to be recognized as the <u>best</u> public real estate organization in the world.  PBS aims to be the provider of choice for federal agencies, to be easy to do business with, to help federal agencies utilize real estate more efficiently, and to provide lasting value in everything that PBS does.

As a building manager, GSA is vigilant about protecting the security and the safety and health of federal workers and visitors to federal properties.  The Federal Protective Service has enhanced training for security personnel, and made other changes to strengthen security after the terrorist attacks in New York and at the Pentagon in September of 2001.

PBS generates revenue from the rent it collects from the agencies it houses. These revenues, deposited in the Federal Buildings Fund (FBF), are used to pay the expenses of operating PBS buildings, reimbursing lessors, and managing our business. The balances are available for reinvestment in maintaining and modernizing our assets and for new capital investment such as new construction and acquisition. In FY 2003, 93% of PBS expenditures of about $8.7 billion are expected to flow to the private sector through contracts for construction, cleaning, utilities, repair, security and other services.

**Federal Supply Service (FSS)**

FSS leverages the purchasing power of the federal government to provide federal agencies with best value in commercial products and services. FSS programs provide customers with economical, efficient and effective service delivery, saving agencies time and administrative costs. FSS carefully manages its procurement and supply, vehicle acquisition and leasing, travel and transportation, and property management programs, incorporating new technology and other innovations to enhance business practices and processes.

Through the Federal Supply Schedules Program, FSS provides customers with access to more than 4 million professional services and commercial products. For example, FSS offers Management Organizational and Business Improvement Services (MOBIS) contracts that provide process improvement, problem resolution, planning surveys, and project management and training services. In FY 2001, MOBIS service purchases totaled more than $1 billion.

The business of FSS is entirely dependent on customer revenues. With few exceptions, its services are non-mandatory, so FSS must compete for customer loyalty. Just as in the private sector, customers must be satisfied or they will seek other alternatives.

**Federal Technology Service (FTS)**

FTS provides local and long-distance telecommunications services, information technology (IT) solutions, and information security services to federal agencies and other authorized entities such as Native American Tribal Nations, on a fee-for-service basis.

FTS' two technology business lines are Network Services and IT Solutions. Network Services provides end-to-end telecommunications services supporting local and long-distance federal users. FTS provides switched services through more than 400 local telecommunications systems that offer customers state-of-the-art products and services. The local telecommunications program achieves savings through the Metropolitan Area Acquisitions (MAA) and the Washington Interagency Telecommunications System (WITS). Within long distance, FTS completed the transition to FTS2001 this past fiscal year. The FTS2001 program provides federal agencies integrated voice, data, video, and wireless telecommunications, as well as flexible billing options.

The IT Solutions business line is a fully cost-reimbursable information technology solutions provider to federal agencies. IT Solutions offers virtually all types of IT products and services, primarily through contracts with private sector firms.

**Office of Governmentwide Policy (OGP)**

OGP provides guidance, information, and interagency coordination to make government-wide administrative processes more efficient through collaboration among federal agencies. OGP develops policies and identifies and disseminates best practices in information technology, real and personal property management, travel and transportation policy, and acquisition. As a result of its work in the area of best practices, OGP is also developing and promoting performance measurement systems for government-wide use. OGP organizes collaborative groups of federal

agencies to address improvement initiatives, such as improving the skill levels of acquisition professionals and IT leaders.

**Office of Citizen Services (OCS)**

OCS provides for citizen-centered activities including leadership and support for electronic government initiatives and for the operation of the official federal portal, FirstGov. Here citizens can electronically access information services of federal, state, and local governments. Through the integration of the Office of FirstGov and the Federal Consumer Information Center, GSA will provide citizens with one-stop access to federal services via the Internet, through a toll free national contact center, via faxes and to print publications. OCS will work collaboratively with federal agencies and key customer groups to implement customer focused business models and emerging electronic tools enabling a customer-centric electronic government.

Guide to Performance Measures for GSA Services/Offices follows beginning at page 6.

# GUIDE TO PERFORMANCE MEASURES

| Performance Goals | Performance Measures | Baseline | FY 2002 | FY 2003 | See Page |
|---|---|---|---|---|---|
| **Provide Best Value for Customer Agencies and Taxpayers** | | | | | |
| Customer satisfaction level in FY2003 of 85% in buildings surveyed. (PBS) | % of tenants that rate PBS-owned and operated services as satisfactory or better | 80% | 85% | 85% | 30 |
| Achieve an annual ordering official satisfaction of 63% in FY 2003. (PBS) | % of ordering officials that rate their business dealings with PBS as 4 or 5 on a 5 point scale. | 59% | 61% | 63% | 32 |
| Reduce the threat to federal facilities by 20% in FY 2003. (PBS) | % of reduction in Composite Threat Index. | 26% | 20% | 20% | 33 |
| Keep the cost for new GSA leased office space at or below each of the four market ranges (categories) being tracked in FY 2003. (PBS) | Cost for leased space relative to the market for each of the four categories. | Below market in 4 | At or below industry average | At or below industry average | 42 |
| Achieve a customer satisfaction rating in all leases of 84% with 88% or higher in newly leased space in FY 2003. (PBS) | % of tenants that rate leased space and services as satisfactory or better | all 80%  new 86% | 83%  88% | 84%  88% | 47 |
| Achieve a 90% tenant satisfaction rating in newly constructed buildings. (PBS) | % of satisfied customers in newly constructed buildings | 90% | 90% | 90% | 56 |
| Increase value to the customer. (FSS) | % growth in Federal agency usage of FSS programs | $22.5 Billion | 3.5% | 5.9% | 87 |
| Provide customer satisfaction with FTS products and services, delivery reliability, and performance quality. (FTS) | % of satisfied customers as indicated on annual customer survey | 80% | N/A | N/A | 109 |
| Foster competition. (FTS) | % Task and Delivery Orders subject to fair opportunity | 70% | ≥75% | ≥80% | 119 |
| Assist customers in achieving significant savings in the acquisition of products and services. (FTS) | Estimated cost savings due to MAA implementation and pricing. | $250,000 | $10 million | $15 million | 123 |

| Performance Goals | Performance Measures | Baseline | FY 2002 | FY 2003 | See Page |
|---|---|---|---|---|---|
| | Estimated cost savings due to FTS2001 use and pricing for domestic outbound switched voice service | N/A | TBD | TBD | 124 |
| Provide competitive prices to customers for local and long distance services. (FTS) | Continue downward trend in the average line rate for local service | $19.74 | $15.72 | $14.80-$15.10 | 127 |
| | Price per minute for domestic outbound switched vice service. | 6.4 cents | 2.2 - 2.6 cents | 1.9 - 2.1 cents | 128 |
| Ensure adoption of Federal Premier Lodging Program (FPLP) within the 77 target markets. (OGP) | Number of room nights under FPLP contract | N/A | 165,355 | 555,000 | 133 |
| Satisfy authentication needs for 100% of PMC e-government initiatives. (OGP) | Number of PMC e-government initiatives with completed authentication needs assessment and determined solutions sets | N/A | 6 | 22 | 134 |
| Promote the use of XML for Federal PMC e-government initiatives. (OGP) | Number of PMC e-government initiatives adopting XML recommendations, leveraging industry specifications, and registering data interfaces | N/A | 1 | 5 | 134 |
| Increase the number of agency programs using OGP performance measures. (OGP) | number of agency programs that use OGP performance measures | N/A | 300 | 330 | 136 |
| Meet OMB targets for study and direct conversion of FTE's as shown in latest GSA FAIR Act Inventory. (CFO) | # of FTE positions studied<br>$ saved | N/A | 367<br>$2 million | 719<br>TBD | 156 |
| Maintain a 95% customer satisfaction rating in services provided. (CIO) | % customers rating service and support provided by CIO as highly effective. | N/A | 95% | 95% | 169 |
| Support government-wide Continuity of Operations Planning in accordance with Presidential Decision Directive 63. (CPO) | TBD | TBD | TBD | TBD | 178 |
| **Achieve Responsible Asset Management** | | | | | |
| Achieve an overall potential revenue of 89.3% in FY 2003. (PBS) | % potential revenue received | 88.7% | 89.0% | 89.3% | 70 |
| | | | | | |

| Performance Goals | Performance Measures | Baseline | FY 2002 | FY 2003 | See Page |
|---|---|---|---|---|---|
| Absorb the 2.7 million rentable square feet in vacant FSS warehouse space and meet the non-revenue producing space target of 12.3% in government-owned inventory. (PBS) | % Non-revenue producing space in government-owned inventory | 13.5% | 12.2% | 12.3% | 72 |
| Maintain the amount of non-revenue producing space in the leased inventory at 3.0% in FY 2002 and FY2003. (PBS) | % of non-revenue producing space in leased inventory | 3.7% | 3.0% | 3.0% | 74 |
| Achieve an annual cycle time of 315 days for properties that are subject to the Federal Property and Administrative Services Act of 1949. (PBS) | Annual Cycle Time of Properties subject to 1949 Act in days from report of excess until property awarded | 174 days | 327 days | 315 days | 77 |
| Achieve a dollar returned to dollar spent ratio of $18:1 in FY 2003 for property disposal efforts. (PBS) | Ratio of dollar returned to dollar spent | 15.1 | 17.1 | 18.1 | 79 |
| Promote and assist agencies in implementing needed reforms to improve asset management practices as a result of passage of Property Act reform legislation. (OGP) | Number of successful reforms to improve asset management practices as a result of passage of Property Act reform legislation | N/A | TBD | TBD | 138 |
| Make accurate payments. (CFO) | Establish baseline under current contract. Set target for improvement. | N/A | TBD | TBD | 163 |
| Ensure GSA IT Capital Investment projects remain within 10% of the cost and schedule approved by the IT Investment Review Process. (CIO) | % of IT investment projects that are 1) within the planned cost and schedule requirements and 2) the % that exceeds the planned cost and schedule by more than 10%. | N/A  N/A | 100%  0% | 100%  0% | 167  167 |
| **Operate Efficiently and Effectively** | | | | | |
| Maintain operations costs in office and similarly serviced space at 16% below private sector benchmarks. (PBS) | % difference between GSA's operating costs per rentable square foot for offce and similarly serviced space and private sector costs. | 18% below | 16% below | 16% below | 29 |
| Reduce the loss on operating leases to $14.3 million. (PBS) | Recovery of leased costs based on net income for operating leases | $61.0 million loss | $28.6 million loss | $14.3 million loss | 45 |

| Improve the percentage of construction projects completed on schedule to 80% in FY2003. (PBS) | % of construction projects completed on schedule | 73% | 78% | 80% | 52 |
|---|---|---|---|---|---|
| **Performance Goals** | **Performance Measures** | **Baseline** | **FY 2002** | **FY 2003** | **See Page** |
| Reduce the cost escalation rate for new construction projects to 1% in FY 2002 and FY 2003. (PBS) | Construction projects cost escalation rate | 9% | 1% | 1% | 54 |
| Improve the percent of repair and alterations projects completed on schedule to 83% in FY 2003. (PBS) | % of R & A projects completed on schedule. | 91% | 82% | 83% | 60 |
| Maintain the cost escalation rate for repairs and alterations projects at 1%. (PBS) | R&A projects cost escalation rate | 1% | 1% | 1% | 62 |
| Reduce operating costs. (FSS) | Cost per $100 business volume | $2.67 | $2.02 | $2.12 | 89 |
| | Cost per mile | $0.3046 | $0.3611 | $0.3687 | 90 |
| Ensure cost efficiency of operations. (FTS) | Operating Expenses as % of Gross Margin | 75.3% | 91-96% | 91-96% | 110 |
| Assist customers in achieving significant savings in the acquisition of products and services. (FTS) | % of dollar savings between Independent Government Cost Estimates (IGCE) and award amounts. | N/A | ≥10% | ≥10% | 120 |
| Improve the acquisition processes and methods to reduce time to award. (FTS) | % of negotiated <u>award dates</u> for services and commodities that are met or bettered. | N/A | ≥90% | ≥90% | 121 |
| Provide timely and effective service delivery. (FTS) | # of days from MAA order placement to service delivery | 150 Days | 90 Days | 60 Days | 126 |
| | Implementation progress - % completed | 10% | 90% | 100% | 126 |
| Improve clarity of OGP policies, regulations and guidelines. (OGP) | Number of regulations issued in plain language | TBD | TBD | TBD | 139 |
| Expand functionality of shared management systems to allow for better decision-making in Government management of property, technology, and administrative services. (OGP) | Number of agency programs that use OGP shared management systems to support decision-making in management of property, technology, and administrative services | TBD | TBD | TBD | 139 |
| Increase awareness, usage, and customer satisfaction with FirstGov web site. (OCS) | % customers that FirstGov website as satisfactory or better (using on-line customer surveys) | N/A | 85% | 90% | 151 |
| Comply with Federal Financial Improvement Act (FFMIA). (CFO) | GSA use of Pegasys for standard general ledger by October 2002 | N/A | N/A | 100% | 157 |

| | | Baseline | FY 2002 | FY 2003 | See Page |
|---|---|---|---|---|---|
| Increase the percentage of vendor invoices received by Electronic Data Interchange through the Internet. (CFO) | % of electronic invoices received. | 12% | 28% | 29% | 158 |
| | | | | | |
| **Performance Goals** | **Performance Measures** | **Baseline** | **FY 2002** | **FY 2003** | **See Page** |
| Increase the percentage of vendor payments by electronic media such as EFT and purchase credit card. (CFO) | % of invoices paid electronically | 62% | 80% | 80% | 159 |
| Increase the percentage of invoices collected through Treasury's On-line Payment and Collection System. (CFO) | % of invoices collected on-line. | 82% | 89% | 91% | 160 |
| Resolve all high-risk vulnerabilities and conditions detected by IT audits or reviews within 30 days of findings and recommendations. (CIO) | Percent high risk audit action items completed successfully within the 30-day time standard. | N/A | 100% | 100% | 166 |
| Improve cycle time for recruiting. (CPO) | Ave # of days from receipt in HR to referral to manager | 60 days | 55 days | 45 days | 172 |
| **Ensure Financial Accountability** | | | | | |
| | | | | | |
| Generate a capital investment contribution of 4.4% of the Functional Replacement Value (FRV) of the owned inventory. (PBS) | Contribution available for capital<br><br>Percent of FRV. | $1.2 billion<br>4.1% | $1.4 billion<br>4.2% | $1.5 billion<br>4.4% | 68 |
| Minimize the variance between planned and actual costs by accurate forecasting and pricing. (FSS) | Planned vs. Actual Cost | -2.93% | -3% to +3% | -3% to +3% | 92 |
| | Total cost as percent of revenue. | 94.80% | 95.08% | TBD | 93 |
| | Direct cost as percent of revenue. | 7.35% | 7.41% | TBD | 93 |
| Improve the financial condition and solvency of the Information Technology Fund. (FTS) | Revenue Planned vs. Actual | -11.9% | +/- 2.5% | +/- 2.5% | 112 |
| | Net Operating Result Plan vs. Actual | 82.6% | +/- 2.5% | +/- 2.5% | 112 |
| | Retained Earnings Budget vs. Actual | 48.5% | +/- 2.5% | +/- 2.5% | 113 |
| Ensure OGP expenditures are linked to performance plan strategic priorities. (OGP) | % resources aligned with strategic priorities (percentage of resources linked to specific initiatives/projects) | 35% | 60% | 80% | 141 |

| Meet all requirements to maintain a clean opinion on GSA's financial statements including compliance with OMB's requirements for accountability reporting (Annual Report).  (CFO) | Receive clean opinion on financial statements and issue Accountability Report by due date. | 100% | 100% | 100% | 161 |
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| | | | | | |
| | | | | | |
| **Performance Goals** | **Performance Measures** | **Baseline** | **FY 2002** | **FY 2003** | **See Page** |
| Have no internal control material weaknesses and eliminate reportable conditions for financial and non-financial components identified in the auditor's Management Letter.  (CFO) | Zero internal control material weaknesses (financial and non-financial components) | N/A | 0 | 0 | 162 |
| Have no internal control material weaknesses and eliminate reportable conditions for financial and non-financial components identified in the auditor's Management Letter.  (CFO) | Zero internal control material weaknesses (financial and non-financial components) | N/A | 0 | 0 | 162 |
| **Maintain a World-Class Workforce and World-Class Workplace** | | | | | |
| Establish core technical and general competencies and government-wide standards for program areas within OGP's responsibility. (OGP) | Number of OGP program areas with established core competency requirements | N/A | TBD | TBD | 142 |
| Improve overall score on the Gallup Q12 survey. (OGP) | Total grand mean score on the Gallup Q12 survey | N/A | 3.90 | 4.10 | 144 |
| Increase use of On-Line University as a cost-effective method to improve employee skills. (CPO) | % Increase in number of registrations. | 2,276 registered | 15% | 15% | 173 |
| Increase professional competency of GSA's acquisition workforce as determined by the Clinger Cohen requirements. (CPO) | TBD | TBD | TBD | TBD | 174 |
| Develop competency models for key real estate and technology positions. (CPO) | TBD | TBD | TBD | TBD | 175 |
| | | | | | |

| | | Baseline | FY 2002 | FY 2003 | See Page |
|---|---|---|---|---|---|
| Identify high-performing associates in GSA's critical job categories to enable GSA to improve its strategies to recruit and retain talented associates. (CPO) | TBD | N/A | TBD | TBD | 176 |
| Rank in the 75th percentile in the Gallup Q12 survey. (CPO) | Increase grand total mean score | 67th | 67th | 75th | 177 |
| Implement a standard identification card system in GSA nationwide. (CPO) | % of GSA that has implemented standard identification card system | TBD | TBD | TBD | 179 |
| **Performance Goals** | **Performance Measures** | **Baseline** | **FY 2002** | **FY 2003** | **See Page** |
| **Carry Out Social, Environmental, and Other Responsibilities as a Federal Agency** | | | | | |
| Improve energy reduction in standard facilities from 20% below the FY 1985 baseline in FY 2002 to 22% below in FY 2003. (PBS) | % reduction from FY 1985 baseline | 17% | 20% | 22% | 36 |
| Maintain the number of children of federal employees who receive care at GSA child care centers. (PBS) | % of children from federal families receiving care in GSA child care centers. | 55% | 56% | 56% | 38 |
| Achieve 90% accreditation of all eligible child care centers. (PBS) | % of eligible child care centers accredited. | 70% | 88% | 90% | 39 |
| Complete the second step, "environmental assessment", for estimating financial liabilities for government-owned and leased inventory. (PBS) | Number of sites assessed. | New | New | 230 | 64 |
| Increase customer agency support of government-wide socioeconomic goals. (FSS) | % socioeconomic business volume | 28.3% | 34.8% | 36.8% | 97 |
| Raise level of awareness of information security across the federal government. (FTS) | Number of agencies reporting to FedCIRC from each Tier. | Tier 1 N/A Tier 2 N/A Tier 3 N/A | Tier 1 21 Tier 2 N/A Tier 3 N/A | Tier 1 21 Tier 2 11 Tier 3 7 | 116 |
| Increase the number of agency programs meeting their social and environmental responsibilities in areas of OGP responsibility. (OGP) | Number of agency programs meeting their social and environmental responsibilities in OGP program areas. | N/A | TBD | TBD | 145 |

| Provide 34.8 million accesses to FCIC information products to the American public during FY 2003. (OCS) | Accesses to FCIC information products by the public. | 15.8 million | 31.9 million | 34.8 million | 149 |
|---|---|---|---|---|---|
| Update and exercise GSA Continuity of Operations Plans (COOP). (CPO) | % of GSA's COOPs that have been reviewed and updated | N/A | TBD | TBD | 180 |
| | % GSA who have participated in COOP exercise | N/A | TBD | TBD | 180 |
| | | | | | |
| **Performance Goals** | **Performance Measures** | **Baseline** | **FY 2002** | **FY 2003** | **See Page** |
| Meet of exceed goal of providing contracting opportunities to small businesses. (OED) | Achieve or exceed GSA-wide small business procurement goals | 41.5% | 40% | N/A* | 184 |
| | | | | | |
| | | | | | |
| | | | | | |

\* Procurement goals set by Small Business Administration

## III. GOVERNMENTWIDE REFORM

The Director of OMB in his memorandum dated February 15, 2001 has set forth a requirement that agencies address five government-wide reforms designed to improve government management in order to achieve improved operational efficiencies. These include: 1) delayering management levels to streamline organizations; 2) reducing erroneous payments to beneficiaries and other recipients of government funds; 3) making greater use of performance based contracts; 4) expanding the application of on-line procurement and other e-Government services and information; and 5) expanding A-76 competitions and more accurate FAIR Act inventories. We will address each of the reforms below.

- Delayering Management Levels To Streamline Organizations

GSA has submitted a plan to develop our workforce and restructure the organization.

- Reducing Erroneous Payments To Beneficiaries And Other Recipients Of Government Funds

Although the vast majority of GSA's payments are to vendors, not beneficiaries, GSA recently put a recovery audit contract in place that checks for erroneous payments.

- Making Greater Use Of Performance Based Contracts

At the end of the second quarter of FY 2001, GSA obligated 21% of eligible service contracts as Performance Based Service Contracts.

To make greater use of performance-based contracts, GSA is incorporating additional policy into the Federal Acquisition Regulation, which will explicitly establish a preference for performance-based contracts for task orders. This policy will be included in the GSA Acquisition Manual. Also, we are partnering with other Federal agencies to develop a government-wide Performance Based Service Ordering Guide to assist acquisition professionals in properly preparing these types of contracts.

The Federal Procurement Data System has adopted a line item for reporting on all performance based service contracts for all individual contract actions for each agency.

We will be taking future steps to improve the use of performance based contracts and to meet the President's initiative of converting 50% all federal service contracts to performance based contracts. Our actions include developing sample performance based Statements of Work templates to disseminate to acquisition professionals and conducting additional training sessions and workshops. We are also informing acquisition professionals of available training sources and tools.

- Expanding The Application of e-Government Services and Information

Under the overall umbrella of the President's Quicksilver Project, GSA is taking a major role in securing greater services at lower cost through electronic government (e-Government). The Administration's goal is to champion citizen-centered electronic government that will result in a major improvement in the federal government's value to the citizen. Presently, GSA has the lead on five major initiatives:

Integrated Acquisition: Currently there are multiple acquisition systems at each agency. Within each organization, these systems often do not interface to share information used to support multiple business functions. Information can only be shared in hardcopy or by e-mail. As a result there is considerable duplication of systems, redundant data collection, and increased chance for errors. This initiative is working toward a system with common e-Catalogs and uniform financial procedures making the process easier not only for the agencies, but more importantly, the vendors.

Federal Asset Sales: Businesses and citizens currently must look to many different portals to discover what the federal government has for sale.  A single sales portal will make possible "one-stop" shopping as a governmentwide solution.  Creation of a single sales portal will require changes to both front-end and back-end functionality.

e-Authentication: This initiative, also referred to as PKI or Public Key Infrastructure involves methods for assuring that businesses and citizens are legitimately identified as they conduct an e-Government transaction through the Internet.  As such, this initiative will impact many of the other Quicksilver Projects.

USA Services: This consists of a simple, universal, pop-up sign-on window for optional use by all Quicksilver e-Gov initiatives.  This will enable a citizen to provide basic contact information once, which can then be reused many times.  Collection of personal contact information will be minimal and privacy will be guaranteed.

e-Travel: This project automates the travel planning, voucher and payment process for federal travelers and their agencies, through deployment of an on-line booking engine, a travel management system and an integrated financial management module.  The solution will streamline the process while increasing accessibility with a Web-centric platform.

GSA also continues to have the lead on two other ongoing e-government initiatives:

FirstGov: Designed to be a single point of access for the U.S. Government, the FirstGov Website consolidates and simplifies connections to agencies, records, services and informational releases.  In addition, the program is being coordinated with state and local governments to create linkages to their websites.  By consolidating access through one E-Portal, FirstGov is providing a comprehensive resource to those gathering information from government agencies.  FirstGov currently accesses more than 30 million federal web pages, and links to all 50 states.

Federal Business Opportunities (FedBizOpps): Provides convenient, universal Internet access for Government buyers to use in posting detailed information about acquisitions on the Internet.  It has been proposed as the governmentwide point of entry for all requirements greater than $25,000.

- Expanding A-76 Competitions And More Accurate FAIR Act Inventories.

The Federal Activities Inventory Reform Act (FAIR Act) requires annual compilations of agencies' Commercial Activities and review of this information by the agencies' top official.  OMB has directed all agencies to complete competitions or direct conversions of at least five percent of their FTE performing Commercial Activities (as identified on agencies' FAIR Act inventories) by September 30, 2002 and fifteen percent by 2003.  The President has made a commitment to conduct competitive studies or directly convert at least one-half of those FTE on the current FAIR Act inventories.  The competitions or direct conversions must be conducted in accordance with the OMB Circular A-76 Handbook.  GSA's 2001 FAIR Act Inventory contained 7,041 FTE.

Approach

GSA will utilize agency staff supplemented by contractor support as appropriate, for training and support of competitions or direct conversions.

GSA will identify the best opportunities by examining the entire agency, from multiple perspectives. Specifically, GSA considers the FAIR Act inventory, which is a representation of the way GSA is currently organized, to be a starting point.  GSA will also look at crosscutting techniques to package functions and FTEs to be competed.  Such techniques would look within GSA and across the government.  Possible examples of functions to be competed could include building maintenance or payroll processing.

## IV. MANAGEMENT SCORECARD

Working with the President's Management Council, OMB has developed an Executive Branch Scorecard. This measures agencies' performance according to a simple red-yellow-green scale against each of the five governmentwide initiatives contained in the President's Management Agenda. Here is a brief discussion of where GSA stands on the five initiatives:

Human Capital: GSA has prepared an agency-wide Human Capital strategic plan. This plan, among other issues will outline the actions GSA will take to meet the challenges of an aging workforce, many of whom are eligible for retirement.

E-Government: GSA established a Program Management Office to coordinate GSA's five E-Gov initiatives. We have also recognized significant IT security weaknesses and submitted an updated report with plans to remedy them. Finally, GSA has begun to address enterprise-wide IT issues such as an IT architecture, IT strategic plan and common enterprise-wide software solutions.

Competitive Sourcing: Competition studies and planning for conversions are currently underway to implement the FY 2003 competition plan. GSA has created an internal Competitive Sourcing Team, consisting of representatives from across the agency to plan for and oversee GSA's competitive sourcing activities.

Financial Management: GSA is on schedule for implementation of PEGASYS, the new core accounting system. This initiative also requires that GSA implement a performance management system and demonstrate the integration of the performance and financial systems. GSA 's performance management system, called the Performance Measurement Tool is currently being implemented.

Budget and Performance Integration: GSA is developing an integrated Budget/Performance submission for FY 2004. In developing this document, GSA has provided for a review of preliminary performance plans by the Administrator before the budget preparation. This will help coordinate goals, targets, and resources requested.

## V. GSA MANAGEMENT CHALLENGES

GSA is evolving from an operations-based organization that performs services for Federal agencies to a procurement and contract management organization that provides goods and services for its Federal customers. While this evolution has been underway for several years, the changes continue to present management challenges that call into question how GSA will best serve its customers and stakeholders.

Among the most pressing internal issues are those of security, associate skills, and the use of technology. Externally, GSA is facing an increasingly competitive marketplace and an uncertain international economy. GSA management is already taking steps to meet all of these challenges. The Services also address challenges that pertain mainly to their organizations later in this plan.

The GSA Inspector General in concert with the General Accounting Office and the Senate Governmental Affairs Committee has named a number of major management challenges that face GSA. The Inspectors General of the other major Federal departments and agencies have also named challenges for their respective organizations. This responsibility was enacted into law as one of the provisions of the Reports Consolidation Act of 2000. The following management challenges were provided to GSA senior management by the GSA IG during FY 2001:

***Issue:*** *Providing a safe, healthful, and secure environment for over 1 million workers and the visitors to over 8,300 owned and leased Federal facilities nationwide is a major multifaceted responsibility of GSA. The increased risks from terrorism have greatly expanded the range of vulnerabilities traditionally faced by building operations personnel. The challenge facing GSA is a difficult one: the need to ensure*

*appropriate and effective security to protect federal facilities, employees, and the public, while also ensuring that our buildings and institutions remain open and accessible in keeping with the character of a free society.*

GSA has taken many actions to combat terrorism in the wake of the events of September 11, 2001. These include the following: we have enhanced guard services nationwide in line with the heightened state of alert. Particularly in New York City where the terrorist trial operation center is located, we have erected barriers, ballistic level guard post facilities, bollards, explosive detection devices and closed circuit TV. In many other locations, we have installed X-ray machines, magnetometers, environmental design planters for crime prevention and explosive detection devices.

Even before the terrorist attacks, GSA had increased vigilance for the safety of federal associates and visitors to federal space. The Federal Protective Service (FPS) has enhanced training for their personnel, standardized security guard contract criteria, and increased the number of criminal investigators and uniformed, law enforcement, security officers.

To help identify any type of threat to a federal building, the FPS has implemented Regional Threat Assessments (RTA). The RTA is an internal management tool that examines various factors to determine the major threats to buildings. The heart of the RTA is an examination of motive, opportunity, and means for GSA-controlled workplaces which may constitute a threat from groups or individuals. The "threat" ranges from the most catastrophic, but least probable—terrorism—to the most probable, but least catastrophic—larcenies. At the center of the continuum, falls workplace violence.

The RTA will clarify resource allocation by providing a clear focus on the intended outcome of the physical security program—threat reduction. As such it will demonstrate whether levels of personnel are adequate and where adjustments should be made.

***Issue:*** *Multiple management controls have been replaced, through reinvention initiatives, by fewer and broader controls, making it essential that the remaining controls be emphasized and consistently followed.*

*The IG's concerns encompass whether speedy procurement is being attained at the expense of appropriate regulatory requirements and good internal controls, whether charge cards are being used solely for appropriate government purchases, and whether GSA is getting the best price.*

*Congress has emphasized that the usefulness of agencies' performance data depends, to a large degree, on the reliability and validity of those data. Past audit work has shown that the absence of controls or the non-compliance with existing controls has resulted in poor quality data at the operational level of many GSA programs.*

GSA management agrees that this is a serious issue. It has become particularly important as GSA goes further into the world of e-Government. New ways of buying and selling will require new business methods to ensure strong management control. Within GSA these efforts are the responsibility of the Management Control and Oversight Council (MCOC), which provides overall policy and direction to the agency's senior managers.

Also very important to management control are the efforts to train and inform both our customers and GSA associates. We have created tools, such as the Multiple Award Schedules Owners' Manual to help ensure that management policies are followed.

Lastly, we are improving our data quality in order to keep our data collection and reporting activities under control. This includes both cleaning up old data residing in computer systems, and enforcing documentation requirements so managers can provide assurance that data is credible. The performance

measurement database, now under development, will support these processes by standardizing the collection of data at the corporate level.

*Issue:  GSA's challenges in the Information Technology  area continue to increase.  GSA relies on its automated information systems to perform its mission and manage its operations.  Many of these systems process and store sensitive information such as personal employee data and contractor's proprietary information.*

*GSA is in the process of replacing a number of its old systems, in keeping with technological advances. GSA systems commonly experience schedule delays and cost overruns, need frequent redesign, have difficulty sharing usable data between systems, and spend a prolonged period of time in development. Major system development efforts can rapidly grow in cost and complexity unless management consistently provides comprehensive oversight.*

*With respect to information security, GSA faces a significant management challenge to ensure that systems continue to operate as intended, agency assets are protected, and privacy is assured.*

Systems Development

The Clinger-Cohen Act requires that GSA's IT investments remain within 10% of the planned cost and schedule.  Among other actions, GSA is identifying and tracking the number of IT investments that are approved and reviewed through its IT Capital Planning and Investment Process.  Capital planning is a systematic approach to managing the risks and returns of IT investments for a given mission.  It is an integrated management process which provides for the continuous selection, control, life-cycle management and evaluation of IT investments.  It is focused on achieving a desired business outcome. IT investments require a complete project plan, cost benefit analysis and risk management plan.  Two overall objectives of GSA's capital process are 1) to align proposed system investments with strategic and tactical goals, and 2) to measure performance and net benefit for the dollars invested.

IT Security

GSA relies on its automated information systems to perform its mission and manage its operations.  GSA has had several audits and reviews conducted by PriceWaterhouseCoopers and the Office of the Inspector General that have identified IT security vulnerabilities and weaknesses during penetration testing.  Some of the findings have been repeated as a result of slow action within the agency to complete work correcting the issues identified.  During FY 2001, GSA took the following major steps to correct these vulnerabilities and weaknesses:

- The development and funding of a new IT Center of Expertise
- The development and execution of an IT Security Action Plan
- The development and distribution of agency-wide IT security guidelines and procedures
- The development and implementation of procedures for performing vulnerability and risk assessments
- The monitoring of access attempts and security violations
- The development and implementation of security awareness training for all users and systems administrators
- The monitoring and reporting of policies and guidelines for compliance by Services, staff offices, and regions

The challenge of information security is so complex and far reaching that there can be no practical possibility of "solving it once and for all."  GSA has a long-term mandate to maintain a program that addresses the challenge in all its dimensions.`

*Issue: GSA provides federal agencies with products and services valued in the billions through various types of contracts two of the most prevalent types being the Multiple Award Schedule (MAS) Program and Multiple Award Contracts (MACs). The IG's office is concerned that, as the MAS program has grown, the importance of certain program fundamentals — including pricing objectives and other pricing tools — has diminished. These fundamentals, which are set out by regulation, include the mandate for most-favored customer pricing, the requirement to perform meaningful price analysis when awarding or extending contracts, and the use of preaward audits to assist in negotiating contracts.*

For many decades, the MAS program has provided a vehicle for the acquisition of commercial products and services. In the last few years, many changes have been made as the program has adopted more commercial practices. Of course, these changes have been made to add value to the government thereby making the taxpayer's dollar go farther.

The changes to the MAS program have moved the government to real-time commercial buying practices and by doing so have significantly reduced acquisition time. This streamlining as a result of both the Federal Acquisition Streamlining Act and the Clinger-Cohen Act has negated some of the ability of the Inspector General to perform some audits, such as audits of post-award pricing information.

Our customer base has evolved from a relatively small group of procurement or supply professionals to a broad base of government employees. The new customer base includes thousands of customers from charge card holders to program managers. This represents a significant challenge in educating customers about the advantages and use of the procurement programs. Customer education is critical to our success.

The procurement workforce must be prepared to not only address the needs of the MAS program, but to do so in the context of a dynamic environment. Under the Clinger-Cohen Act, all contracting personnel hired must be college graduates or have 24 hours of business related courses at the college level. In addition, they will be expected to keep pace with the rapid growth of electronic commerce.

*Issue: Like many federal agencies, GSA has an aging workforce and faces significant potential loss of institutional knowledge in the coming years. Since 1993, GSA has been downsizing and has focused on restructuring its financial and business efforts. The Agency workforce was reduced from 20,000 to 14,000 between 1993 and 1999. Much of the downsizing was accomplished through early retirements and buyout authority, and by filling job vacancies sparingly. Human capital planning and organizational alignment, leadership continuity and succession planning, and recruitment and retention of staff with the right skills are key areas needing attention.*

GSA's Workforce Analysis, submitted to the Office of Management and Budget in July 2001, indicates that the agency is prepared for the challenge of keeping its human capital "need" from becoming a human capital "crisis." GSA is developing a more effective human capital management process that will be integrated with GSA's strategic goals and performance management process. The human capital management process at GSA will address the need for specific recruitment, training, retention, and exit/succession planning as required to maintain the skills and competencies needed to achieve high performance and continuous improvement at GSA. To reflect the recognition of its importance, we have created a new strategic goal, "Maintain a world-class workforce and a world-class workplace."

GSA is focusing on five categories of human capital goals to measure success:

1. Strategic Competencies: Recruit, develop, and retain associates with the strategic competencies for mission critical occupations;
2. Leadership: Ensure leadership in the agency inspires, motivates and models high standards;
3. Performance Culture: Create a culture that motivates associates while ensuring fairness in the workplace;
4. Learning: Promote knowledge sharing, intellectual honesty and continuous learning and improvement;

5. Strategic Awareness:  Align human capital policies to support the agency's Mission, Values, and Goals.

*Issue:  GSA is being challenged to provide quality space to federal agencies with an aging, deteriorating inventory of buildings and critical budgetary limitations in a competitive environment.*

*It is estimated that it would take several billion dollars to bring the building inventory up to standard. Since the Federal Buildings Fund generates annual revenue between $4.5 and $5 billion, most of which is committed to leased space costs, operating expenditures, and construction of new courthouses, finding funds for needed repairs is a major problem.*

*GSA needs to determine which buildings represent the greatest risk from a safety and operational perspective, which buildings will yield the best return on investment, what the Government's future space requirements are, and how to fund the highest priority projects in a timely* manner

More than half of our government-owned buildings are over fifty years old and nearly a quarter bear historic designation.  GAO noted in its most recent report that $4 billion is needed to ensure acceptable quality, health, and safety standards.  GSA's first capital priority is repairs and alterations to our aging buildings.

Our annual repair and alteration budget this year is approximately 2.8% of the inventory's replacement value which falls in the range (2-4%) of private sector practice.  Determination of budget priorities and financial decisions are aided by the new R&A Decision Model.  We are reinvesting in our inventory at the low end of the industry standard—yet our inventory is significantly older than the industry average. "Aging Buildings" will continue to be a challenge until a way is found to increase reinvestment.

## VI.  DATA VALIDATION AND VERIFICATION

GSA takes data validation and verification seriously.  The need to demonstrate that performance measures are backed up with accurate, reliable data is vital, not only to GPRA plans and reports and financial statements, but equally importantly to support management decisions on a day-to-day basis.

GSA uses a broad range of performance goals.  Accordingly, the data and the means to validate and verify the measures is similarly diverse.  This discussion will address general themes only.  The specific explanations for validation and verification for individual measures are included in the discussion of individual performance goals.

**Annual Report**

The GSA Annual Report for FY 2000, also known as the "Accountability Report" or the "Annual Financial Report" is prepared in accordance with the Reports Consolidation Act and other requirements,

The GSA Administrator made the following statement with regard to the completeness and reliability of the financial and performance data used in the FY 2001 Annual Report:

"The Reports Consolidation Act of 2000 requires each agency head to assess the completeness and reliability of the performance and financial data used in the report.  I am pleased to deliver this assessment:

1) The financial data used in the report are complete and reliable.  I base this assessment on the unbroken series of 14 unqualified opinions GSA has received on its financial statements. However, a non-material weakness in GSA's financial reporting and operations is identified in this year's Independent Accountant's Report.  We intend to follow their guidance in addressing the issues.

2) The performance data used in this report are generally complete and reliable.  Improvements are underway, however, to increase our confidence in the data.  Briefly, we are taking the following actions:

- In conformance with a finding made by the Inspector General, we are reviewing the procedures used to collect performance data and the basis on which an assertion of validity can be made at the program activity level.  The review of the Public Buildings Service has been completed.  The intention is to complete at least one other Service in the coming year.

    In some cases, the reviews may lead to an enhancement of the written documentation for the procedures or systems being used.  Similarly, there must be current, clear designations of responsibility for data collection and review.

- GSA is developing a performance measurement database.  This system will prescribe procedures for data collection and entry, as well as identify those responsible for data entry and review.  The database will be another tool in raising confidence in the performance data.

- The area that has been identified as a non-material weakness involved the STAR system in the Public Buildings Service.  STAR is a source of both financial and performance data.  Improvements to the STAR system will have a favorable impact on the completeness and reliability of both financial and performance data.

We are committed to continuously improving our ability to measure our work and to use these measurements to build a successful future at GSA."

**Controls and Procedures**

GSA's performance measurement data can be divided into five types.  The controls and procedures used to validate and verify each type is outlined below.

1. Financial data. As stated above, GSA has a high degree of confidence in its financial data. Normal audit and other financial controls maintain the integrity of these data elements.

2. Data from Large Computer Systems. GSA has undertaken an extensive process of systems certification to ensure that its computer systems operate as intended.  Data quality is also maintained through ongoing training.  Finally, many of the problems with the STAR system and other large computer systems are related to the conversion of old databases "as is."  As these databases are cleaned up, the errors from this source will be eliminated.

3. Data from Manual or Small Computer Systems. For these systems we stress confirmation so that more than one person is responsible for data and written policy and procedures.

4. Benchmark Data from External Sources. Where there is a close correspondence between a GSA activity and a private sector counterpart, we use external data as a benchmark.  When we do this we strive to find highly reputable sources of data that are recognized as industry standards.

5. Data Obtained under Contract. GSA often contracts with outside polling firms, such as the Gallup Organization, to develop customer satisfaction or other survey data.  Use of an outside contractor can make customers more eager to participate and add credibility to the results.  In using such data, we always deal with reputable firms that are leaders in the industry.  Our contract provisions require that sound business practices be followed and we follow-up to make sure we can have confidence in the results.  All of these firms have their own validation and verification procedures.

## VII. EXTERNAL FACTORS

Competitive Marketplace

As GSA moves toward a non-mandatory status in all its Services, the challenge of understanding our marketplace, evaluating our customers' needs and satisfying our customers with goods and services becomes the primary driver of our business lines. The agency benchmarks against standard private sector measures to ensure that we meet industry standards in each business line and include industry standards, such as International Facilities Management Association (IFMA) customer satisfaction surveys to determine tenant satisfaction, cost-per $100 purchases, and cost-per-minute long distance charges and monthly line rates for local telephone service.

Changing International Economy

The GSA Strategic Plan assumes a relatively stable economic environment with minimal inflation. The volatile conditions in the international marketplace could affect GSA in 2003 by causing changes in the real estate market, increases in the cost of goods and services, and a significant drop in demand for real and personal property disposal. The Chief Financial Officer's staff will monitor economic shifts.

# VIII.  PUBLIC BUILDINGS SERVICE

In support of GSA's mission, the Public Buildings Service (PBS) provides its customers with quality work environments that enable federal agencies to better serve the public. PBS is the largest public real estate organization in the nation and provider of workspace and workplace solutions to over 100 federal agencies.

PBS believes in results.  To mark progress against objectives, it develops, implements and monitors performance measures that drive its behavior.  By managing for results, PBS can more efficiently and effectively construct, lease, secure, manage and maintain the workplaces it provides.

Following the September 11th attacks, GSA heightened security levels with increased scrutiny of tenants, vehicles, visitors and packages.  PBS is buying additional state-of-the-art technology that will enhance PBS's ability to operate in and deploy to high alert locations.  Security personnel are receiving counter terrorism training, and contract guard services have improved through more stringent eligibility requirements and enhanced training and testing.  PBS has a new measure, the Threat index, which integrates criminal intelligence information, assesses potential threats to federal facilities and provides managers with a framework for reducing potential threats.

PBS has developed a portfolio strategy to restructure its government-owned inventory so that it consists primarily of strong income-producing properties generating sufficient funds to meet capital reinvestment needs.  A combination of several tactics will be used to cure under-performance such as: disposals, exchanges, public private partnerships, outleases and recognition of Occupancy Agreements. Reinvestment decisions will be made using new financial reinvestment models that will produce higher occupancy levels and better quality space.

While continuing to improve the financial results of the inventory and the satisfaction of customers and tenants, PBS is increasing its focus on providing quality workplaces and expert solutions.  PBS will leverage the resources that can best perform this task, its associates.  PBS associates are acquiring additional skills and expertise in the areas of business and customer and project management to enable them to exceed customer expectations.  Every associate will have skills in at least one management area, and depending on the work they perform they may be versed in all three.

Business managers determine the best asset mix between owned and leased buildings that provide productive space to customers.  Additionally, business managers are responsible for developing new products and services based on recommendations from customer managers.

Customer managers provide information on the wants and needs of customer agencies. Customer managers will create and maintain a relationship with customers that allows PBS to recommend workplace solutions that enhance the customer's ability to perform their mission.

Project managers ensure that all projects stay on schedule and within budget.  They are responsible for working with business and customer managers to ensure that projects meet both financial and customer requirements.

**Organization of the PBS Section**

The PBS Performance Plan is divided into 6 responsibility segments that are consistent with its budget request. Each segment is linked to one or more of GSA's Strategic Plan goals and objectives. The budget is linked at the responsibility segment level rather than to each measure.  These segments are briefly described below.

PBS Building Operations
This segment describes building operating costs related to cleaning, maintenance, utilities, protection, staff support and associated measures.

PBS Rental of Space
This segment describes the leasing of space to house tenants that cannot be accommodated in PBS's owned inventory and associated measures related to cost, cost recovery and customer satisfaction.

PBS Construction and Acquisition of Facilities
This segment describes efforts related to the acquisition of new space through construction or purchase and measures related to the cost effective and efficient delivery of new space buildings.

PBS Repairs and Alterations
This segment describes efforts related to the repairs and alterations of space, infrastructure rehabilitation and measures related to the impact on the Federal Buildings Fund.

PBS Property Disposal
This segment describes PBS efforts to dispose of surplus government property by sale, exchange or transfer and measures related to timeliness and cost recovery.

PBS Financial Management
This segment describes income sources to the Federal Buildings Fund (FBF), the ability of the fund to generate a contribution for capital investment, and associated measures.

**Terms**

PBS performance goals are discussed on the following pages.  Among the terms used in this discussion are:

***Long Term Performance Goal****:* a three to five year target level of performance, expressed as a tangible, measurable objective, against which actual achievement can be compared.  It is a quantitative standard, value or rate, and can be either outcome or output oriented.

***Annual Performance Goal:*** a single fiscal year target for level of performance, expressed as a tangible, measurable objective, against which actual achievement can be compared.  It is a quantitative standard, value or rate, and can be outcome or output oriented.

***Performance Measure****:* a particular value, characteristic, or comparison used to measure or assess outcome or output.

**Data**

In order to track and assess performance, PBS uses data from a handful of internal and external sources. Certain data sources support multiple performance goals.  Instead of repeating that information throughout this report, it is referenced to the information below in the verification and validation segments for various performance measures.  If a particular data source supplies data to only a single measure, it will be discussed with that measure.

The **National Electronic, Accounting and Reporting (NEAR)** system is GSA's corporate accounting system, and is the foundation for all PBS financial data.

NEAR data is reliable and accurate and is subject to audit by the Inspector General.  An annual audit is performed by GSA's independent auditor, PriceWaterhouseCoopers.  This audit has produced an unqualified opinion for thirteen consecutive years.  Financial data is subject to extensive in-house staff reviews, analysis, and system edits.  As a result of these verification methods, GSA's financial data used in the performance measures is valid within a very high degree of certainty.

The **System for Tracking and Administering Real Property (STAR)** is the primary source of real property data.  The accuracy of STAR data has improved significantly over the past year, and will

continue to improve.  Two data accuracy measures were implemented as part of internal monthly performance reporting which has been quite effective in reducing errors and missing data.  The first measure crosschecks data within STAR for logic and consistency errors.  The second measure, based on a random sampling of STAR data, ensures that critical fields in STAR accurately reflect information in source documents.  Arthur Andersen, Inc. is assisting in the development processes and procedures to permanently reduce the number of errors in STAR through a single-point-of-entry process.  Also, PBS is currently re-measuring buildings to compile a database of graphical spatial data and to validate the accuracy of assignment and inventory data.

The **Gallup Organization** provides data for the customer satisfaction measures. The Gallup Organization, one of the world's largest management consulting firms, brings its core expertise in the areas of measurement and analysis of people's attitudes, opinions, and behavior to satisfaction measures.  Gallup employs several types of data verification methods including a parallel processing method for its automated reports.  This process uses both electronic matching and manual proofing of the data; randomly verifying that a certain proportion of scanned and manually keypunched surveys are 100 percent accurate.  Gallup's analysis indicates that PBS can expect a 95 percent statistical confidence level in this data.

To measure customer satisfaction among tenants, Gallup uses a survey tool developed in conjunction with the International Facility Management Association (IFMA).  The customer satisfaction survey is performed in approximately one-half of PBS's building inventory annually (approximately 6,000 owned and leased buildings are surveyed every two years) The following buildings are not included in the survey; delegated buildings, buildings with no occupants and postal space leases.

PBS is working with Gallup to implement a measure of agency ordering officials satisfaction.  Starting in FY 2001, Gallup used the ordering official survey, conducted through phone interviews.  Survey results will be compiled and analyzed by Gallup and shared with PBS.

There are two PBS enterprise applications for tracking progress of major new construction and repairs and alterations (R&A) projects.  For capital budgeting, PBS uses **Pro Forma Investment Analysis**, a financial application, to analyze projects on planned expenditures of fixed assets, with future cash flows estimated for 25 years.  Project information, such as rent start date and project cost, is used to capture the impact of changes on the original project financials.

For tracking construction and repairs and alterations project information, PBS uses **Project Information Portal (PIP)**, a web-based application.  This system is intended to link project managers, executives, and PBS in an integrated, web-enabled framework to track enterprise-wide information on the current capital construction program.  In addition to the schedule, PIP application also captures the updated project budget information from Capital Projects Website, a supplement to the PBS accounting system, and obligations from the NEAR system on a daily basis. PIP application is used in conjunction with **Inventory Reporting Information System (IRIS)**, the enterprise application for tracking R&A work inventory.

In addition, PBS National Headquarter staff works with regional project and program managers to track major projects from initial planning through final occupancy.

## Budget Links

The budget is linked at each of the six responsibility segments. The organization of budget exhibit FBF-3 from the FY 2003 Budget Request was modified for the purposes of this plan so dollars could be attached to the appropriate programs. Below is a summary of how the budget is shown in the performance plan.

General Services Administration
Public Buildings Service Federal Buildings Fund
RESPONSIBILITY SEGMENTS
FY 2003 Budget Request
(Dollars in Thousands)

| | OPERATIONS | | CAPITAL | | TOTALS |
|---|---|---|---|---|---|
| | Government-owned | Government-leased | Construction and Acquisition | Repairs and Alterations | |
| 1. Construction and Acquisition | $ - | $ - | $ 556,574 | $ - | $ 556,574 |
| 2. Total Repairs and Alterations | $ 330,606 | $ 36,734 | $ - | $ 618,689 | $ 986,029 |
| 2A. Basic Repairs and Alterations | $ 330,606 | $ 36,734 | $ - | | $ 367,340 |
| 2B. Line Item Repairs and Alterations | $ - | $ - | $ - | $ 618,689 | $ 618,689 |
| 3. Installment of Acquisition Payments | $ - | $ - | $ 178,960 | $ - | $ 178,960 |
| 4. Redemption of Debt | $ - | $ - | $ 79,685 | $ - | $ 79,685 |
| 5. Rental of Space | $ - | $ 3,153,211 | $ - | $ - | $ 3,153,211 |
| 6. Building Operations | $ 1,489,862 | $ 300,401 | $ 94,950 | $ 125,388 | $ 2,010,601 |
| 6A. Building Services | $ 783,326 | $ 87,036 | $ - | $ - | $ 870,362 |
| 6A1. Cleaning | $ 225,027 | $ 10,973 | $ - | $ - | $ 235,783 |
| 6A2. Maintenance | $ 246,469 | $ 51,602 | $ - | $ - | $ 256,340 |
| 6A3. Utilities | $ 274,398 | $ 9,531 | $ - | $ - | $ 325,696 |
| 6A4. Other Building Services | $ 37,432 | $ 14,930 | $ - | $ - | $ 52,543 |
| 6B. Protection | $ 254,663 | $ 125,431 | $ - | $ - | $ 380,094 |
| 6C. Protection Staff (Salary and Administration) | $ 32,225 | $ 5,166 | $ - | $ - | $ 37,391 |
| 6D. Staff and Program Support (Excludes Protection) | $ 419,648 | $ 82,768 | $ 94,950 | $ 125,388 | $ 722,754 |
| Salary and Administration | | | | | |
| 6D1. Staff Support (Excludes Protection) | $ 306,197 | $ 49,088 | $ 56,925 | $ 56,925 | $ 469,135 |
| Program Support | | | | | |
| 6D2. Technical services, space planning | $ - | $ 11,016 | $ 15,004 | $ 38,140 | $ 64,160 |
| 6D3. Information Technology | $ 44,057 | $ 7,062 | $ 7,303 | $ 14,605 | $ 73,027 |
| 6D4. Centralized Services | $ 69,394 | $ 15,602 | $ 15,718 | $ 15,718 | $ 116,432 |
| | | | | | |
| 7. Reimbursable | $ 666,276 | $ 576 | $ 113,438 | $ 98,254 | $ 878,544 |
| TOTAL | $ 2,486,744 | $ 3,490,922 | $ 1,023,607 | $ 842,331 | $ 7,843,604 |

# PBS BUILDING OPERATIONS

This section includes goals and measures related to the operational management of buildings and properties. These measures allow PBS to evaluate operational spending and customer satisfaction. Measuring GSA's cost to operate facilities and comparing it to operating costs in comparable private sector buildings indicates that PBS provides value for the taxpayer and PBS's tenants. The customer satisfaction surveys provide PBS valuable information to improve its relationship with customers.

PBS is keenly aware of the impact of building operating services on both the satisfaction and productivity level of tenant agencies. PBS seeks to provide services in a cost effective manner such that customer satisfaction and productivity are not adversely impacted. At the end of FY 2000, cleaning costs were 6 percent below the private sector costs and maintenance and utility costs were 13 percent and 30 percent below respectively, for an overall operating cost of 17 percent below the private sector.

## PERFORMANCE GOALS
## LINK TO STRATEGIC PLAN

GSA Strategic Goal:          Operate Efficiently and Effectively
GSA Strategic Objective:     Increase emphasis on managing operating costs, including GM&A costs.

GSA Strategic Goal:          Provide Best Value for Customer Agencies and Taxpayers
GSA Strategic Objective:     Assess customer satisfaction trends and take actions for continuous improvement.
Reduce measurable threat to federal facilities.

GSA Strategic Goal:          Carry Out Social, Environmental & Other Responsibilities as a Federal Government Agency
GSA Strategic Objectives:    Reduce energy consumption in federal facilities.
Develop a model work environment for the future that is efficient, fully accessible, healthy, comfortable and economical.

## PBS PERFORMANCE MEASURES

Operating costs in office and similarly serviced space
Customer satisfaction – tenants
Customer satisfaction – ordering officials
Threat index
Energy consumption
Child care utilization
Child care accreditation

**Budget Links**

*Budget Information for past, current and future fiscal years*

| | 1999 Actual Obligations | 2000 Actual Obligations | 2001 Actual Obligations | 2002 Current New Obligational Authority | 2003 Request New Obligational Authority |
|---|---|---|---|---|---|
| Total Cleaning | $185 million | $197 million | $203 million | $224 million | $236 million |
| Total Maintenance | $223 million | $201 million | $210 million | $246 million | $256 million |
| Total Utilities | $203 million | $226 million | $259 million | $304 million | $326 million |
| Government-owned Staff and Program Support: | $389 million | $436 million | $441 million | $353 million | $419 million |
| Total Protection | $218 million | $219 million | $246 million | $326 million | $380 million |
| Total Protection support (distributed overhead + direct management and staff support) | $24 million | $36 million | $25 million | $34 million | $37 million |

FY 2003 Budget Information:

Of the $1.65 billion requested for this responsibility segment, $236 million is budgeted for cleaning, $256 million is budgeted for maintenance and $326 million is requested for utilities.  $419 million is budgeted for staff, administration and program support (Of which, $6 million is earmarked for human capital development).  At this level of support, PBS will target customer satisfaction scores for FY 2003 at 85%.

Budgeted levels of $380 million for protection and $37 million for protection support will be targeted toward reducing the threat in federal facilities by 20%.

**PBS Building Operations**

| GSA | |
|---|---|
| Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Increase emphasis on managing operating costs, including GM&A operating costs. |

**Long Range Performance Goal**

**Maintain operating costs in office and similarly serviced space at 12% below private sector benchmarks.**

**Annual Performance Goal**

**Maintain operating costs in office and similarly serviced space at 16% below private sector benchmarks.**

By controlling operating costs, i.e., cleaning, maintenance, and utility costs, PBS keeps its costs below the industry average, provides tenants with quality workspace, and contributes to the capital program, thus operating efficiently and effectively. PBS has developed several sophisticated benchmarks to monitor and compare operating costs with those in equivalent private sector buildings.

**Measure**

Operating costs in office and similarly serviced space

**Target**

PBS developed a targeting scheme for operating costs in FY 2003 to consider the three components of the operating costs measure: cleaning, maintenance and utilities. By setting an overall target derived from targets for the three components, it enables GSA's regional offices to concentrate spending in areas that allow PBS to operate efficiently and effectively. This provides the regions latitude if needs arise to use funds where they are most required without affecting this measured performance.

Cleaning Costs

Cleaning service in PBS is typically provided by sheltered workshops mandated under the Javits-Wagner-O'Day Act. PBS recognizes that there is a premium associated with these programs but will deliver the service at private sector benchmarks. PBS is committed to these social endeavors and actively pursues the goals set forth in legislation.

Maintenance Costs

An assessment of the condition of the PBS building inventory is currently being performed to determine the magnitude of the repairs and alterations inventory. PBS's strategy for the repairs and alterations program is to improve the condition of the inventory and ensure PBS's continuing ability to provide a quality workplace for its customers. As of June 15, 2001, maintenance costs were 16.1% below comparable private sector levels.

Utility Costs

Utility costs are targeted at 28% below private sector levels in office and office-like space for FY 2003. This target coincides with the energy consumption goal (26% reduction from the 1985 baseline). PBS utility costs are being reduced somewhat faster than consumption as opportunities for bulk power buying and purchasing of "green power" (which is not considered in consumption measurements) are utilized.

Percentage difference between GSA's operating costs per rentable square foot for office and office-like space and private sector costs.

FY 1999 Actual          18% below   revised*
FY 2000 Actual          16% below   revised*
FY 2001 Actual*                16% below
FY 2002 Target          16% below
FY 2003 Target          16% below

*FY 1999 and FY 2000 data was revised to compare PBS costs to actual industry costs.  Previously, the industry data was not available and PBS used inflated numbers from the prior year.  For this reason, the FY 2001 actual score may change as it is compared to FY 2000 industry data plus inflation.



GSA Total Building Operating Expenses
As of 9/01

Source of Data: BOMA, NEAR
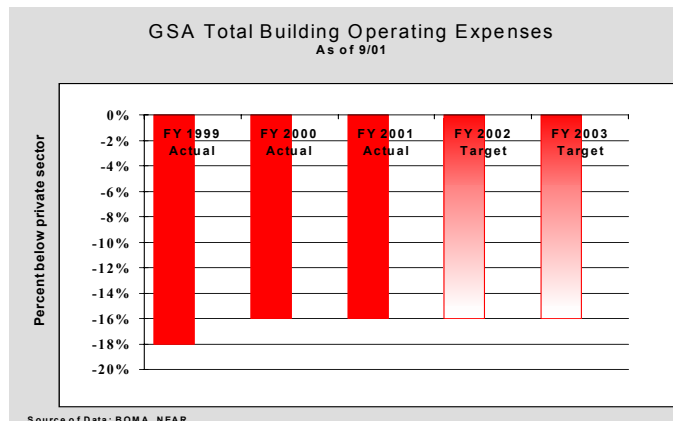
**Strategies**

Participate with industry groups on operation costs to learn about and adopt new conservation methods.

Keep abreast of changes and trends in the service provision industry and contractor approaches.

Meet energy conservation goals established by law and Executive Order.

Pursue commercial buying practices including simplifying specifications and performance-based contract approaches.

Pursue the best value for energy commodity purchases (gas and electricity) in deregulated markets.

**Verification/Validation**

Source:  NEAR
          The Building Owners and Managers Association's Experience Exchange Report (BOMA EER)

The Data section discusses the NEAR system as a data source.

The Building Owners and Managers Association (BOMA) is an advocacy group for the real estate industry, a federation of 94 local associations whose members own or manage more than 6 billion square feet of downtown or commercial properties and facilities across America.  BOMA is recognized for its expertise in the field of real property, frequently testifying before Congress and working with property holding agencies.  The Experience Exchange Report is a database that contains building operations statistics on more than 4,000 buildings throughout the United States.  It is used extensively in the private

sector and it is considered an accurate source for industry operating data that is comparable to PBS's data.

**PBS Building Operations**

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
| --- | --- |
| GSA Strategic Objective | Assess customer satisfaction trends and take actions for continuous improvement. |

**Long Range Performance Goal**

**Achieve an overall customer satisfaction rating of 85%.**

**Annual Performance Goal**

**Customer satisfaction level in FY 2003 of 85% in buildings surveyed.**

PBS provides, in a timely manner, quality space that is responsive to agency requirements. PBS has partnered with The Gallup Organization to assess customer satisfaction levels and determine how well PBS is meeting its goal to provide best value for customer agencies and taxpayers. Gallup polls the tenants in half of PBS's eligible building inventory each year using a customer satisfaction survey developed in conjunction with the International Facilities Management Association (IFMA).

The annual customer satisfaction scores and targets in the FY 2003 Performance Plan for owned, leased and newly leased space represent two years of survey data. Previously, annual scores were reported for surveys done in the fiscal year. By changing to the dual-survey reporting scheme PBS is able to show a customer satisfaction score for its entire inventory versus half. For example, the 1998 score represents the 1997 and 1998 survey results on the entire inventory. In the future, PBS may consider doing a yearly sample of the entire inventory versus half the inventory.
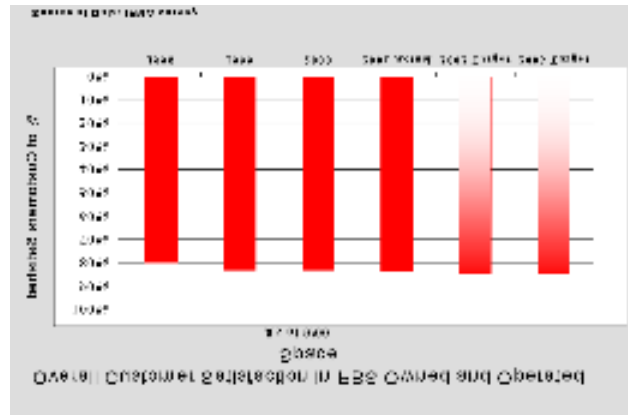
**Measure**

Customer satisfaction - tenants

**Target**

Percentage of tenants that rate PBS owned and operated services as satisfactory or better:

| | |
| --- | --- |
| 1998 Actual | 80% |
| 1999 Actual | 83% |
| 2000 Actual | 83% |
| 2001 Actual | 84% |
| 2002 Target | 85% |
| 2003 Target | 85% |

Overall Customer Satisfaction in FBS Owned and Operated

**Strategies**

Utilize training in customer satisfaction action planning at the field and regional office levels to target problem areas within individual buildings and discuss tactics that can be employed to improve scores.

Encourage building managers with high customer satisfaction scores to share those business practices that have helped attain these high scores with other building managers nationwide.

Use focus groups, at the building level, to better understand what is needed to improve customer satisfaction.

**Verification/Validation**

Source: The Gallup Organization
          IFMA customer satisfaction survey

The Data section discusses The Gallup Organization and the IFMA customer satisfaction survey as data sources.

**PBS Building Operations**

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers. |
|---|---|
| GSA Strategic Objective | Assess customer satisfaction trends and take actions for continuous improvement. |

**Long Range Performance Goal**

**Achieve an overall ordering official satisfaction of 70%.**

**Annual Performance Goal**

**Achieve an annual ordering official satisfaction of 63% in FY 2003.**

PBS has gathered satisfaction data on building tenants since 1994 and has made great strides in improving tenant satisfaction. The satisfaction of tenants is extremely important in making decisions about how to operate buildings, prioritize repairs and alterations and provide quality space in a timely manner.

PBS also recognizes that another group of customers is key to its future success. That group, referred to as ordering officials, are customer agency associates that represent their agencies in ordering services and work space from PBS. This group is the best judge of how well PBS is meeting the expectations of its customer agencies and providing the best value. In FY 2001, with the help of The Gallup Organization, PBS surveyed 468 agency ordering officials, via telephone interviews. This survey will enable PBS to further assess how it adds value to customer agencies and help identify areas of improvement. These customers were asked questions concerning their satisfaction with PBS products and services and the value PBS provided on a variety of items, including: service delivery, leasing, facility management, construction and alteration, security and problem resolution. Historically, Gallup's average score range for customer engagement surveys is 40% to 60% satisfied. In FY 2001, PBS scored at the high-end of this range with 59% overall satisfaction. The FY 2001 results are being studied to identify what drives ordering official satisfaction and what improvements can be made to the survey process. In FY 2002, PBS will survey again and these results will be compared to FY 2001 scores to help determine feasible expectations for future years. Targets may need to be reset depending on PBS' performance in FY 2002.

**Measure**

Customer satisfaction - ordering officials

**Target**

Percentage of ordering officials that rates their business dealings with PBS as a 4 or 5 on a 5-point scale

| | |
|---|---|
| FY 2001 Actual | 59% |
| FY 2002 Target | 61% |
| FY 2003 Target | 63% |

**Verification/Validation**

Source: The Gallup Organization
Ordering officials survey

The Gallup Organization and the ordering official survey are discussed in the Data section of this plan.

**PBS Building Operations**

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers. |
|---|---|
| GSA Strategic Objective | Reduce measurable threat to Federal Facilities. |

**Long Range Performance Goal**

**Achieve a 40% overall measurable reduction of the threat to Federal facilities.**

**Annual Performance Goal**

**Reduce the threat to Federal facilities by 20% in FY 2003.**

PBS is responsible for providing safe and secure work environments for customer agencies and taxpayers and reducing the measurable threat groups or individuals may pose to federal facilities. This responsibility has evolved from a reactive posture of patrol and incident response to a proactive stance of crime prevention and threat reduction. In the aftermath of September 11, 2001, PBS has redoubled its efforts to provide a safe and secure environment. In FY 2002, PBS received emergency security supplemental money to respond to the nation's high-alert status. The emergency funds will be spent towards a number of items designed to enhance security and PBS's preparedness for national security threats. Some of these items include: increased guard service due to heightened state of alert, reinforcement of existing security measures nationwide, travel and overtime for law enforcement personnel. In addition to the enhanced security levels, GSA is reaching out to tenants updating occupant emergency plans, conducting classes on crime prevention and anthrax, and doing mailroom searches for hazardous materials.

PBS uses the threat index as a means of identifying and evaluating threats to the federal workplace, and of assessing program effectiveness in reducing these threats. The data supporting the measure is captured in the conduct of Facility Security Risk Management (FSRM) surveys done periodically on all PBS controlled buildings. These surveys form the basis of the Regional Threat Assessment (RTA), which focuses on and quantifies motive, opportunity and means such workspace may provide. PBS is working hard to reduce the external threat to federal facilities but is also attuned to the possible internal threats posed by customers within PBS-controlled buildings. The FSRM surveys also takes into consideration incidents of workplace violence, theft and threats against co-workers. PBS personnel are trained to spot the potential for workplace violence and how to handle such incidents. Customers are warned on how to protect themselves against theft and other crimes.

A threat index is calculated for each building surveyed. This index focuses on three key elements:

(1) Real or perceived reason to attack U.S. government facilities or their tenants. This element of the RTA is based on the perception of security, visibility of the facilities and tenants or activities by criminal and terrorist groups or individuals.

(2) Vulnerabilities provided by circumstances, time and place. This element is based on data taken directly from the Law Enforcement and Security Officers' and Physical Security Specialists' building security assessments (using the Facility Security Risk Manager software program).

(3) Demonstrated capabilities for violence or resources to carry out a violent or disruptive act at the facilities. This element is based on the historical risk and the potential for discovering risk that a particular region may employ.

Based upon these three elements, all individual facility data is compiled to form a Regional Composite Threat Index.  Regional indices are combined to assess progress nationally.
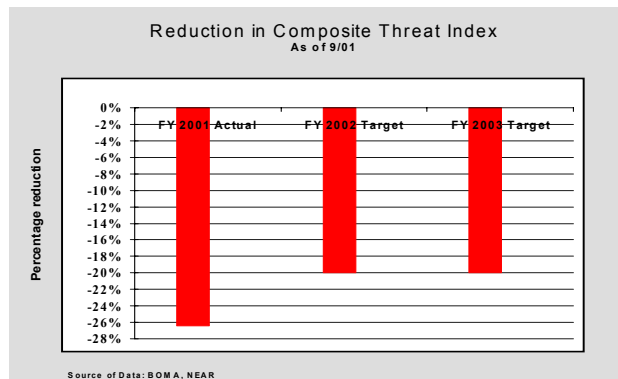
**Measure**

Threat index

**Target**

Each year a sample of PBS facilities is surveyed.  The FY 2001 sample represented 300 facilities.  The sample size will increase to approximately 2,000 in FY 2002 and approximately 4,000 in FY 2003.  In FY 2004, PBS will no longer use a sample for this measure but will include all facilities in its inventory.  From the sample of buildings surveyed, the top ten high-risk facilities are identified in each of the eleven regions, essentially concentrating on 110 facilities.  The reduction in composite threat index shows the threat reduction in these 110 facilities.

When this measure was first introduced the threat reduction target was 2.5%.  However, after seeing FY 2001 measure results, the threat reduction goal was increased to 20%.   This target is challenging considering that the pool of buildings surveyed in FY 2002 has increased to 2,000 and the composite score of high-risk facilities has also increased.  PBS will continue to evaluate the movement of this measure and adjust the goals as necessary.  PBS will also continue to evaluate the top nationwide 110 high-risk facilities.  Keeping this concentration of 110 facilities constant will provide not only focus within a given year, but will also allow for more accurate comparisons of historical data in out-years.  Furthermore, base budgetary adjustments from FY 2001 to FY 2002 were in large part due to increase in the cost of the contract guard program which was a result of wage determinations imposed by the Department of Labor.

Reduction in Composite Threat Index

| | Buildings surveyed (shown cumulatively) | High-risk Facilities | Composite score of high-risk facilities | Reduction from Composite score |
|---|---|---|---|---|
| FY 2001 Actual | 300 | 110 | 183 | 135 or 26% |
| FY 2002 Target | 2,000 | 110 | 201 | 161 or 20% |
| FY 2003 Target | 4,000 | 110 | TBD | 20% |



**Strategies**

Identify and Implement Countermeasures aimed at reducing the Impact of Loss and Vulnerability to high-threat facilities.

Increase the quality and quantity of criminal intelligence information via full-time participation in the FBI's Joint Terrorism Task Forces.

Increase contacts and criminal intelligence exchange with state and local security and law enforcement personnel.

Increase accessibility and helpfulness to customers to increase customer satisfaction levels.

Concentrate fiscal and human resources in areas with the highest threat.

Enhance the effectiveness of the Criminal Intelligence Sharing Program through increased numbers of well-trained criminal investigators.

Provide special operations support for agencies (and their facilities) subject to damage by demonstrators and protestors.

Improve data collection and responsiveness through enhanced technology at 4 mega communication centers (megacenters).

**Verification/Validation**

Regional and field personnel conduct threat assessments.   A Central Office review team validates changes on an annual basis.

**PBS Building Operations**

| GSA Strategic Goal | Carry Out Social, Environmental, and Other Responsibilities as a Federal Government Agency |
|---|---|
| GSA Strategic Objective | Reduce energy consumption in Federal facilities. |

**Long Range Performance Goal**

**Meet the conservation goal to reduce energy consumption for standard facilities by 30% from the FY 1985 baseline by FY 2005.**

**Annual Performance Goal**

**Improve energy reduction in standard facilities from 20% below the FY 1985 baseline in FY 2002 to 22% below in FY 2003.**

PBS is a responsible steward of the environment and is committed to implementing energy-saving solutions that improve the energy efficiency of operations and save taxpayer dollars. PBS will continue to use environmentally safe and sustainable energy sources where possible and economically feasible. The long-term goal is to reduce energy consumption by 30 percent from the 1985 baseline by FY 2005. In FY 2001, several new construction projects were added to the inventory that did not meet energy targets. These projects, coupled with the fact that the United States experienced the coldest two months in its history for November and December 2000 caused PBS to miss its energy target of 22% in FY 2001. Subsequently, PBS is lowering its target in FY 2002 to 20%.
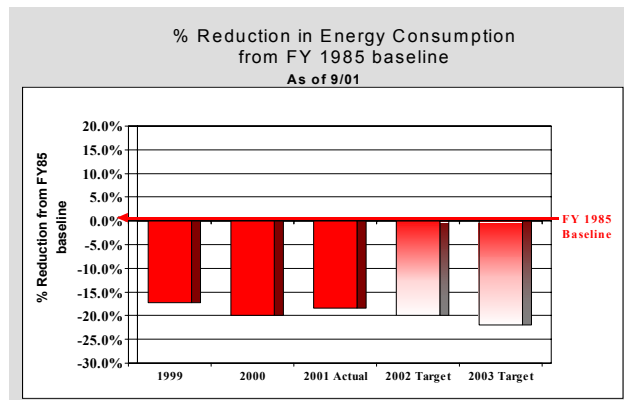
**Measure**

Energy consumption

**Target**

Percentage reduction from FY 1985 baseline

FY1999 Actual          17.3%
FY 2000 Actual         20.0%
FY 2001 Actual         18.4%
FY 2002 Target         20.0%
FY 2003 Target         22.0%

**Strategies**

Pursue design and construction methods that result in GSA facilities achieving external environmental recognition through EPA's Energy STAR program, and U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) ratings.

Maximize use of alternative financing contract mechanisms to reduce energy use and cost by publishing GSA's established programs and providing guidance on how to use these programs.

Bulk buying and experimentation with distributive technologies.

Implement renewable energy projects at federal installations and facilitate the siting of renewable generation on federal land.

Purchase energy generated from new renewable energy sources.

Incorporate energy efficiency requirements into relevant acquisitions.

Adopt and apply the sustainable design principles to the siting, design, and construction of new facilities or major renovations.

Provide training to appropriate personnel on energy management.

Establish water management plans for facilities and implement water conservation best management practices.

**Verification/Validation**

Source:         NEAR
                Energy Usage and Analysis System (EUAS)

The Data section discusses the NEAR system as a data source.

The Energy Usage and Analysis System gathers utility cost and consumption information from the NEAR system.  The staff of the EUAS Center verifies each new data entry from hard copy utility bills and tracks every utility bill in every building where GSA pays a utility bill.  Most agencies sample a subset of their building inventory and project energy consumption over the entire inventory.  The EUAS Center also reviews billing data to ensure that GSA is paying the correct rate.

Several additional data checks are made monthly.  Regional energy coordinators review billing data in the EUAS system and building managers certify a statistical sample of data monthly.  A utility accrual profile has been established for each utility account and every bill that is received that falls outside the accrual tolerance is reviewed and certified for payment by building personnel.   Discrepancies are reported back to the EUAS Center for correction and staff members work directly with utility companies to correct billing records. Through these processes, PBS is confident that the data in the EUAS system is extremely accurate.

**PBS Building Operations**

| GSA Strategic Goal | Carry Out Social, Environmental, and Other Responsibilities as a Federal Government Agency |
|---|---|
| GSA Strategic Objective | Develop a model work environment for the future. . |

**Long Range Performance Goal**

**Increase the number of children of federal employees who receive care in GSA child care centers.**

**Annual Performance Goal**

**Maintain the number of children of federal employees who receive care in GSA child care centers.**

PBS is committed to providing high-quality child care as a key building amenity and an essential component of a quality work environment. PBS's challenge is to find ways to make the cost of child care more affordable for federal families.

**Measure**

Child care utilization

**Target**

PBS is keeping its target at 56% utilization rate of federal employees. As the average age of the federal workforce increases, fewer federal employees have young children in need of child care. Additionally, most of the incoming, young federal workforce has not started families yet.

Percentage of children from federal families receiving care in GSA child care centers.

| | |
|---|---|
| FY 1999 Actual | 55% |
| FY 2000 Actual | 56% |
| FY 2001 Target | 50% |
| FY 2001 Actual | 56% |
| FY 2002 Target | 56% |
| FY 2003 Target | 56% |

**Strategies**

Require centers with low federal participation to implement a marketing plan to address customer satisfaction and affordability issues and increase federal participation.

Increase efforts to refine child care programs in the centers, add and modify classrooms to meet the needs of the federal workforce.

Take advantage of the federal child care subsidy program (Public Law 106-58) made permanently effective in FY 2002.

Encourage partnerships with other agencies to increase federal participation. For example, PBS has partnered with the Department of Defense to provide spaces in its centers for civilian employees under the Military Child Care Act and expect this partnership to increase Federal Utilization as well.

**Verification/Validation**

Source of data is GSA Office of Child Care database.

**PBS Building Operations**

| | |
|---|---|
| GSA Strategic Goal | Carry Out Social, Environmental, and Other Responsibilities as a Federal Government Agency |
| GSA Strategic Objective | Develop a model work environment for the future. |

**Long Range Performance Goal**

**Achieve 100% accreditation of all eligible GSA child care centers**

**Annual Performance Goal**

**Achieve 90% accreditation of all eligible GSA child care centers**

PBS is committed to providing high-quality child care as a key building amenity and an essential component of a quality work environment. The accreditation of GSA child care centers continues to be a top priority.  GSA's accreditation rate is ten times the private sector rate.  GSA's long term performance goal is to achieve 100% accreditation of all eligible child care centers.

**Measure**

Child care center accreditation

**Target**

Progress toward 100% accreditation of GSA centers stalled due to unforeseen circumstances. Centers attempting to become re-accredited received deferred status. The Office of Child Care will continue to work with regional programs to improve center performance and implement the building modernization program for existing child care centers to improve and remedy any facility issues which are barriers to accreditation.  The FY 2002 target was revised in consideration of  FY 2001 performance.  The long-term target is still 100% accreditation of all eligible child care centers.

Percentage of eligible child care centers accredited by the National Association for the Education of Young Children.

| | |
|---|---|
| FY 1999 Actual | 70% |
| FY 2000 Actual | 88% |
| FY 2001 Target | 100% |
| FY 2001 Actual | 83% |
| FY 2002 Target | 88% |
| FY 2003 Target | 90% |

**Strategies**

Continue the modernization program for existing child care centers which will remedy any facility issues which are a barrier to accreditation.

Continue to work with the regions on the individual center accreditation plans.  These plans are used to monitor the improvements in existing operations to bring them up to accreditation standard.

Monitor individual center performance and recommend changes of management where necessary.

**Verification/Validation**

Source of data is GSA Office of Child Care database.

# PBS RENTAL OF SPACE

PBS is committed to providing the best workplace solutions for its federal clients. When clients' space requirements can not be met by available federal space, GSA leases the needed space at competitive rates from the private sector. Leasing activities provide PBS with the flexibility to acquire space for customers and to release that space back into the market when it is no longer needed.

Leasing operations provide for funding recurring payments for existing and replacement lease contracts, temporary expansion space in support of major repairs and alterations projects, relocations from federal buildings due to forced moves, and relocations due to health and safety conditions. Unanticipated demand during a fiscal year for expansion space for new or expanded agency programs is provided under GSA's indefinite authority provision.

PBS provides workspace for federal agencies in over 6,600 leased properties. Currently, leased space accounts for 46 percent of the total space inventory by square footage, and more than 50 percent of the employees housed are in leased space. In recent years, the time and cost to deliver leased space to agencies and provide services at a level comparable to those of private real estate services has been dramatically reduced. To continue a high level of service to federal client agencies with fewer PBS associates, PBS has contracted with a number of private real estate firms to help the government lease space in local markets and provide such services as lease administration and renegotiations, tenant representation, requirements development, market surveys, and out-leasing.

The goals for Leasing Operations are to provide leased space for client agencies at or below the cost of equivalent space obtained by the private sector, and improve the percentage of satisfied customers.

## PERFORMANCE GOALS
## LINK TO STRATEGIC PLAN

GSA Strategic Goal:   Provide Best Value for Customer Agencies and Taxpayers
GSA Strategic Objectives:  Assess customer satisfaction trends and take actions for continuous improvement.
          Procure goods and services for customers at competitive prices.

GSA Strategic Goal:   Operate Efficiently and Effectively
GSA Strategic Objective:  Increase emphasis on managing operating costs, including GM&A operating costs.

## PBS PERFORMANCE MEASURES

Cost of leased space relative to market
Recovery of lease costs
Customer satisfaction – tenants in leased space

**BUDGET LINKS**

*Budget Information for past, current and future fiscal years*

| | 1999 Actual Obligations | 2000 Actual Obligations | 2001 Actual Obligations | 2002 Current New Obligational Authority | 2003 Request New Obligational Authority |
|---|---|---|---|---|---|
| Rental of Space (excludes Indefinite Authority) | $2.670 billion | $2.918 billion | $2.957 billion | $2.960 billion | $3.153 billion |
| Leased: Staff and Program Support (Salary, Administration and Program support) | $88 million | $98 million | $81 million | $90 million | $83 million |

2003 Budget Information:

Of the $2.0 billion requested for Buildings Operations, $83 million represents the staff and program support of the leasing program (excluding protection staff support). This $83 million includes brokerage services, property management, space planning and indirect cost including information technology. At this level of support, we anticipate that we will deliver the $3.2 billion total leasing program at or below market rates at the targeted levels of tenant and ordering official satisfaction.

**PBS Rental of Space**

| | |
|---|---|
| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
| GSA Strategic Objective | Procure goods and services for customers at competitive prices |

**Long Range Performance Goal**

**Provide leased space for client agencies at or below the cost of equivalent space obtained by the private sector.**

**Annual Performance Goal**

**Keep the cost for new GSA leased office space at or below each of the four market ranges (categories) being tracked in FY 2003.**

PBS's objective is to lease space in the market that provides the best value for leasing dollars. Best value is not always the space offered at the lowest price. Often, building amenities, space features and a number of other factors can make building tenants more productive and efficient. Space that makes tenants marginally more productive may be a better value than space at significantly lower costs. For that reason, PBS has changed the annual performance target to reflect that the new leases of class A and class B space, whether inside or outside central business districts, on the whole be at or below the average cost of private sector leases in those same categories. By procuring leased space at competitive prices PBS ensures that it is meeting its goal to provide the best value for customer agencies and taxpayers.

**Measure**

Cost of leased space relative to market

**Target**

The new target will compare lease costs in four categories. These categories include:

Class A space inside a Central Business District (CBD)
Class A space outside a CBD
Class B Space inside a CBD
Class B space outside a CBD

PBS uses the Society of Industrial and Office Realtors' definition for Central Business District and Class A and B space.

Central Business District is defined as space located near the historical urban core, commonly associated with traditional government and financial districts in most cities.

Class A is defined as space in an excellent location, high-quality tenants, high quality finishes, well maintained, and professionally managed.
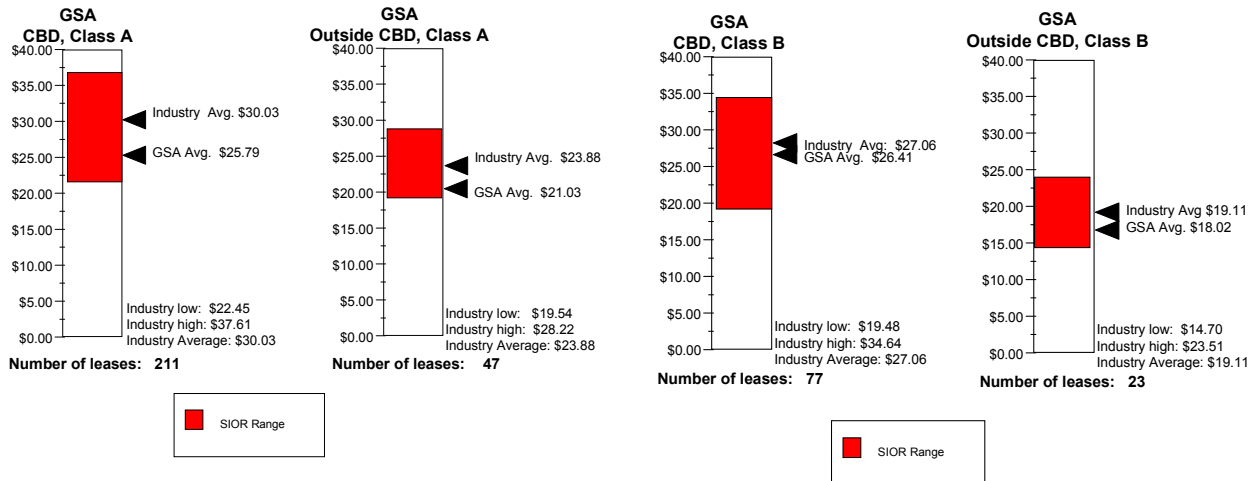
Class B is defined as space in a good location, professionally managed, fairly high-quality construction and tenancy. Class B buildings generally show very little functional obsolescence and deterioration.

     FY 2001 Actual   At or below the industry average in each of the 4 categories (see charts below)
     FY 2002 Target   At or below the industry average in each of the 4 categories

FY 2003 Target   At or below the industry average in each of the 4 categories

Performance is determined by calculating the average of the aggregate square footage costs in new GSA leases and comparing it to the median of aggregate square footage costs in private sector leases in each of the four categories.

## FY 2001 Actual

**GSA CBD, Class A**
$40.00
$35.00
$30.00 — Industry Avg. $30.03
$25.00 — GSA Avg. $25.79
$20.00
$15.00
$10.00
$5.00 — Industry low: $22.45 / Industry high: $37.61 / Industry Average: $30.03
$0.00
**Number of leases: 211**

**GSA Outside CBD, Class A**
$40.00
$35.00
$30.00
$25.00 — Industry Avg. $23.88
$20.00 — GSA Avg. $21.03
$15.00
$10.00
$5.00 — Industry low: $19.54 / Industry high: $28.22 / Industry Average: $23.88
$0.00
**Number of leases: 47**

SIOR Range

**GSA CBD, Class B**
$40.00
$35.00
$30.00 — Industry Avg: $27.06 / GSA Avg. $26.41
$25.00
$20.00
$15.00
$10.00
$5.00 — Industry low: $19.48 / Industry high: $34.64 / Industry Average: $27.06
$0.00
**Number of leases: 77**

**GSA Outside CBD, Class B**
$40.00
$35.00
$30.00
$25.00
$20.00 — Industry Avg $19.11 / GSA Avg. $18.02
$15.00
$10.00
$5.00 — Industry low: $14.70 / Industry high: $23.51 / Industry Average: $19.11
$0.00
**Number of leases: 23**

SIOR Range

## Strategies

Maintain a PBS staff that is knowledgeable of market conditions.

Partner with contract brokers to free up PBS resources to better manage customer relationships and the overall leasing program.

Compare lease offers with industry benchmarks as a starting point for negotiations.

Provide price expectations to contract brokers in terms of benchmark prices.

Use market surveys to "comparison" shop for the best price in a market area.

Use published market sources (e.g. Black's Guide) to get a better understanding of area markets.

Benchmark tenant alteration construction cost against cost guides (e.g. Mean's cost data).

Use PBS's newly designed solicitation for offers (SFO) for tenant alterations where practical.

Use the expedited leasing process (where net lease cost is less than $100,000) where appropriate.

Work with lessors to meet National Fire Safety requirements at a minimum of additional cost.

Work with agencies to maximize the value of their space, yet control costs.

## Verification/Validation

Source:        STAR

        Society of Industrial and Office Real Estate Markets (SIOR),
        Logistics Management Institute (LMI)

The Data section discusses STAR as a data source.

The SIOR commercial network and its publications are valuable tools in determining current trends and market rates from which GSA can benchmark. Member professionals who work in each reported market develop the market information used by SIOR.

LMI is a private non-profit organization that provides management consulting, research, and analysis to governments and other non-profit organizations. The participation of LMI as a data provider for this measure expands PBS's effort to validate STAR data. LMI employs several filters and data verification methods after preliminary results are collected from STAR. Regional offices are given the opportunity to re-check the final posted data for inaccuracies. The resulting lease data that is collected is valid with a reasonable degree of certainty.

**PBS Rental of Space**

| GSA Strategic Goal | Operate Efficiently and Effectively |
|---|---|
| GSA Strategic Objective | Increase emphasis on managing operating costs, including GM&A operating costs. |

**Long Range Performance Goal**

**Breakeven on the leasing program.**

**Annual Performance Goal**

**Reduce the loss on the leasing program to $14.3 million.**

PBS should collect sufficient revenue from clients for leased space to cover the associated costs of those leases. These costs include payments to the lessors, operating costs as certain lease contracts require, depreciation for PBS funded tenant and building improvement, plus the administrative costs of leasing. By managing operating leases, PBS aims to maximize the funding available for capital investment and meet its goal to operate efficiently and effectively.

Protection related cost and income are not included in this measure.

**Measure**

Recovery of lease costs

**Target**

The financial impact of leasing space is assessed using net income for leased space.

| | |
|---|---|
| FY 1999 Actual | ($61.0 million) - loss |
| FY 2000 Actual | ($66.2 million) - loss |
| FY 2001 Actual | ($57.2 million) - loss |
| FY 2002 Target | ($28.6 million) - loss |
| FY 2003 Target | ($14.3 million) - loss |

**Strategies**

PBS plans to examine the pricing structure and its execution in its contracts to verify that rents are being set to recover the full costs of leases and that STAR billing data is both complete and accurate. It will ensure that its staff is knowledgeable of new pricing policies and market conditions to develop the most economically advantageous agreements with customer agencies. PBS utilizes a number of strategies for breaking even on its inventory of operating leases. Some of these other strategies are mentioned below.

Reduce non-revenue producing leased space.

Limit indirect costs associated with the leasing program.

Keep the cost of support services as reasonable as possible (e.g. space planning, brokerage, engineering contracts).

Work closely with client agencies to firmly establish requirements in advance to avoid re-doing work in mid-project.

Work to stay on schedule and meet contractual commitments to prevent lessor claims.

Make customers financially responsible when they cause delays, claims, and scope changes.

Time lease effective dates to correspond with client occupancy to avoid PBS leasing space without a tenant.

Make sure all lease costs are passed through as appropriate to the customer (e.g. tax and operating expense escalations).

**Verification/Validation**

Source:        NEAR
                     STAR

The Data section discusses the NEAR and STAR systems as data sources.

**PBS Rental of Space**

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
|---|---|
| GSA Strategic Objective | Assess customer satisfaction trends and take actions for continuous improvement. |

**Long Range Performance Goal**

**Achieve an overall customer satisfaction rating of 85% on all leases and a higher rating on new leases.**

**Annual Performance Goal**

**Achieve a customer satisfaction rating in all leases of 84% with 88% or higher in newly leased space in FY 2003 in buildings surveyed.**

PBS continues to focus on the customer satisfaction in all of its leased space to determine how well PBS is meeting its goal to provide best value. However, PBS pays particular attention to the scores in newly leased space as a gauge to the effectiveness of business improvements. This measure has two targets: increase overall customer satisfaction in total leased space inventory to 84% and satisfaction in new leases to 88% or higher.

The annual customer satisfaction scores and targets in the FY 2003 Performance Plan for owned, leased and newly leased space represent two years of survey data. Previously, annual scores were reported for surveys done in the fiscal year. By changing to the dual-survey reporting scheme PBS is able to show a customer satisfaction score for its entire inventory versus half. For example, the 1998 score represents the 1997 and 1998 survey results on the entire inventory. In the future, PBS may consider doing a yearly sample of the entire inventory versus half the inventory.
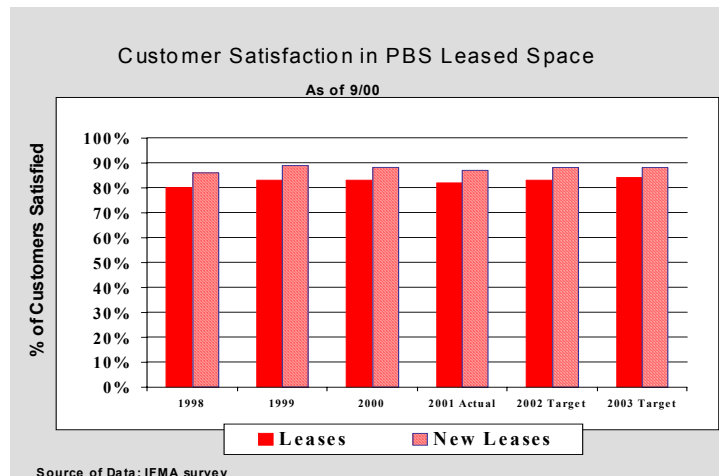
**Measure**

Customer satisfaction – tenants in leased space

**Target**

Percentage of tenants that rate leased space and services as satisfactory or better.

|  | All Leases | New Leases |
|---|---|---|
| 1998 Actual | 80% | 86% |
| 1999 Actual | 83% | 89% |
| 2000 Actual | 83% | 88% |
| 2001 Actual | 82% | 87% |
| 2002 Target | 83% | 88% |
| 2003 Target | 84% | 88% |

**Customer Satisfaction in PBS Leased Space**

As of 9/00



Source of Data: IFMA survey

**Strategies**

Utilize training in customer satisfaction action planning at the field and regional office levels to target problem areas within individual buildings and employ tactics that improve scores.

Encourage building managers with high customer satisfaction scores to share those business practices with other building managers nationwide.

Use focus groups, at the building level, to better understand what is needed to improve customer satisfaction.

Make improving customer satisfaction in low-scoring buildings a condition of renewing the lease agreements in those buildings.

Utilize good past performance in the contracting process.

**Verification/Validation**

Source: The Gallup Organization
          IFMA customer satisfaction survey

The Data section discusses The Gallup Organization and the IFMA customer satisfaction survey as data sources.

# PBS CONSTRUCTION AND ACQUISITION OF FACILITIES

PBS surveys the housing needs of client agencies and the availability of federal housing in communities nationwide. Construction projects are recommended to meet new housing needs of an agency or to consolidate several dispersed agencies with long-term housing requirements.

PBS's experience has shown that a construction and ownership solution for special purpose and unique facilities, such as courthouses and border stations, is often the best housing solution because these facilities are not readily available in the real estate market.

These expenditures are justified by the same stringent return on investment (ROI) analysis used to justify repairs and alterations expenditures. By applying a Treasury-based "hurdle rate" of 6.1 percent, the non-prospectus construction projects are geared to invest the government's resources wisely.

The goals of Construction and Acquisition of Facilities program are timely completion of construction projects, minimization of cost overruns, and meeting customer needs. The construction program of special purpose and unique facilities provides customers with quality workspace that has been built specifically for their individual requirements. Project and relationship management will enhance PBS's ability to provide facilities that maximize customers productivity.

PBS revised the internal controls on the methodology of this measure to more realistically assess if projects are completed on time and within budget. In addition, GSA will now measure construction projects greater than $2 million. Previous to FY 2002, GSA measured construction projects greater than $10 million.

## PERFORMANCE GOALS
## LINK TO STRATEGIC PLAN

GSA Strategic Goal:                 Operate Efficiently and Effectively
GSA Strategic Objective:        Manage projects to provide space and services efficiently and effectively.


GSA Strategic Goal:                 Provide Best Value for Customer Agencies and Taxpayers
GSA Strategic Objectives:      Assess customer satisfaction trends and take actions for continuous improvement.

## PBS PERFORMANCE MEASURES

Construction projects completed on schedule
Construction projects completed within budget
Customer satisfaction – tenants in newly constructed buildings

BUDGET LINKS

*Budget Information for past, current and future fiscal years*

|  | 1999 Actual Obligations | 2000 Actual Obligations | 2001 Actual Obligations | 2002 Current New Obligational Authority | 2003 Request New Obligational Authority |
|---|---|---|---|---|---|
| New Construction | $533 million | $94 million | $364 million | $675 million | $557million |
| Construction and Acquisition: Staff and Program Support (Salary and Administration and Program Support) | $91 million | $92 million | $84 million | $93.4 million | $95 million |

2003 Budget Information:

The performance targets are based on the approval of the $95 million requested for Buildings Operations support, which includes funding for capital studies, space planning, prospectus development, GSA capital planning, property development services and indirect costs including Information Technology (IT).

The $557 million for New Construction is required to meet the critical space needs of the Executive branch and the Courts.

**PBS Construction and Acquisition of Facilities**

| | |
|---|---|
| GSA Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Manage projects to provide space and services efficiently and effectively. |

**Long Range Performance Goal**

**Improve the percentage of construction projects completed on schedule.**

**Annual Performance Goal**

**Improve the percentage of construction projects completed on schedule to 80% in FY 2003.**

Completing projects on time is essential for customer satisfaction, cost control and income optimization. By concentrating on the financial aspects of construction projects, PBS helps to ensure that it is meeting its goal to operate efficiently and effectively and that taxpayers are getting the best value. It is therefore critical that projects are completed on time to generate expected revenue and meet customer space needs.

**Measure**

Construction projects completed on schedule expressed as a percentage

**Target**

PBS believes it has made considerable improvements in its construction program with significant decrease in delays. With the increased emphasis on performance measurement, PBS is focused on improving project management with more accurate project plans and costs for the construction projects it proposes. PBS efforts to improve its business practices have also resulted in a shift in how the performances of the projects will be reported. However because of the method being used to display this data, results from those efforts are difficult to quantify.

Beginning in FY 2003, PBS will be reporting the performance of its projects by the fiscal year in which it received its construction funding. The reason for this shift is to show the effectiveness of PBS initiatives in the performance of its projects over time. Under the current system, PBS cannot show how its construction program has been evolving and improving because the results are a composite of both old and new projects under different management systems, which cannot be distinguished from one year to another.

PBS projects typically take 6 to 8 years from concept stage to tenant move-in and many of its larger new construction projects may take 4 or more years for the construction phase alone. When a process change or new initiative is implemented, PBS current reporting system would not show the results from that change until construction is completed. In addition, results from the current reporting system are muddied because it reports projects before program changes with those affected by management initiatives and it does not show any meaningful evidence of progress for the management to take proactive actions before it is too late. The new reporting system will separate the performance by fiscal year of funding and it will clearly identify how effective PBS initiatives have affected success over time.

PBS management has incorporated many initiatives that its associates have embraced and the results for this new reporting method will show that PBS has made significant improvements in its construction program.

| Fiscal year funded | % Work in Place* | % of New Construction on schedule as of 3/31/02 |
| --- | --- | --- |
| 1997 In Progress** | 80% | 73% |
| 1999 In Progress | 69% | 68% |
| 2000 In Progress | 11% | 83% |
| 2001 In Progress | 10% | 100% |
| 2002 Target | -- | 78% |
| 2003 Target | -- | 80% |

*% Work in place is based on Amt of Construction Dollars paid as a Percent of Total Construction Dollars reported in the National Electronic, Accounting and Reporting (NEAR) system.
**Prior to 1997-Oklahoma City Federal Building Project (funded in 1995) is scheduled to be complete in 2004.

Strategies

Improve the quality control of project management through a proactive approach of better strategic planning and anticipating changes.

Improve contact and communication with customers for their changing needs and customer satisfaction. Major emphasis on meeting the Project schedule.

Limit project changes that cause delays by obtaining up-front commitments from client agencies on scope, schedules, and costs.

Maintain and improve management information systems that provide project managers with better real time information about project status.

Use the Technical Committee to oversee and review the project changes for extraordinary circumstances, such as "Excusable Delays" as allowed by FAR, for changing PBS commitments to Congress.

Employ innovative construction bid techniques and

Utilize past performance in the selection of construction contractors.

Select the appropriate delivery system for each project.

Manage the design process effectively to ensure that the project can be constructed on budget and on schedule.

Utilize in-house construction expertise to conduct constructability reviews and budget control reviews.

Perform "Construction Peer Reviews" at approximately 10 percent completion for all large or special projects.

Employ learning from revised Post Occupancy Evaluation Program.

Perform 90% reviews of construction projects to evaluate success of projects and prepare lessons learned for consideration on future projects.

Perform monthly evaluations of A/E and Construction Management and Construction contractors and prepare final performance evaluation of construction contractor.

**Verification/Validation**

Source:  Project Information Portal (PIP) and National Electronic, Accounting and Reporting (NEAR)
The Data section discusses PIP and NEAR as a data source.

**Construction and Acquisition of Facilities**

| GSA Strategic Goal | Operate Efficiently and Effectively |
|---|---|
| GSA Strategic Objective | Manage projects to provide space and services efficiently and effectively. |

**Long Range Performance Goal**

**Reduce the cost escalation rate for new construction projects to 1%.**

**Annual Performance Goal**

**Reduce the cost escalation rate for new construction projects to 1% in FY 2002 and FY 2003.**

PBS manages the construction program within budgets provided by Congress.  Projects are considered within budget until PBS escalates or requests a reprogramming or additional appropriations for the project that raises total project cost above the original appropriation amount.  For this measure, PBS tracks all prospectus level projects above $2 million completed during the fiscal year.  Prior to 2002, GSA measured the performance of construction projects over $10 million.  The percentage escalation is determined by dividing the escalated cost of new construction escalations by the original appropriation approved by Congress (does not include claims). By concentrating on the financial aspects of construction projects, PBS helps to ensure that it is meeting its goal to operate efficiently and effectively and that taxpayers are getting the best value.

It is possible for one large construction project to cause PBS to miss its target, as was the case in FY 2000 when escalations at Eagleton Courthouse increased the percent escalation to 5.0%.  If this project had come in on budget, PBS would have achieved the target.

**Measure**

Construction projects completed within budget

**Target**

PBS believes it has made considerable improvements in its construction program with significant improvements in cost control. With the increased emphasis on performance measurement, PBS is focused on improving project management with more accurate project plans and costs for the construction projects it proposes.  PBS efforts to improve its business practices have also resulted in a shift in how the performances of the projects will be reported.  However because of the method being used to display this data, results from those efforts are difficult to quantify.

Beginning in FY 2003, PBS will be reporting the performance of its projects by the fiscal year in which it received its construction funding.  The reason for this shift is to show the effectiveness of PBS initiatives in the performance of its projects over time.  Under the current system, PBS cannot show how its construction program has been evolving and improving because the results are a composite of both old and new projects under different management systems, which cannot be distinguished from one year to another.

PBS projects typically take 6 to 8 years from concept stage to tenant move-in and many of its larger new construction projects may take 4 or more years for the construction phase alone.  When a process change or new initiative is implemented, PBS current reporting system would not show the results from that change until construction is completed.  In addition, results from the current reporting system are muddied because it reports projects before program changes with those affected by management

initiatives and it does not show any meaningful evidence of progress for the management to take proactive actions before it is too late. The new reporting system will separate the performance by fiscal year of funding and it will clearly identify how effective PBS initiatives have affected success over time. PBS management has incorporated many initiatives that its associates have embraced and the results will show that PBS has made significant improvements in its construction program.

| Fiscal year funded | % Work in Place* | Cost escalation rate as of 3/31/02 |
|---|---|---|
| 1997 In Progress** | 80% | 9% |
| 1999 In Progress | 69% | 5% |
| 2000 In Progress | 11% | 0% |
| 2001 In Progress | 10% | 0% |
| 2002 Target | -- | 1% |
| 2003 Target | -- | 1% |

*% Work in place is based on Amt of Construction Dollars paid as a Percent of Total Construction Dollars reported in the National Electronic, Accounting and Reporting (NEAR) system.
**Prior to 1997-Oklahoma City Federal Building Project (funded in 1995) is scheduled to be complete in 2004.

## Strategies

Improve the quality control of project management through a proactive approach of better strategic planning and anticipating changes.

Improve contact and communication with customers for their changing needs and customer satisfaction. Major emphasis on meeting the Project schedule.

Limit project changes that cause delays and increase costs by obtaining up-front commitments from client agencies on scope, schedules, and costs.

Maintain and improve management information systems that provide project managers with better real time information about project status.

Form a Technical Committee to oversee and review the project changes for extraordinary circumstances, such as "Excusable Delays" as allowed by FAR, for changing commitments to Congress.

Utilize past performance in the selection of construction contractors.

Select the appropriate delivery system for each project.

Manage the design process effectively to ensure that the project can be constructed on budget and on schedule.

Perform "Construction Peer Reviews" at approximately 10 percent completion for all large or special projects.

Perform 90% reviews of construction projects to evaluate success of projects and prepare lessons learned for consideration on future projects.

Employ learning from revised Post Occupancy Evaluation Program.

Perform monthly evaluations of A/E and Construction Management and Construction contractors and prepare final performance evaluation of construction contractor.

## Verification/Validation

Source: National Electronic Accounting and Reporting (NEAR) system.  The Data section discusses the NEAR system as a data source.

**PBS Construction and Acquisition of Facilities**

| | |
|---|---|
| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
| GSA Strategic Objective | Assess customer satisfaction trends and take actions for continuous improvement. |

**Long Range Performance Goal**

**Maintain a 90% tenant satisfaction rating in newly constructed buildings.**

**Annual Performance Goal**

**Achieve a 90% tenant satisfaction rating in newly constructed buildings.**

PBS achieves and maintains a high level of customer satisfaction with tenants in newly constructed buildings through providing quality products and services at competitive prices while achieving significant savings for federal agencies and providing best value.  PBS has higher customer satisfaction expectations of newly constructed buildings than it does for owned and leased buildings in its inventory. Although there was a drop in customer satisfaction levels in FY 2000, PBS continues to set targets using the FY 1998 baseline.
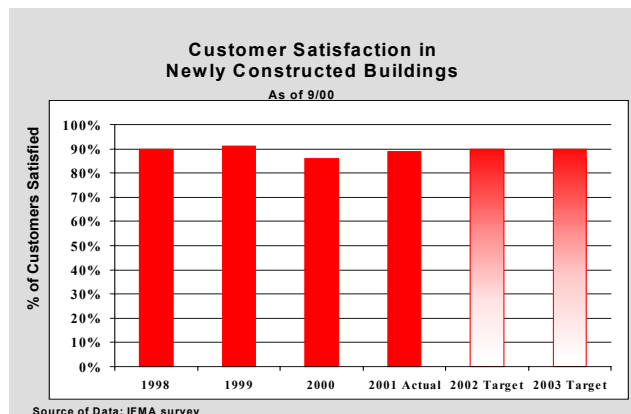
**Measure**

Customer satisfaction – tenants in newly constructed buildings

**Target**

Percentage of satisfied customers.

FY 1998 Actual     90%
FY 1999 Actual     91%
FY 2000 Actual     86%
FY 2001 Actual     89%
FY 2002 Target     90%
FY 2003 Target     90%



Customer Satisfaction in Newly Constructed Buildings
As of 9/00

Source of Data: IFMA survey

**Strategies**

Utilize customer satisfaction action plan training at the field and regional office levels to target problem areas within individual buildings and discuss tactics that can be employed to improve scores.

Encourage building managers and project managers whose buildings have high customer satisfaction scores to share those business practices that have helped attain these high scores with other managers nationwide.

Use focus groups, at the building level, to better understand what is needed to improve customer satisfaction.

Use the American Society for Testing and Materials (ASTM) Serviceability Standard to determine what agencies' customer requirements are for productive workspace.

Evaluate newly constructed buildings using a post occupancy evaluation survey to determine the usability of new buildings for PBS customers.

**Verification/Validation**

Source:         The Gallup Organization
                IFMA customer satisfaction survey

The Data section discusses The Gallup Organization and the IFMA customer satisfaction survey as data sources.

**PBS REPAIRS AND ALTERATIONS**

PBS's objective is to provide consistent levels of quality space and services that meet the mission-related needs and expectations of client agencies housed in owned capital assets. The Repairs and Alterations (R&A) program funds the necessary work to keep PBS's building inventory in a proper state of repair, modernize outdated space and facilities, improve health and safety, recapture vacant government-owned space, and address other special program needs. The strategic plan gives priority to investment in existing Government-owned assets to maintain their economic value; ensures continuing ability to house federal agencies and support their mission requirements; and enables GSA to charge market-comparable rent rates sufficient to permit needed reinvestment in these assets over their life cycle.

The repair and upgrade of these assets are always top priority for capital funds. Without sufficient funds to properly maintain and modernize buildings, PBS will fail in its stewardship role and the value of this government resource will decline. Repairs and Alterations funds are separated into two distinct budget activities, the line item and basic programs.

The line item program provides funding authority for repairs and alterations projects that require prospectus approval. The FY 2003 prospectus limitation within a building is $2.13 million. The basic program is designed to ensure day-to-day operational continuity of assets in GSA's portfolio. The basic program includes work in buildings below the prospectus threshold for basic repairs, health and life-safety, vacant space recapture, and PBS special programs. This program funds PBS's efforts to improve the GSA brand through First Impressions, Retail Tenant Services, Protection projects, Construction Excellence, and initiatives to reduce non-revenue producing space. This program is essential for preserving PBS's capital assets between major reinvestments.

The line item alteration program, combined with the basic program, is budgeted at approximately 2.8% percent of the Functional Replacement Value (FRV) of the owned inventory. The facilities under PBS's stewardship have a FRV of approximately $34.5 Billion (estimated). This amount falls in the range of the funding level recommendation by the National Research Council and is consistent with private sector practice.

**PERFORMANCE GOALS**
**LINK TO STRATEGIC PLAN**

GSA Strategic Goal:                Operate Efficiently and Effectively
GSA Strategic Objective:        Manage projects to provide space and services efficiently and effectively

GSA Strategic Goal                Achieve Responsible Asset Management
GSA Strategic Objective         Conserve taxpayer investment in real and personal property and optimize government's return on investment

GSA Strategic Goal:                Carry Out Social, Environmental & Other Responsibilities as a federal Government Agency
GSA Strategic Objectives:        Reduce the environmental financial liability in federal facilities.


**PBS PERFORMANCE MEASURES**

Repairs and Alterations Projects completed on schedule
Repairs and Alterations Projects completed on budget
Environmental Assessment

**BUDGET LINKS**

*Budget Information for past, current and future fiscal years*

|  | 1999 Actual Obligations | 2000 Actual Obligations | 2001 Actual Obligations | 2002 Request New Obligational Authority | 2003 Request New Obligational Authority |
|---|---|---|---|---|---|
| Total R&A program (including major and minor) | $682 million | $669 million | $632 million | $869 million | $986 million |
| Building Operations (Salary, Administration and Program support) | $109 million | $104 million | $103.5 million | $103.9 million | $125 million |

FY 2003 Budget Information:

The performance targets are based on the approval of the $125 million requested for Buildings Operations support. This funding is used for capital studies (including an additional $19 million for progressive collapse studies), space planning, prospectus development and GSA capital planning, property development services and indirect costs including Information Technology.

**PBS Repairs and Alterations**

| | |
|---|---|
| GSA Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Manage projects to provide space and services efficiently and effectively. |

**Long Range Performance Goal**

**Improve the percentage of repairs and alterations projects completed on schedule.**

**Annual Performance Goal**

**Improve the percentage of repairs and alterations projects completed on schedule to 83% in FY 2003.**

PBS financial projections include expected rental income from buildings undergoing modernization. As with new construction, completing these modernization projects on schedule ensures they can be occupied and produce revenue as planned. By concentrating on the financial aspects of repairs and alterations projects, PBS helps to ensure that it is meeting its goal to operate efficiently and effectively and that taxpayers are getting the best value.

**Measure**

Repairs and alterations projects completed on schedule

**Target**

PBS believes it has made considerable improvements in its repairs and alterations program with significant decrease in delays. With the increased emphasis on performance measurement, PBS is focused on improving project management with more accurate project plans and costs for the repair and alterations projects it proposes. PBS efforts to improve its business practices have also resulted in a shift in how the performances of the projects will be reported. However because of the method being used to display this data, results from those efforts are difficult to quantify.

Beginning in FY 2003, PBS will be reporting the performance of its projects by the fiscal year in which it received its construction funding. The reason for this shift is to show the effectiveness of PBS initiatives in the performance of its projects over time. Under the current system, PBS cannot show how its repair and alterations program has been evolving and improving because the results are a composite of both old and new projects under different management systems, which cannot be distinguished from one year to another.

PBS projects typically take 6 to 8 years from concept stage to tenant move-in and many of its larger repair and alterations projects may take 4 or more years for the construction phase alone. When a process change or new initiative is implemented, PBS current reporting system would not show the results from that change until construction is completed. In addition, results from the current reporting system are muddied because it reports projects before program changes with those affected by management initiatives and it does not show any meaningful evidence of progress for the management to take proactive actions before it is too late. The new reporting system will separate the performance by fiscal year of funding and it will clearly identify how effective PBS initiatives have affected success over time.

PBS management has incorporated many initiatives that its associates have embraced and the results for this new reporting method will show that PBS has made significant improvements in its repair and alterations program.

| Fiscal year funded | % Work in Place* | % of Repair and Alterations on Schedule as of 3/31/02 |
|---|---|---|
| 1997 In Progress | 99% | 91% |
| 1999 In Progress | 60% | 94% |
| 2000 In Progress | 58% | 87% |
| 2001 In Progress | 9% | 82% |
| 2002 Target | -- | 82% |
| 2003 Target | -- | 83% |

*% Work in place is based on Amt of Construction Dollars paid as a Percent of Total Construction Dollars reported in the National Electronic, Accounting and Reporting (NEAR) system.*

Strategies

Institute an overall portfolio strategy for PBS.

Implement a web-based program to streamline GSA's building evaluation reports.

Improve operational efficiency by linking the above referenced web-based program to the existing work tracking system, Inventory Reporting Information System (IRIS).  It will eliminate double entry and insure data accuracy.

Utilize Asset Business Plans and the new R&A Decision Model to improve the financial decisions and establish budget priorities.

Improve contact and communication with customers.

Optimize the inventory tracking system to better track the inventory of work items that will improve operational efficiency, asset management, and project management and data accuracy.

Form a Technical Committee to oversee and review project changes for extraordinary circumstances, such as "Excusable Delays" as allowed by FAR, for changing commitments to Congress.

Select the appropriate delivery system for each project.

Utilize in-house and contract repairs and alterations expertise to conduct project reviews.

Utilize past performance in the selection of repairs and alterations contractors.

Perform reviews of repairs and alterations projects to evaluate success and prepare lessons learned for consideration on future projects.

**Verification/Validation**

Source:  Project Information Portal (PIP) and National Electronic, Accounting and Reporting (NEAR) systems.

The Data section discusses PIP and NEAR as a data source.

**PBS Repairs and Alterations**

| | |
|---|---|
| GSA Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Manage projects to provide space and services efficiently and effectively. |

**Long Range Performance Goal**

**Maintain the cost escalation rate for repairs and alterations projects at 1%.**

**Annual Performance Goal**

**Maintain the cost escalation rate for repairs and alterations projects at 1%.**

PBS manages the line item Repairs and Alterations program within budget as provided by Congress. Projects are considered within budget until PBS escalates or requests a reprogramming or additional appropriations for the project that raises total project cost above the original appropriation amount. By concentrating on the financial aspects of repairs and alterations projects, PBS helps to ensure that it is meeting its goal to operate efficiently and effectively and that taxpayers are getting the best value.  For this measure, PBS tracks all prospectus level projects above $2 million completed during the fiscal year. Previous to 2002, PBS measured the performance of construction projects over $10 million. The percentage escalation is determined by dividing escalations by the original appropriation approved by Congress.

**Measure**

Repairs and alterations projects within budget

**Target**

PBS believes it has made considerable improvements in its repair and alterations program with significant improvements in cost control. With the increased emphasis on performance measurement, PBS is focused on improving project management with more accurate project plans and costs for the repair and alterations projects it proposes.  PBS efforts to improve its business practices have also resulted in a shift in how the performances of the projects will be reported.  However because of the method being used to display this data, results from those efforts are difficult to quantify.

Beginning in FY 2003, PBS will be reporting the performance of its projects by the fiscal year in which it received its construction funding.  The reason for this shift is to show the effectiveness of PBS initiatives in the performance of its projects over time.  Under the current system, PBS cannot show how its repair and alterations program has been evolving and improving because the results are a composite of both old and new projects under different management systems, which cannot be distinguished from one year to another.

PBS projects typically take 6 to 8 years from concept stage to tenant move-in and many of its larger repair and alterations projects may take 4 or more years for the construction phase alone.  When a process change or new initiative is implemented, PBS current reporting system would not show the results from that change until construction is completed.  In addition, results from the current reporting system are muddied because it reports projects before program changes with those affected by management initiatives and it does not show any meaningful evidence of progress for the management to take proactive actions before it is too late.  The new reporting system will separate the performance by fiscal year of funding and it will clearly identify how effective PBS initiatives have affected success over time.

PBS management has incorporated many initiatives that its associates have embraced and the results for this new reporting method will show that PBS has made significant improvements in its repair and alterations program.

| Fiscal year funded | % Work in Place* | Cost escalation rate as of 3/31/02 |
|---|---|---|
| 1997 In Progress | 99% | 1% |
| 1999 In Progress | 57% | 11% |
| 2000 In Progress | 58% | 0% |
| 2001 In Progress | 9% | 0% |
| 2002 Target | -- | 1% |
| 2003 Target | -- | 1% |

*% Work in place is based on Amt of Construction Dollars paid as a Percent of Total Construction Dollars reported in the National Electronic, Accounting and Reporting (NEAR) system.*

**Strategies**

Limit project changes that cause cost escalations by obtaining up-front commitment from client agencies on scopes, schedules, and costs. Completing projects within budget allows PBS to realize the return on investment expected.

Use design options that allow us to scale back a project to adjust for reductions to budget or bids higher than estimates.

Continue PBS commitment to its Design and Construction Excellence programs that reflect industry practice in the contracting and management of construction. PBS no longer relies on low bid contracting as it moves towards best value methods. These include selection of contractors based on evidence of qualifications and a demonstrated, consistent ability to properly coordinate work on large projects, as well as a solid track record of dealing with scope, budget and schedule.

Implement cost escalation study results started in 2001 and identify good practices.

Select the appropriate delivery system for each project.

Utilize in-house and contract repairs and alterations expertise to conduct project reviews.

Utilize past performance in the selection of repairs and alterations contractors.

Perform reviews of repairs and alterations projects to evaluate success and prepare lessons learned for consideration on future projects.

**Verification/Validation**

Source: National Electronic Accounting and Reporting (NEAR) System

The Data section discusses the NEAR system as a data source.

**PBS Repairs and Alterations**

| GSA Strategic Goal | Carry Out Social, Environmental, and Other Responsibilities as a Federal Government Agency |
|---|---|
| GSA Strategic Objective | Reduce the environmental financial liability in Federal facilities |

**Long Range Performance Goal**

**Reduce the financial liability for environmental clean-up costs in GSA owned and leased inventory.**

**Annual Performance Goal**

**Complete the second step, "Environmental Assessment", for estimating the financial liabilities for government-owned and leased inventory.**

In order to identify both the environmental liability and risk associated with GSA properties, it is necessary to conduct environmental assessments of the GSA inventory. The purpose of this measure is to estimate the financial liabilities caused by environmental contamination of GSA owned and leased properties. The long-term goal is to reduce the financial liability for environmental clean-up costs in the GSA inventory. As a result of completing 'Due Care', PBS has identified the high priority buildings in the inventory that should be looked at first, and has designated an estimated cost associated with these assessments. A national listing of high priority properties has been compiled and PBS has budgeted $5.6 million to accomplish this work. The goal is to conduct environmental assessments at all designated high priority GSA properties by the end of FY 2003.

**Measure**

Environmental Assessment

**Target**

|  | Number of Sites Assessed |
|---|---|
| FY 2003 Target | 230 * |

* This number is dependent upon the $5.6 million budgeted to accomplish this work.

**Strategies**

Employ performance-based contracts.

Follow all appropriate federal, state and local environmental regulations.

Follow sampling protocol for environmental assessments.

Utilize accredited laboratories to perform environmental tests.

Ensure that funds are properly spent to perform liability assessments.

**Verification/Validation**

Environmental managers manually track, investigate and verify environmental information. Environmental managers follow all appropriate federal, state and local environmental regulations and follow sampling protocol for environmental assessments. To ensure data accuracy, Regional Counsels, General Counsel, Finance and the Inspector General's office then review this information.

# PBS FINANCIAL MANAGEMENT

Capital Investment is required to maintain and mold PBS assets into superior workplaces and facilitate customer agencies' ability to fulfill their missions. PBS must adequately provide for this capital investment through the revenue that it generates, balanced against prudent expenditures through responsible asset management. PBS has worked hard since initiating the Linking Budget to Performance program to reinforce this "portfolio view" among managers and associates as they make day-to-day decisions which impact the bottom line.

In FY 2003, PBS is introducing a Potential Revenue measure to assess the potential revenue that can be generated from the inventory if all space was occupied and all customers were paying market rent. This potential revenue number will be compared to the actual revenue collected to assess the percentage of potential revenue being realized. Maximizing Potential Revenue is an improvement upon PBS's traditional non-revenue producing space measures since it is expressed in terms of real dollars and takes into consideration space for which PBS does not receive market rent. This measure will allow PBS to more accurately assess long-range goals and targets for improvement. Potential Revenue includes actual revenue plus estimated revenue from the combination of vacant space, space under alteration, committed space, PBS-occupied space, space where tenants receive reduced rent and other minor revenue opportunities.

## PERFORMANCE GOALS
## LINK TO STRATEGIC PLAN

GSA Strategic Goal             Ensure Financial Accountability
GSA Strategic Objective        Ensure accurate financial forecasting

GSA Strategic Goal             Achieve Responsible Asset Management
GSA Strategic Objective        Conserve taxpayer investment in real and personal property and optimize government's return on investment

## PBS PERFORMANCE MEASURES

The performance measures in this segment show revenue and gauge the financial health of PBS.

Contribution available for Capital Investment
Potential Revenue
Non-revenue producing space in Government owned inventory
Non-revenue producing space in Leased inventory

## BUDGET LINKS

*Budget Information for past, current and future fiscal years*

|  | 1999 Actual | 2000 Actual | 2001 Actual | 2002 Current | 2003 Request |
|---|---|---|---|---|---|
| Revenue | $5.4 billion | $5.7 billion | $5.9 billion | $6.3 billion | $6.7 billion |

\* Excludes Indefinite Authority associated with Pennsylvania Avenue Activity (PAA) and International Trade Center (ITC)
\*\* Excludes Indefinite Authority associated with PAA, ITC, and Rental of Space

FY 2003 Budget Information:

Meeting FY 2002 targets will help PBS meet its FY 2003 revenue estimate of $6.7 billion.  Critical to the achievement of that goal is the $869 million in total Repairs and Alterations funding for FY 2002.  PBS has a new portfolio strategy that was implemented in FY 2002.  The strategy provides the framework for PBS to over time generate higher contribution levels in the outyears, help reduce the backlog and improve the quality of the facilities.

**PBS Financial Management**

| GSA Strategic Goal | Ensure Financial Accountability |
|---|---|
| GSA Strategic Objective | Ensure accurate financial forecasting. |

**Long Range Performance Goal**

**Generate, from within the FBF, an annual capital investment contribution of between 2.5% to 4.5% of the functional replacement value of the owned inventory for each of the next 5 years.**

**Annual Performance Goal**

**Generate a capital investment contribution of 4.4% of the functional replacement value of the owned inventory.**

The primary source of revenue to the FBF is rental receipts from the tenant agencies PBS houses. The majority of the revenue is used to operate buildings, lease space, and provide continuity for day-to-day operations. The remainder represents the "*contribution*" available for capital investment: modernization, interest payments, debt reduction and a new construction program. To the extent that PBS is successful in collecting revenue and reducing expenditures or holding them constant, it generates this "*contribution*."

Accurate financial forecasting of revenue and expenses is critical for PBS to achieve its contribution targets. The accuracy of revenue forecasts is important since rent estimates affect agency budgets and agencies' ability to carry out programs. It is also important because underestimating means that the additional revenue over the estimate can not be appropriated for use until the subsequent fiscal year. The accuracy of expense forecasts is important because it determines the amount PBS has available for contribution. Therefore, the capital program's size and fund availability is directly related to the forecasted contribution.

**Measure**

Contribution available for Capital Investment

The performance measure is expressed in terms of an absolute dollar amount and a percentage of the Functional Replacement Value (FRV) of the owned inventory.

*Contribution scores are calculated as follows:*
Revenue from operations minus New Obligational Authority for Building Operations and Rental of Space equals Contribution available for Capital Investment

**Target**

The FRV estimate for FY 2003 is $34.5 billion. The performance targets are:

|  | Total Contribution | % of FRV |
|---|---|---|
| FY 1999 Actual | $1.2B | 4.1% |
| FY 2000 Actual * | $1.2B | 3.7% |
| FY 2001 Actual | $1.2B | 3.5% |
| FY 2002 Target | $1.4B | 4.2% |
| FY 2003 Target | $1.5B | 4.4% (Estimated) |

*\*The FY 2000 actual performance data was revised. The previous reported scores included FY 1999 carry-over balance.*

**Strategies**

Meet PBS' revenue estimate.

Reduce non-revenue producing space.

Bring new construction and renovation project in on time and on budget so that revenue streams can begin as projected.

Utilize outleasing opportunities.

Fully recover costs for leasing space.

Continue data accuracy efforts.

**Verification/Validation**

Source: NEAR

The Data section discusses the NEAR system as a data source.

**PBS Financial Management**

| GSA Strategic Goal | Achieve Responsible Asset Management |
|---|---|
| GSA Strategic Objective | Conserve taxpayer investment in real and personal property and optimize the government's return on investment. |

**Long Range Performance Goal**

**Increase the percentage of potential revenue collected by PBS.**

**Annual Performance Goal**

**Achieve an overall potential revenue of 89.3% in FY 2003.**

Collecting the revenue PBS estimates is important, but maximizing the percentage of potential revenue it collects serves to maximize the use of government-owned and existing leased space which, in turn, maximizes contribution for capital investment. The potential revenue measure shows what percent of PBS's potential revenue from the inventory is producing revenue for the Federal Buildings Fund. It is also a means of measuring how fully PBS is utilizing its assets and meeting its objective to conserve taxpayer investment. PBS will never be able to capture 100% of the potential revenue because there will always be some vacant space, space under alteration, and PBS-occupied space in the PBS inventory. However, PBS will target the potential revenue measure to levels equivalent with the long-term goals for non-revenue producing space. The formula outlined below represents the potential revenue of the PBS inventory.

**Measure**

Potential Revenue

The potential revenue is calculated as follows:

POTENTIAL REVENUE = ACTUAL REVENUE + LOST REVENUE from Vacant Space, Committed Space, Space Under Alteration, PBS-occupied space, Agencies not paying full rent and other unbilled space.

This is calculated by multiplying the appropriate rental rate by the square footage of every space assignment and block of non-revenue producing space in the PBS inventory.
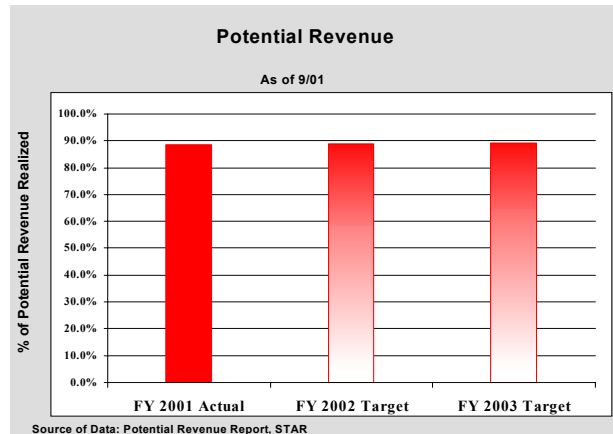
The percent of potential revenue received is calculated as follows:

$$\text{PERCENT POTENTIAL REVENUE RECEIVED} = \frac{\text{ACTUAL REVENUE RECEIVED}}{\text{POTENTIAL REVENUE}}$$

**Target**

| FY 2001 Actual | 88.7% of potential revenue |
| FY 2002 Target | 89.0% of potential revenue |
| FY 2003 Target | 89.3% of potential revenue |

## Potential Revenue

### As of 9/01



**Source of Data: Potential Revenue Report, STAR**

## Strategies

Reduce the amount of space occupied by PBS.

Convert space under alterations to revenue producing space quickly.

Begin rental stream on vacant space that is promised to an agency.

Expedite future tenant occupancy.

Continue to use occupancy agreements as a tool to help eliminate gaps between the time when space becomes available and when a revenue stream begins.

## Verification/Validation

Source:          STAR
The Data section discusses these systems as data sources.

**PBS Financial Management**

| | |
|---|---|
| GSA Strategic Goal | Achieve Responsible Asset Management |
| GSA Strategic Objective | Conserve taxpayer investment in real and personal property and optimize the government's return on investment. |

**Long Range Performance Goal**

**Reduce the amount of non-revenue producing space in the government-owned inventory to 10% in FY 2005.**

**Annual Performance Goal**

**Absorb the 2.7 million rentable square feet in vacant FSS warehouse space and meet the non-revenue producing space target of 12.3% in government-owned inventory.**

**Measure**

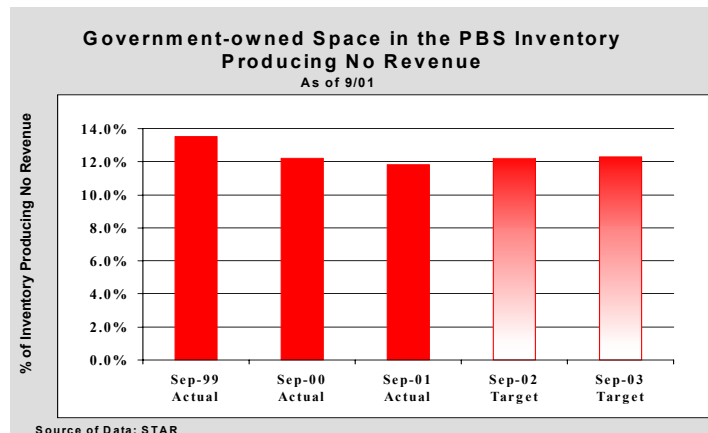Non-revenue producing space in government-owned inventory

Non-revenue producing space includes space under alteration, space occupied by PBS, and vacant available space. Government-owned space that does not produce revenue reduces the percentage of potential revenue PBS can collect which, in turn, directly affects funds available for capital improvements.

**Target**

Percentage of non-revenue producing space in government-owned inventory

FY 1999 Actual          13.5%
FY 2000 Actual          12.2%
FY 2001 Actual          11.8%
FY 2002 Target          12.2%
FY 2003 Target          12.3%

The Federal Supply Service determined that it has excess capacity in its stock program. They are closing all forward supply points and two distribution centers. PBS must now absorb these vacant warehouses, which amounts to approximately 2.7 million square feet or roughly ten percent of total non-revenue producing space. Since these vacant warehouses are being absorbed in fiscal years 2002 and 2003, PBS is raising its targets for the next two years. These warehouses will be difficult to dispose of because they are largely unmarketable outside of the federal arena. In most instances they were built over thirty years ago and no longer reflect modern design and specifications.

**Government-owned Space in the PBS Inventory Producing No Revenue**
As of 9/01

Source of Data: STAR

## Strategies

Aggressively market vacant warehouse space.

Convert vacant space under alteration into vacant available or assigned space as quickly as possible.

Realign space assignments within owned buildings to consolidate small portions of vacant space into larger marketable blocks.

Continue to use occupancy agreements as a tool to help eliminate gaps between the time when space becomes available and when a revenue stream begins.

Review underutilized properties and determine, analyze and implement prudent alternatives.

Utilize outleasing opportunities.

## Verification/Validation

Source: STAR

The Data section discusses this system as a data source.

**PBS Financial Management**

| | |
|---|---|
| GSA Strategic Goal | Achieve Responsible Asset Management |
| GSA Strategic Objective | Conserve taxpayer investment in real and personal property and optimize the government's return on investment. |

**Long Range Performance Goal**

**Maintain the amount of non-revenue producing leased space at 3.0%.**

**Annual Performance Goal**

**Maintain the amount of non-revenue producing space in the leased inventory at 3.0% in FY 2002 and FY 2003.**

Leased space that is not occupied reduces the percentage of gross potential revenue PBS can collect. This directly affects funds available for capital improvements. Non-revenue producing space includes space under alteration, space occupied by PBS, and vacant available space. Reductions in non-revenue producing space resulting from the FY 2002 program will increase annual rent by an estimated $9 million per year in the out-years.

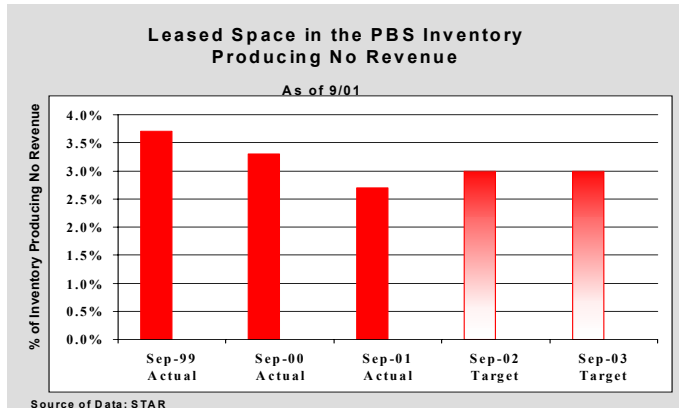**Measure**

Non-revenue producing space in leased inventory

Non-revenue producing space includes space under alteration, space occupied by PBS, and vacant available space.

**Target**

The previous long-range performance goal of 3.3 percent was met in FY 2000. PBS has established a new long-range performance goal of 3.0 percent. Grubb & Ellis, a large US commercial real estate firm, published a 10.34% national vacancy rate for first quarter 2001. Although this represents a two percent increase from last year's national vacancy rate, 10.34% is still considered healthy on a historical basis as tight markets are moving towards a more balanced environment where tenants have more mobility. Considering this industry data, PBS's 3.0% non-revenue producing space target is healthy and ambitious.

Percentage of non-revenue producing space in leased inventory

FY 1999 Actual    3.7%
FY 2000 Actual    3.3%
FY 2001 Actual    2.7%
FY 2002 Target    3.0%
FY 2003 Target    3.0%

**Leased Space in the PBS Inventory Producing No Revenue**

As of 9/01

Source of Data: STAR

## Strategies

Plan tenant expansions and downsizing more effectively to minimize vacant space.

Buy out leases when cost effective and move tenants to vacant owned space.

Utilize outleasing opportunities.

Market vacant space where possible and where government owned vacant space is not available.

## Verification/Validation

Source: STAR

The Data section discusses this system as a data source.

# PBS PROPERTY DISPOSAL

PBS provides its customers with real property disposal services in a timely and cost effective manner. This program promotes the maximum utilization and efficient redeployment of federally owned real property through federal transfers, public benefit discount conveyances and negotiated and public sales. This program receives direct and reimbursable funding. The direct program provides services related to utilization and disposal by sale, exchange, or transfer of real property reported as excess to GSA. The reimbursable program provides similar services on a fully reimbursable basis for other agencies with their own disposal authority. The budget request provides for GSA's Real Property Disposal program to operate its business function using a comprehensive business plan that integrates strategic and tactical actions along with a marketing plan to improve quality and customer satisfaction.

The performance goal related to this responsibility segment is to maintain a dollar returned to dollar spent ratio of $18:1 for FY 2003.

**PERFORMANCE GOALS**
**LINK TO STRATEGIC PLAN**

GSA Strategic Goal           Achieve Responsible Asset Management
GSA Strategic Objective       s       Conserve taxpayer investment in real and personal property and optimize

                              the government's return on investment.
                              Dispose of properties in a timely manner.

**PBS PERFORMANCE MEASURES**

Annual Cycle Time of Properties subject to the Federal Property and Administrative Services Act of 1949
Dollar returned to dollar spent ratio for disposal

**BUDGET LINKS**

*Budget Information for past, current and future fiscal years*

|  | 1999 Actual Obligations | 2000 Actual Obligations | 2001 Actual Obligations | 2002 Current New Obligational Authority | 2003 Request New Obligational Authority |
|---|---|---|---|---|---|
| Property Disposal | $27 million | $30 million | $31 million | $34 million | $28 million |

FY 2003 Budget Information:

Funds have been requested to accomplish planned target levels. The request includes funds for the disposal of the Lorton Correctional Complex.

**PBS Property Disposal**

| GSA Strategic Goal | Achieve Responsible Asset Management |
|---|---|
| GSA Strategic Objective | Dispose of properties in a timely manner. |

**Long Range Performance Goal**

**Achieve continuous yearly reductions in cycle time averages.**

**Annual Performance Goal**

**Achieve an annual cycle time of 315 days for properties subject to the Federal Property and Administrative Services Act of 1949.**

PBS is currently measuring the performance of this program by using a dollar returned to dollar invested ratio. However, cycle time in the disposal of real property is also an important measure. The environment of real estate management is constantly changing and more agencies are under pressure to reduce costs and divest unneeded assets. Until it has been disposed of, property must be maintained. Disposing of property in a timely manner will produce tangible cost savings in maintenance and demonstrates responsible asset management.

**Measure**

Annual Cycle Time of Properties subject to the Federal Property and Administrative Services Act of 1949

**Target**

Cycle Time is the difference in days between the date the report of excess is accepted by PBS and the date the property is awarded.

| | |
|---|---|
| FY 2001 Actual | 174 days / 49 Act Property |
| FY 2002 Estimate | 327 days / 49 Act Property |
| FY 2003 Target | 315 days / 49 Act Property |



Cycle Time of 49 Act Disposals

Source of Data: REAL
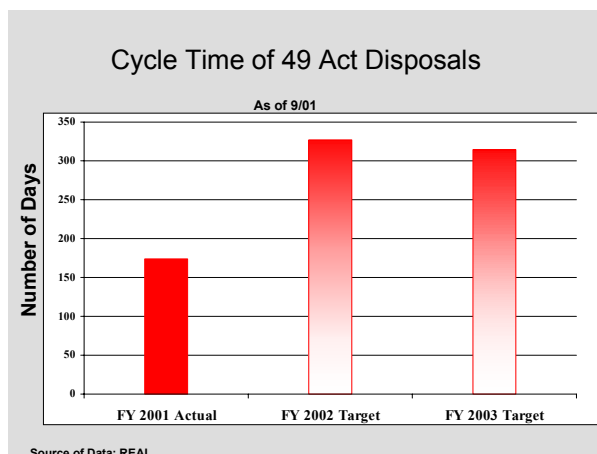
**Strategies**

Continue to streamline the disposal process while maintaining adherence to all legislation, laws, orders, regulations, etc., pertaining to the disposal of Federal Properties.

Continue aggressive marketing strategies.

**Verification/Validation**

Source:  Real Estate Activity Locator System (REAL)

The Real Estate Activity Locator (REAL) system is a fully deployed, integrated, real property information and analysis system that contains such information as appraisals, sales tracking and surveys. Maintaining data accuracy and reliability of REAL data is a critical element in the realty specialist's performance plan.

**PBS Property Disposal**

| GSA Strategic Goal | Achieve Responsible Asset Management |
|---|---|
| GSA Strategic Objective | Conserve taxpayer investment in real and personal property and optimize the government's return on investment. |

**Long Range Performance Goal**

**Realize a ratio of $17 returned to the government for every $1 spent in disposal efforts.**

**Annual Performance Goal**

**Achieve a dollar returned to dollar spent ratio of $18:1 in FY 2003.**

PBS provides real estate services for its clients that address the best ways to meet the government's needs. If property is underutilized, PBS works with the client agency to release the excess property. If the property is deemed surplus, we manage the disposal process to ensure the laws are followed and taxpayers receive maximum return on their investment. Meeting this objective through receiving good value for the disposal dollars spent, demonstrates responsible asset management.

**Measure**

Dollar returned to dollar spent ratio

The dollars returned are calculated as follows:

The highest and best use appraised value of transfers of federal properties to federal agencies, state governments, and local entities.

Sales price of properties sold to private sector entities.

**Target**

FY 1999 Actual       15:1  ($448 million:$29 million)
FY 2000 Actual       16:1  ($473 million:$30 million)
FY 2001 Actual       18:1  ($550 million:$31 million)
FY 2002 Target       17:1  ($646 million:$38 million)
FY 2003 Target       18:1  ($693 million:$38 million)

Dollars of disposal / Dollars Invested



Source of Data: REAL
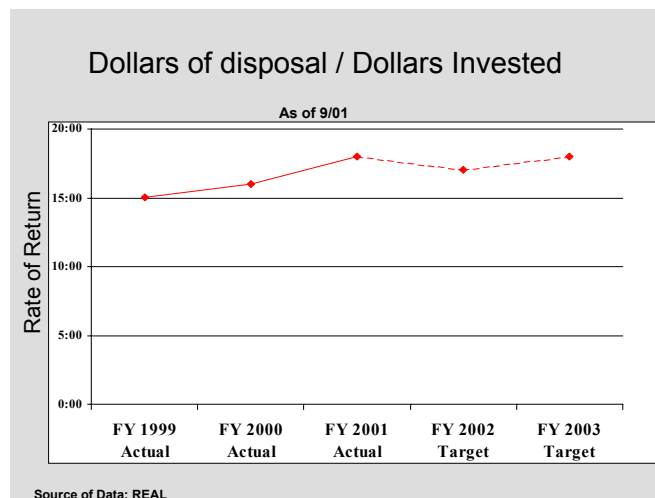
**Strategies**

Enhance property utilization program by continuing to streamline and improve the utilization survey process.

Continue to partner with landholding agencies under Executive Order 12512 to identify excess real property and expand the disposal inventory.

Develop and implement a web site for intergovernmental asset information and sales. Such a web site will provide an on-line government-wide database of surplus and abandoned property accessible by the public (potential bidders and buyers) with an on-line auction similar in concept to eBay.com.

Develop a knowledge management database. Having a central database makes answers to commonly asked questions readily available, facilitating the decision-making process.

Develop a marketing program for each of PBS's top 10 customers. This program will permit the use of contracts that fully employ economy of scale purchasing power.

Continue use of contracts to handle increasing workload with limited personnel.

**Verification/Validation**

Source:          NEAR
                 Real Estate Activity Locator System (REAL)

The Data section discusses the NEAR system as a data source.

The Real Estate Activity Locator (REAL) system is a fully deployed, integrated, real property information and analysis system that contains such information as appraisals, sales tracking and surveys. Maintaining data accuracy and reliability of REAL data is a critical element in the realty specialist's performance plan.

# MANAGEMENT CHALLENGES AND SOLUTIONS

PBS is continuing to strive to be the best public real estate organization in the world. The GSA Inspector General together with the General Accounting Office and the Senate Governmental Affairs Committee has identified some of PBS's "Management Challenges." PBS associates are addressing the management challenges outlined below:

1. Verification and Validation of Data

Spatial Validation

Our spatial validation efforts, which began in FY 2000, are intended to significantly improve the origination and management of spatial data. As of June 2001, we have re-measured and validated over 200 owned buildings. These efforts have significantly improved our billing and space assignment accuracy. We expect continued improvement as we pursue this effort.

Data Accuracy

Though we have made improvements in the quality of our data, we have developed a statistically valid random sampling program to check the accuracy of STAR data against source documents. We have contracted with a private sector firm who has extensive experience in both statistical sampling and data audit and verification. This approach will assess the effectiveness of our efforts, and help us target future data improvement initiatives.

GSA has also contracted with Arthur Andersen Inc. to design and assist in the implementation of a single-point-of-entry (SPE) pilot as a test to improve STAR data input accuracy.

2. Improve the Measurement of our Building Security Program

For the last several years, both the Inspector General and the General Accounting Office have recommended that GSA develop outcome-oriented goals and measures for its building security program. As with a number of other measures, we have attempted to gather comparative private sector data to compare to our data. This has not been effective for two reasons. First, we provide a different level of security than private sector companies because of the tenants we house and the security required. This makes meaningful comparisons difficult. Secondly, if we could determine how to adjust for differing levels of security, there is still the lack of credible security-related data for comparison purposes.

We have made several attempts at defining an outcome measure related to security, and recently developed a promising concept. We have redefined the Federal Protective Service function from "improving security" to "threat reduction." Using a newly developed Regional Threat Assessment methodology, we are now able to quantify the threat level. This will enable us to assess the impact of the security countermeasures we implement on our overall threat level.

Following the September 11th attacks, GSA has further built-upon earlier efforts to insure the safety of our tenants and facilities. State-of-the-art technology such as x-ray scanners, and communication megacenters with nationwide alarm monitoring and radio dispatch capability have enhanced our ability to operate in and deploy officers and contract guards to high threat areas. GSA has integrated security enhancements into the design and construction of all new projects.

We are also reaching out to our tenants and conducting classes on crime prevention and how to manage threats, such as those posed by anthrax. We have provided information on safe mail handling procedures, how to identify suspicious packages, what to do in the case of chemical, biological or bomb threats and contact information for life-threatening emergencies.

3.  Repairs and Alterations

PBS has begun a major effort in FY 2001 to develop a measure or measures related to the aging buildings in its inventory.  First, we have implemented an off-the-shelf software product that is designed to compile building managers' assessments of the deficiencies in a particular property and determine the investment needed to bring the functionality of the property up to the level of a new building.  The pilot was conducted in one of our 11 regions and implemented nationwide during FY 2001.  This effort is an important step in assessing the condition of our inventory and our need for future investment.  We need to have an accurate assessment of the condition of our inventory and understand the magnitude of the modernization task.  We have developed a nationwide portfolio strategy that addresses all buildings in the inventory and tailors repairs and alterations expenditures to expected funding levels.  Revisions are currently being made to our draft strategy based on input from regional offices and other stakeholders. We anticipate issuance of a final strategy in 2002.

# IX.  Federal Supply Service

The Federal Supply Service (FSS) manages the largest, most diverse and innovative federal marketplace in the world, bringing federal customer agencies together with more than 9,000 contractors.  FSS serves the federal community as a value-added, trusted source for business, administrative, and mission solutions.  FSS is located throughout the U.S. and is strategically aligned with U.S. military customers at many locations around the globe.

FSS is a government-to-government business with customers and in support of socioeconomic and Administration priorities, a government-to-business operation with contractors, and a leading e-business enterprise and digital marketplace, adding value for the government and business with FSS' Internet site, GSA Advantage! ™.

FSS provides more than 4 million quality services and products to its customers.  For efficiency, FSS acquisition and service delivery activities are organized around four business lines: Personal Property Management, Supply and Procurement, Travel and Transportation, and Vehicle Acquisition and Leasing Services.  FSS is in the process of separating Supply and Procurement into two distinct business lines, Commercial Acquisition and Supply, which will be reflected in future performance plans.

FSS operations are largely funded through the General Supply Fund with the bulk of its operating expenses recovered in the prices paid by federal agencies.  For Fiscal Year (FY) 2003, $26 million in Congressional appropriations will be used to fund two programs:  Transportation Audits and Personal Property Management's Utilization and Donation Program.

| 5 Year Budget Data | FY 1999 Actual | FY 2000 Actual | FY 2001 Actual | FY 2002 Planned | FY 2003 Planned |
|---|---|---|---|---|---|
| Revenue ($ Millions) | $2,806 | $2,739 | $2,820 | $2,827 | $2,961 |
| Expense ($ Millions) | $2,628 | $2,613 | $2,726 | $2,708 | $2,812 |
| P/L ($ Millions) | $178 | $126 | $94 | $119 | $149 |
| Business Volume ($ Billions) | $17.6 | $22.5 | $22.9 | $23.7 | $25.1 |

**FSS BUSINESS LINES**

FSS customers are able to choose the level of service and level of procurement responsibility that is right for the acquisition of products and services at any given time.  Customers benefit from volume purchasing, FSS contracting expertise, compliance with federal procurement regulation, and socioeconomic policies. FSS customers receive commercial buying practices and reduced acquisition cycles.

Supply and Procurement

The Supply and Procurement business line consists of two distinct programs – Commercial Acquisition and Supply.  Commercial Acquisition offers federal agencies millions of commercial products and an extensive range of technology, financial, environmental, management, and administrative services through the Multiple Awards Schedules program. Agencies can purchase directly from commercial suppliers through more than 9,000 FSS schedule contracts.  In FY 2001 the business volume under the schedules program was $16.8 billion, and is planned to be $19.2 billion in FY 2003.

Quick, full-service fulfillment of recurring customer needs for basic business and mission supplies by leveraging best practices in full-service supply chain management programs will be the primary objective and focus of the new Office of Supply. Full-service fulfillment solutions for supplies include electronic and hard copy catalogs, multiple ordering channels, FSS management of billing and paying transactions, order administration, and customer service support. The Supply program is fully complementary to the self-service contract vehicles offered through the Commercial Acquisition Multiple Award Schedule program. This business line is funded through the prices paid by customer agencies.

Travel and Transportation

The FSS Travel and Transportation business line provides two distinct services that help reduce the government's direct and administrative cost for travel and transportation services. Travel services include negotiated airline contracts, travel agency and travel charge card services. Transportation services include the shipment of parcels, freight and household goods. The business line also oversees the use of audit contractors to examine the government's air passenger, freight and household goods transportation billings to identify and seek recovery of incorrect billings and overpayments for the federal government. This business line is funded through fees paid by federal agency customers.

Vehicle Acquisition and Leasing Services

The Vehicle Acquisition and Leasing Services business line provides two distinct services. First is acquisition service for an extensive range of vehicles through consolidated acquisitions and the Multiple Awards Schedules program. FSS purchases over $1 billion in vehicles annually, or approximately 55,000 standard sedans, sports utility vehicles, vans, and trucks and other non-tactical vehicles. For specialty vehicles like ambulances, trash trucks, tractors and trailers, tankers, fire trucks, etc., agencies can purchase directly from commercial suppliers with FSS schedule contracts. The numbers of vehicle purchases are expected to remain constant in FY 2003, with business volume increasing to $1.3 billion. This service is funded through leasing and acquisition fees paid by federal agency customers.

The second service is the management of a worldwide fleet of over 182,000 vehicles. FSS provides non-tactical vehicles needed by civilian and military customer agencies with a comprehensive "cradle to grave" program encompassing vehicle acquisition, maintenance and repair, fuel, accident management and vehicle re-marketing (sale). GSA consolidations between FYs 1998-2002 will total over 28,000 vehicles from other federal fleets into GSA Fleet at a savings to taxpayers of over $22 million. This service is funded through monthly and per-mile charges for long-term vehicle leases by federal agency customers.

Personal Property Management

FSS' personal property management program facilitates the transfer of federal property. Property no longer needed by one federal agency may be needed by another agency, thereby avoiding new procurements. Property no longer needed by an agency is offered at no cost to state and local governments and eligible nonprofit groups. Property no longer needed by federal or state governments is offered for sale to the public. The Personal Property Management business line saved taxpayers over $1.6 billion during FY 2001. It is anticipated that the savings for the years ahead will be comparable to this level. This business line is funded through Congressional appropriations ($11.1 million in FY 2002) for utilization and donation, and receipts from the sales program.

**FSS FY 2003 Performance Goals, Measures, and Targets**

Since 1998, FSS' GPRA performance plans and reports have used targets from operating activities as measures of achievement. While these measures provided insight into how well FSS business lines performed a particular activity, it was difficult for FSS stakeholders to assess overall performance of the FSS organization.

Beginning in FY 2001, FSS adopted a balance scorecard approach used by commercial industry to measure performance of all aspects/segments of a business. The FSS Corporate Scorecard provides the foundation for business planning, and is used to build GPRA plans, with five corporate goals and expected outcomes as well as strategies and measures of success that have been developed through a collaborative effort by FSS' leadership and teams of associates. Four of the five corporate goals are included in the FY 2003 Annual Performance Plan under three of the GSA Strategic Goals – provide best value to customers, operate efficiently and effectively, ensure financial accountability, and carry out social and environmental responsibility as a federal government agency.

In FY 2002 FSS will implement a comprehensive, FSS-wide performance management system to ensure the organization focuses on meeting clearly defined goals.

The performance management system for 2002 has been used to develop the 2003 performance plan, and FSS has deleted many of the process and business line measures used in prior performance plans. The 2003 performance plan focuses on strategic measures that apply broadly to the organization. These measures support the FSS corporate goals and align with GSA agency-wide goals.

Performance targets communicate the amount of improvement and level of performance that is desired. FSS has used strategic performance management system measures and their aggressive stretch performance targets for the FY 2003 GPRA measures. The theory behind stretch targets is to set a target that requires exceptional performance to achieve. The overall objective is to measure the movement from the baseline to the target and focus on the level of improvement within the organization.

| 5 Year Strategic Measures Data | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|
| Percentage growth in federal agency usage of FSS programs | 26.6% | 27.8% | 1.8% | 3.5% | 5.9% |
| Dollars (in billions) | $17.6 | $22.5 | $22.9 | $23.7 | $25.1 |
| Cost per $100 business volume | $2.28 | $1.88 | $2.20 | $2.02 | $2.12 |
| Planned vs. Actual Cost (Variance) | 4.58% | 2.38% | 0.16% | -3% to +3% | -3% to +3% |
| Total Cost as a percent of revenue | 93.70% | 94.84% | 97.09% | 95.08% | TBD |
| Direct Cost as a percent of revenue | 11.67% | 7.86% | 7.61% | 7.41% | TBD |
| Socioeconomic business volume | 28.17% | 30.55% | 33.10% | 34.88% | 36.75% |

**Federal Supply Service**

| | |
|---|---|
| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
| GSA Strategic Objective | Provide optimal solutions needed by our customers. |

**FSS Performance Goal**

**Increase value to the customer.**

FSS derives its definition of best value from the results of customer surveys and focus groups as well as more informal interactions with customers at conferences, training seminars, and other outreach efforts. FSS customers want a balance between cost and quality; economical, efficient and effective service delivery; and evidence of on-going enhancement and program improvements.

To ensure FSS offers consistent, efficient and effective access to the widest selection of innovative services and products, FSS has moved from a functional focus to an enterprise-wide strategic orientation to meet customer needs. FSS leverages the experience of associates across all service and product lines and links customer-centric strategies at all levels of the organization. FSS' performance management system includes the measurement below as the best measure available for this goal.

**Performance Measure**

Percentage growth in federal agency usage of FSS programs

| | Business Volume ($Billion) | Percent Change |
|---|---|---|
| FY 1998 Baseline | $13.9 | Baseline |
| FY 1999 Actual | $17.6 | 26.6% |
| FY 2000 Actual | $22.5 | 27.8% |
| FY 2001 Actual | $22.9 | 1.8% |
| FY 2002 Target | $23.7 | 3.5% |
| FY 2003 Target | $25.1 | 5.9% |

**Budget Links**

Total business volume represents the value of all Federal purchases of goods and services influenced by FSS, either through direct purchase and re-sale to other Federal agencies, or through schedules, brokerage agreements or other indirect relationships. The fees resulting from this business volume are reported as income in the GSF budget submission.

| 5 Year Budget Data | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|
| Business Volume ($ Billions) | $17.6 | $22.5 | $22.9 | $23.7 | $25.1 |

**Strategies**

At the strategic level, business volume data on agency usage of FSS programs provides valuable insight into how well FSS is serving each federal agency and the government as a whole. This

data enables FSS to identify federal government purchasing trends and analyze and interpret how agencies use FSS programs.  Based on available data, FSS projects a leveling of agency purchases due to government-wide downsizing.  FSS is assessing the impact of federal franchise operations established by the 1994 Government Management Reform Act.  There are indications of a shifting preference by some agencies for the additional services available from franchise operations, though FSS sees these operations more as customers under schedules because of the contrast to the self-service business model Multiple Award Schedules program.

**Verification/Validation**

<u>Percentage growth in federal agency usage of FSS programs</u>

   a) Data sources:  FSS General Supply Fund – FR 458 Report, FSS Business Volume Forecast dated June 30, 2001 and FSS 2003 Budget.
   b) Information on FSS data sources:
       - Current baseline exists with trend data covering: FY 1998 – 2003.
       - Use of existing agency legacy systems to collect and report data – NEAR, FSS Financial Reports.
       - Reliance on external source(s) for data:  Logistics Management Institute.
       - Action to improve the completeness and reliability of performance data:
         (i) Implementation of sales automation software within the Customer Relationship Management program. (ii) FSS financial statements are audited annually by a private accounting firm and received an unqualified opinion.
   c) Unavailability of information:  None

**Federal Supply Service**

| GSA Strategic Goal | Operate Efficiently and Effectively |
|---|---|
| GSA Strategic Objective | Implement and sustain superior internal business processes. |

**FSS Performance Goal**

**Reduce operating cost.**

Strategies to fulfill the goal and realize the outcome are to leverage information technology and to implement process improvements to optimize reliable, timely and quality service. FSS' performance management system includes the measurement below, measured at the corporate level, for this goal.

**Performance Measure**

Total operating cost per $100 business volume

| | |
|---|---|
| FY 1998 Baseline | $2.67 |
| FY 1999 Actual | $2.28 |
| FY 2000 Actual | $1.88 |
| FY 2001 Actual | $2.20 |
| FY 2002 Target | $2.02 |
| FY 2003 Target | $2.12 |

**Budget Links**

The formula for calculating Cost per $100 Business Volume equals total operating costs divided by total business volume, multiplied by 100. "Operating Costs", as defined for this measure, are selling, administrative and other expenses associated with operations, and exclude expenses such as cost of goods sold, transportation, etc. Business volume equals the total leveraged business volume, as described in Goal #1.

| 5 Year Budget Data | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|
| Operating Cost ($ Millions) | $401.0 | $423.1 | $444.3 | $476.9 | $532.7 |
| Business Volume ($ Billions) | $17.6 | $22.5 | $22.9 | $23.7 | $25.1 |
| Cost per $100 Business Volume | $2.28 | $1.88 | $2.20 | $2.02 | $2.12 |

**Performance Measure**

Cost per mile

| | |
|---|---|
| FY 1998 Baseline | $0.3046 |
| FY 1999 Actual | $0.3065 |
| FY 2000 Actual | $0.3326 |
| FY 2001 Actual | $0.3533 |
| FY 2002 Target | $0.3611 |
| FY 2003 Target | $0.3687 |

GSA Fleet recovers expenses through a monthly rate and a per mile charge for each vehicle assigned to customers. To ensure financial accountability, GSA Fleet continually monitors its operation to improve processes. Because of increasing petroleum costs, the GSA Fleet projects

an increase in the cost per mile through FY 2003. Even with these rising costs, GSA Fleet projects that the increase in cost per mile will be at or near the annual inflation rate.

**Budget Links**

The overall cost per mile is derived by dividing net expenses by total annual miles driven. The baseline equals FY 2001 actual total cost adjusted for inflation, plus $22.5M / FY01 actual total miles. FY 2002 target equals FY 2001 actual total cost adjusted for inflation, minus $22.5M / FY 2001 actual total miles. Inflation is projected at 2.5% for FY 20 02.

| 5 Year Budget Data | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|
| GSA Fleet Total Costs ($ Million) | $554.8 | $631.9 | $690.3 | $733.3 | $765.2 |
| Fleet Miles Driven (Billion) | 1.8 | 1.9 | 2.0 | 2.0 | 2.1 |

**Performance Measure**

Offer processing measure (TBD)

FY 2002 Target                           TBD
FY 2003 Target                           TBD

In FY 2002, the Supply and Procurement business line will develop a business line operational measure to support the FSS corporate goal to operate efficiently and effectively. Their goal is to improve quality of contract negotiations and awards, provide more effective on-the-job training of contract negotiators, and to encourage adoption of innovative negotiation strategies. This measure will evaluate the contract process from contract review to negotiation and award.

**Strategies**

A major example of changing business models to improve efficiency and effectiveness is the transition of the Supply and Procurement business line into two separate and distinct programs, Commercial Acquisition and Supply. In the past, the stock and special order programs were matrix-managed by several FSS offices, frequently resulting in conflicting program policy, direction, priorities, and operating practices. Placing the operations of these programs under the centralized purview of an Office of Supply enables FSS to develop a unified full-service Supply program that will provide basic business and mission supplies and full-service supply logistics support to federal customers. A unified Supply Business Line management approach will result in improved program operating efficiency and effectiveness by clarifying lines of decision-making responsibility and authority. This in turn will enable FSS to respond to the changing demands, conditions, and developments of the marketplace.

The Commercial Acquisition program will focus on the schedules program, which is FSS' largest and fastest growing source for commercial solutions, services, and products. By maximizing the opportunities of the Federal Acquisition Streamlining Act (FASA) and the Clinger-Cohen Act, FSS radically changed the Schedules Business model to introduce the efficiencies of commercial buying practices within the protections of the Federal Acquisition Regulations. In addition to substantial administrative savings to customers, FSS also leveraged resources by changing from one-year contracts and renewals to five-year contracts and renewals. Another enhancement is the option for corporate contracts, where contractors can elect to hold a single contract with FSS in place of individual contracts under each different schedule they have been awarded.

**Verification/Validation**

Total Operating Cost per $100 Business Volume = Operating Costs/Business Volume x 100

a) Data sources: General Supply Fund – FR 458 Report, FSS Business Volume Forecast dated June 30, 2001 and FSS 2003 Budget.
b) Information on FSS data sources:
  - Current baseline exists with trend data covering: FY 1998 – 2003.
  - Use of existing agency legacy systems to collect and report data – NEAR, FSS Financial Reports.
  - Reliance on external source(s) for data: Logistics Management Institute.
  - Action to improve the completeness and reliability of performance data: (i) Implementation of sales automation software within the Customer Relationship Management program. (ii) FSS financial statements are audited annually by a private accounting firm and received an unqualified opinion.
c) Unavailability of information: None

Cost per mile

a) Data sources: GSA Office of Finance -- TIRES Monthly Operating Costs and Statistical Report, FR-2130, generated monthly.
b.) Information on FSS data sources:
  - Current baseline exists with trend data covering: FY 1998 – 2003.
  - Use of existing agency legacy systems to collect and report data – NEAR, FSS Financial Reports.
  - Reliance on external source(s) for data: Logistics Management Institute.
  - Action to improve the completeness and reliability of performance data: (i) Implementation of sales automation software within the Customer Relationship Management program. (ii) FSS financial statements are audited annually by a private accounting firm and received an unqualified opinion.
c.) Unavailability of information: None

**Federal Supply Service**

| GSA | |
|---|---|
| Strategic Goal | Ensure Financial Accountability |
| GSA Strategic Objective | Use resources more responsibly. |

**FSS Performance Goal**

**Minimize the variance between planned and actual costs by accurate forecasting and pricing .**

FSS' strategies for this goal are to ensure competitive operating costs, forecast accurately and price effectively.  Planned vs. Actual cost is a strategic measure of success in meeting this goal. It reflects how FSS manages financial assets; tracks direct, indirect and allocated overhead costs; and assures the viability of the General Supply Fund.  It also reflects the ability of financial systems to produce data needed to assess performance against financial plans, identify trends, and develop strategies to deal with deviations.

**Performance Measure:**        Planned vs. Actual Cost

| | Planned | Actual | Variance |
|---|---|---|---|
| FY 1998 Baseline | $3,120 million | $3,029 million | -2.93% |
| FY 1999 Actual | $3,038 million | $3,177 million | 4.58% |
| FY 2000 Actual | $3,063 million | $3,136 million | 2.38% |
| FY 2001 Actual | $3,141 million | $3,146 million | 0.16% |
| FY 2002 Target | $3,171 million | | -3% to +3% |
| FY 2003 Target | $3,339 million | | -3% to +3% |

Costs are defined as total operating expenses.  These costs are the total expense from the FY 2003 General Supply Fund (GSF) budget submission's Profit and Loss Statement, plus the value of the intra-GSF program eliminations (sales made to other GSF business lines).  The projected target performance is a variance of plus or minus 3% from planned costs, based on trend data. Maintaining this variance is an internal assessment of fiscal management strategies as costs rise.

**Budget Links**

Total Planned Cost, shown above, equals the total expense from the FY 2003 GSF budget submission's Profit and Loss Statement, plus the value of intra-GSF program eliminations (sales made to other GSF business lines).

| 5 Year Budget Data | 1999 Actual | 2000 Actual | 2001 Actual | 2002 Budget | 2003 Budget |
|---|---|---|---|---|---|
| Expense ($ thousands) | $2,603.3 | $2,588.4 | $2,715.1 | $2,642.9 | $2,785.2 |
| Intra-GSF Expense ($ thousands) | $573.7 | $547.6 | $430.9 | $528.1 | $553.8 |
| Total Expense ($ thousands) | $3,177 | $3,136 | $3,146 | $3,171 | $3,339 |

**Performance Measure**

Total cost as a percent of revenue

| | |
|---|---|
| FY 1998 Baseline | 94.80% |
| FY 1999 Actual | 93.70% |
| FY 2000 Actual | 94.84% |
| FY 2001 Actual | 97.09% |
| FY 2002 Target | 95.08% |
| FY 2003 Target | TBD |

**Budget Links**

Total cost includes all cost of operations, depreciation, and other expenses and prior year adjustments.  Total cost is revenue minus profit/loss.  Revenue is the total sales figure.  The 5-year budget data submitted to OMB excluded the revenue/expense from the sale of vehicles to Fleet within the Office of Vehicle Acquisition and Leasing Services.  Therefore, the 5-year budget data does not include the sale of vehicles within GSA.  However, for internal purposes and reporting, the sale of vehicles from Automotive to Fleet is included in the revenue and expense data.  These numbers are reflected in the expense and revenue data per measure, where appropriate.

| 5 Year Budget Data | 1999 Actual | 2000 Actual | 2001 Actual | 2002 Budget | 2003 Budget |
|---|---|---|---|---|---|
| Total Cost ($ Millions) | $3,050.2 | $3,033.6 | $3,209.0 | $3,195.1 | $3,365.2 |
| Revenue ($ Millions) | $3,255.3 | $3,198.7 | $3,305.2 | $3,360.4 | $3,522.2 |

**Performance Measure**

Direct costs as a percent of revenue

| | |
|---|---|
| FY 1998 Baseline | 7.35% |
| FY 1999 Actual | 11.67% |
| FY 2000 Actual | 7.86% |
| FY 2001 Actual | 7.61% |
| FY 2002 Target | 7.41% |
| FY 2003 Target | TBD |

**Budget Links**

Direct cost includes direct operating expense, procurement support, supply distribution, and rent categories from 258 report.  The 5-year budget data submitted to OMB excluded the revenue/expense from the sale of vehicles to Fleet within the Office of Vehicle Acquisition and Leasing Services.  Therefore, the 5-year budget data does not include the sale of vehicles within GSA.  However, for internal purposes and reporting, the sale of vehicles from Automotive to Fleet is included in the revenue and expense data.  These numbers are reflected in the expanse and revenue data per measure, where appropriate.

| 5 Year Budget Data | 1999 Actual | 2000 Actual | 2001 Actual | 2002 Budget | 2003 Budget |
|---|---|---|---|---|---|
| Direct Cost ($ Millions) | $378.7 | $250.1 | $250.6 | $255.5 | $270.1 |

| Revenue ($ Millions) | $3,255,3 | $3,198.7 | $3,305.2 | $3,360.4 | $3,522.2 |
|---|---|---|---|---|---|

**Strategies**

Forecast accurately

FSS uses a combination of statistical forecasting tools and business trend analyses to develop annual cost and revenue forecasts. This cross-functional approach to development of forecasts for financial plans ensures consideration of all aspects of FSS' business models.  Execution of established plans is monitored at least monthly, and a mid-year review determines if adjustments are required.

The FSS Controller ensures financial accountability as it manages and protects the financial interests of FSS through its budget planning services which includes the preparation of external budgets; preparation of annual budget allowances for each major FSS program; monitoring/controlling allocations and use of resources (both dollars and FTE); and providing on-going accounting services and financial systems management.  FSS financial management services include monitoring control of the General Supply Fund (GSF); developing and implementing financial plans for industrially funded activities; managing capital assets; and coordinating FSS financial activities and interests with GSA's Chief Financial Officer.

To manage operating costs, Vehicle Acquisition and Leasing reviews all cost accounts on a monthly basis to monitor and restrict extraordinary cost growth.  FSS plans to continue to improve the 10-year capital model for fleet vehicles which projects revenues, expenses, capital income and outlays and thereby enhances decision-making capabilities.

Since the expansion of authority to use sales proceeds for property replacement (exchange sale), more agencies are disposing of the higher value property through sales and utilizing the proceeds for new procurements.  As a result, FSS anticipates a decrease in the value of property moving through its utilization, donation and sales programs, but only a slight effect on the number of transactions.  This circumstance would have an adverse effect on FSS' property program costs and business volume. Enhancements will continue in 2003 to offset this effect while continuing the effective performance of utilization, donation and sales services.

FSS' decision to consolidate its distribution operations into two Distribution Centers at Stockton, CA and Burlington, NJ, beginning October 1, 2001, will result in significant savings in operating expenses, consistent with the long-term downward trend in overall business volume through the stock program. The consolidation decision was based on an independent analysis performed by the Logistics Management Institute that revealed that FSS could save approximately $176 million over a ten-year period, including all closure costs consolidating from eight distribution centers to two.  Once transition to the new configuration is completed, and FSS has reviewed the data gathered from the operational experience during FY 2002, the new stock program configuration will streamline the forecasting process for FY 2003.

Price effectively

Customers can also negotiate terms and conditions including performance based pricing, and establish blanket purchase agreements (BPAs) for long-term requirements.  Using schedules in lieu of open market acquisitions maximizes cost savings and eliminates months of acquisition time.  FSS continues to build the services offerings in the schedules program which includes, technology, training, financial asset management, charge card, logistics, environmental, engineering, human resources, marketing/media, laboratory, project management, and protective services.  Expansion of services will continue in FY 2003 based on customers needs.

Airline City-Pair contracts provide the best service at the lowest cost to taxpayers. For FY 2002, FSS awarded contracts for walk-up fares to 14 airlines at an average of 72% savings over unrestricted coach fares offered to the general public, saving the Federal Government approximately $3.0 billion, a savings increase of 3% and $0.2 billion from FY 2001. FSS will evaluate the impact of capacity based fares during FY 2003 and analyze the effects of the attack on America and its aftermath on the airline industry.

Contracts for charge cards allow Federal employees to pay travel expenses and charge card providers furnish detailed reports of travel expenditures to help agencies better manage their travel programs. To meet Federal agencies' prepayment audit needs, Travel and Transportation monitors prepayment audit activities that impact on transportation savings, and will expand the use of Memorandum of Understanding (MOU's) to assure compliance with prepayment audit legislation and reduction of overpayments in FY 2002.

FSS' vehicle acquisition program maximizes volume purchasing power through an annual consolidated purchase of vehicles, obtaining discounts of about 20% from the industry's "black book" on compact sedans. This discount remains relatively constant and continues to be a reasonable target for 2003, this translates to extremely effective pricing on the vehicles purchased for customer agencies, as well as those in the GSA fleet, which keeps monthly and mileage charges well under commercial lease rates. The Leasing Services program saves over $3 million by consolidating vehicles from customer agencies into the GSA fleet.

**Verification/Validation**

Planned vs. Actual Cost

    a)  Data sources: General Supply Fund - FR 458 Report, FSS Business Volume Forecast dated June 30, 2001 and FSS 2003 Budget.

    b)  Information on FSS data sources:
- Current baseline exists with trend data covering: FYs 19 98 through 2003.
- Use of existing agency legacy systems to collect and report data – NEAR System, FSS Financial Profit and Loss Statements
- Reliance on external source(s) for data: Logistics Management Institute
- Action to improve the completeness and reliability of performance data: FSS financial statements are audited annually by a private accounting firm and received an unqualified opinion.

    c)  Unavailability of information: None

Total cost as a percent of revenue

    a)  Data sources: General Supply Fund - FR 458 Report, FSS Business Volume Forecast dated June 30, 2001 and FSS 2003 Budget

    b)  Information on FSS data sources:
- Current baseline exists with trend data covering: FY 1998 – 2003.
- Use of existing agency legacy systems to collect and report data – NEAR, FSS Financial Reports.
- Reliance on external source(s) for data: Logistics Management Institute.
- Action to improve the completeness and reliability of performance data: (i) Implementation of sales automation software within the Customer Relationship Management program. (ii) FSS financial statements are audited annually by a private accounting firm and received an unqualified opinion.

    c)  Unavailability of information: None

<u>Direct cost as a percent of revenue</u>

a)          Direct operating expense, procurement support, supply distribution, rent categories from 258 report

b)      Information on FSS data sources:
- Current baseline exists with trend data covering: FY 1998 – 2003.
- Use of existing agency legacy systems to collect and report data – NEAR, FSS Financial Reports.
- Reliance on external source(s) for data:  Logistics Management Institute.
- Action to improve the completeness and reliability of performance data: (i) Implementation of sales automation software within the Customer Relationship Management program. (ii) FSS financial statements are audited annually by a private accounting firm and received an unqualified opinion.

c.)     Unavailability of information:  None

**Federal Supply Service**

| GSA Strategic Goal | Carry Out Social, Environmental, and other Responsibilities as a Federal Government Agency |
|---|---|
| GSA Strategic Objective | Being recognized as a leader in providing support for government initiatives, laws, and regulations within its mission areas. |

**FSS Performance Goal**

**Increase customer agency support of government-wide socioeconomic goals.**

FSS' goal is to be recognized as a leader in providing support for government initiatives, laws and regulations within the FSS mission areas. Strategies to achieve this goal include ensuring commitments for national priorities, disaster response, and defense are met; actively facilitating customer's compliance with laws and regulations; and actively promoting solutions for socioeconomic and environmental policies. FSS designs its programs and processes around the first two strategies as part of its mission responsibilities, and provides extensive training opportunities to customers for proper use of FSS programs. FSS has determined that socioeconomic business volume is the best outcome measure for government responsibility and the third strategy, which represents the most significant area of FSS' influence in the exercise of government responsibility.

**Performance Measure**

Percentage socioeconomic business volume

| | |
|---|---|
| FY 1998 Baseline | 28.29% |
| FY 1999 Actual | 28.17% |
| FY 2000 Actual | 30.55% |
| FY 2001 Actual | 33.10% |
| FY 2002 Target | 34.88% |
| FY 2003 Target | 36.75% |

Previous performance plans and reports have used percentage of contracts awarded to companies covered by socioeconomic designations. The revised goal better measures the socioeconomic outcomes for FSS' programs and provides an indication of how well they actually support the government's objectives to increase the share of business done by this segment of the national economy.

This performance measure currently reflects only the percent of socioeconomic business volume per total business volume in FSS' Supply and Procurement business line. FSS' performance management system intends to measure socioeconomic business volume corporately, but at this time, systems are not in place for reporting this data for other FSS programs. Data will be collected for this measure as identified problems with systems interfaces, data collection and reporting are resolved. The baseline will be adjusted appropriately, as additional programs are included in this measure.

**Budget Links**

Socioeconomic business volume measures the portion of total Supply and Procurement volume of goods and services that meet specific socioeconomic criteria, established by the Small Business Administration. The volume of the individual products and services that fit the socioeconomic definition is part of the overall budget forecast for the Supply and Procurement business line. Total Business Volume is included below for reference.

| 5 Year Budget Data | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|
| Total Business Volume ($ Billions) | $17.6 | $22.5 | $22.9 | $23.7 | $25.1 |
| S&P Business Volume ($ Billions) | $12.6 | $16.3 | $17.4 | $18.9 | $20.3 |
| S&P Socioeconomic BV | $3.6 | $5.0 | $5.8 | $6.6 | $7.4 |

**Strategies**

FSS will use the performance measurement system being implemented in FY 2002, to measure the success of the following strategies and initiatives during FYs 2002 and 2003.

FSS' corporate scorecard includes a measure for the business volume of socioeconomic contracts. In the past the number of small business contracts were measured at the operational level. Elevating the measure to the corporate level and changing the measure to business volume should encourage each FSS program to facilitate federal agencies' use of small businesses. Additionally, once the system is fully implemented each program will be directly measured.

As an example of this focus, FSS worked with the Small Business Administration to effect a policy change in FY 1999 that allows agencies to get credit for using small business schedule contractors in meeting their agency small business goals. Since schedules make it easier for federal agencies to use small business vendors for many types of supplies and services the target group benefits while the agencies benefit from administrative savings for the acquisitions. The use of small business schedule contracts has increased from $3.6 billion in FY 1999 to over $5.4 billion through July 2001.

FSS Contract Management staff will continue to target Small and Small Disadvantaged Business to provide assistance as needed during contractor visits.

**Verification/Validation**

Socioeconomic Business Volume = Total business volume of Stock, Multiple Award Schedules, and Special Order Program.

    a) Data sources: General Supply Fund – FR 458 Report, FSS Business Volume Forecast dated June 30, 2001 and FSS 2003 Budget.

    b) Information on FSS data sources:
- Current baseline exists with trend data covering: FYs 1998 through 2003.
- Use of existing agency legacy systems to collect and report data – FSS-19
- Reliance on external source(s) for data: Logistics Management Institute
- Action to improve the completeness and reliability of performance data: FSS financial statements are audited annually by a private accounting firm and received an unqualified opinion.

Unavailability of information: Data reflects business volume from Supply and Procurement business line. Additional business line data added as systems interface and data collection is resolved.

**Management Challenges and Solutions**

The GSA Inspector General together with the General Accounting Office and the Senate Governmental Affairs Committees have identified some of FSS' "Management Challenges" outlined below.

Consolidation of FSS' Supply Distribution System

In July 2001, FSS began a process to transition from a government owned and operated supply distribution network to a system of strategic alliances with private companies. This effort reflects long-term reduced demand for FSS' hands-on distribution service and is in keeping with trends in the business community for "just in time inventory". It also recognizes new acquisition and logistics tools and capabilities that have evolved within government and in the marketplace. FSS closed two warehouses located in Palmetto, Georgia, and Ft. Worth, Texas, as well as four small forward supply points in Franconia, Virginia; Chicago, Illinois; Denver, Colorado; and Auburn, Washington. The forward supply points closed on October 5, 2001. The Ft. Worth and Palmetto Distribution Centers closed on November 2 and 16, 2001, respectively. The closures mean the elimination of jobs in these facilities and reductions-in-force. FSS is providing transition assistance to affected employees, including voluntary separation incentive payments, outplacement assistance, and financial planning. Operations from the closed facilities will be consolidated into the FSS warehouse distribution facilities at Burlington, New Jersey and Stockton, California, which will remain open.

Performance-Based Contracts

Performance-based blanket purchase arrangements (BPAs) and task orders are now permitted under GSA's Multiple Award Schedule contracts. Performance-based task orders allow contractors to offer their best commercial practices to meet the government's requirements. Instead of coming up with specific process requirements, federal agencies simply describe the desired end results. Agencies then evaluate proposals from the Schedule contractors and make best value selections to meet their needs.

Changing Work Environment for FSS

Managing the FSS e-marketplace and customer/contractor relationships will create a challenging work environment. New jobs, new skills, new approaches to business will be required.

Organizational Structure and Alignment. The customer-centric focus and changing work environment may require FSS to refine its organizational structure. These refinements will call for the organization to adopt new ways of structuring organizational components and resources to support mission accomplishment.

Human Resources Management. Like other areas of GSA and throughout federal government, FSS has the need to invest in and develop a world-class workforce. In FY 2001, FSS implemented a World Class Workforce initiative to place special emphasis on recruiting new associates, energizing the current workforce, and developing leadership skills. FSS, as well as all of GSA, faces the problem of an aging workforce. FSS is now focusing on recruiting new associates, determining how to reallocate existing resources to ensure they are deployed in a manner appropriate for mission accomplishment, and identifying areas where out-sourcing may be useful to offset shortages.

Accountability. To ensure FSS is improving its performance, FSS is implementing a comprehensive performance management and incentives system to link performance to results. The intent is to reward FSS associates and programs that meet or exceed clearly defined standards of high performance. FSS has identified a set of measures and has benchmarked the

organization where possible against the private sector.  The performance management system should be fully implemented in FY 2002.

**External Factors**

Changes in the private sector industry that could affect FSS' performance in the FY 2003:

Vehicle Acquisition and Leasing Services

Disruptions in the automotive industry could affect FSS' performance.  For example, in FY 1999, there were shortages of trucks equipped with automatic transmissions.  Other factors could include plant strikes and fluctuations in the commercial market that affect product availability.

The number of vehicles required by current and potential customers could be reduced by further downsizing in agencies that lease vehicles from the interagency fleet and by contracting out of functions previously performed by government employees.  Fluctuations in per-mile costs are greatly dependent on inflationary factors and can impact all cost components.  The availability of alternative fuel vehicles and the limited infrastructure for their maintenance and refueling will impact their use in the immediate future.

Travel and Transportation

FSS is keenly attuned to the need to anticipate changes in the travel industry and in customer needs.  The radical change in the travel agent-airline industry relationship, for example, has called for a significant change in the way the government contracts for travel management services.  FSS addressed this by adopting a fee-based approach to contracting for these services.  Market forces will determine the level of service and savings in travel and transportation worldwide.  FSS is strengthening its ties to industry in order to anticipate and keep pace with travel and transportation trends.  Emerging technologies and automated systems in the travel industry have changed the way federal customers are ordering travel management services.  There has been a shift towards using central call centers and electronic booking for making travel arrangements.  Many federal agencies and departments now order travel management services on a nationwide basis in order to leverage their buying power and streamline their travel payment and administration processes.

Agency downsizing and resource reallocations have left many agencies without administrative personnel to administer employee relocations, including moves of household goods.  With increasing frequency, agencies are turning to outsourcing for this very important and time consuming process.  The FSS Centralized Household Goods Traffic Management Program (CHAMP) fills the need for household goods move management services (MMS), and the Government Employee Relocation Services Schedule provides a full menu of relocation services, including home sale and MMS.

Personal Property Management

Levels of personal property utilization and donation and their subsequent savings through cost avoidance are dependent upon the volume of property reported available by federal agencies for reutilization, which becomes eligible for donation and sale.  If the amount of excess property and/or its quality are significantly below estimates, the cost avoidance from transfers and the proceeds from sales may be lower than the performance goals.

**Program Evaluations or Major Studies**

FSS strives for continuous improvement and efficiency through involvement in the following program evaluations and/or studies:

Consolidation of the Supply Distribution System

Although FSS supply distribution centers were a cost-effective source of products to federal customers in the past, a long-term decline in sales, the intensifying competition from commercial sources, and an increasingly complex array of customer demands created a situation requiring comprehensive review. Along with labor partners, the American Federation of Government Employees (AFGE) and the National Federation of Federal Employees (NFFE), FSS has spent significant time since October 1999, studying the supply system and sharing information. GSA engaged LMI to determine the most cost-efficient and effective supply chains that meet customers' needs and to compare them to the current system of FSS. At AFGE's request, LMI worked with two experts from the Harvard Business School as this study proceeded. LMI reported in February 2000, that GSA could generate savings for its customers and maintain current service levels by reducing the number of distribution centers, improving their efficiency, and partnering further with the private sector to supply items federal customers buy from GSA today.

During FY 2001, FSS implemented a plan for consolidating its nationwide distribution network into two facilities, Burlington, NJ (East coast), and Stockton, CA (West coast). This most challenging and critical transition was planned and implemented with care to minimize adverse effects on employees affected by the consolidation. FSS' objective for restructuring its Supply program is to provide customers with the most efficient and effective supply chains possible. This reconfiguring significantly realigns product inventory. FSS is beginning to introduce new methods of supply to serve federal customers. The goal is to provide the lowest total cost price to customers while meeting or exceeding their performance expectations.

FSS and its labor partners agreed to create a new FSS organization to better focus upon FSS-directed product distribution. The new Office of Supply will manage the ongoing evolution of FSS product delivery systems on behalf of its full-service customers in the general direction outlined by LMI and with any additional solutions that emerge in the months ahead.

Multiple Award Schedules Program

The Schedules Program, awarded and administered by GSA, has provided a vehicle for the acquisition of commercial products and services. In the last few years many changes have been made to the Schedules Program as the program has adopted more commercial practices. GSA, as part of its management responsibility, has initiated studies to ensure that changes made to the program are adding value to the federal government.

At the request of GSA, LMI conducted a study and found that it takes a Federal agency an average of 268 days to put a contract in place. A few years later, Johnson and Johnson Associates conducted a study "Comparative Analysis of Customer Elapsed Time Savings." The Study found that it takes a Federal agency an average of 49 days to make a similar purchase using the GSA schedule. The changes to the schedules program have moved the government closer to real-time commercial buying practices and by doing so have significantly reduced acquisition time and have increased the efficiency of the government, which reduces costs to the taxpayers. GSA, in conjunction with the Office of Federal Procurement Policy, is now working with the Information Technology Resources Board to study inter-agency contract vehicles for information technology, including Multiple Award Schedules.

A study conducted by the Logistics Management Institute revealed that Multiple Award Schedules save Federal agencies an average of 80 percent of acquisition time in establishing a Blanket

Purchase Agreement (BPA) under schedule compared to establishing a contract. Customers can make decisions based on their specific needs and negotiate reductions in price. Entering into a BPA can extend the value of using Schedule contracts. FSS has seen an increase in sales under the program and continues to modify offerings in order to provide agencies with the product, services, or solution sets they need to perform their missions.

FSS developed the Multiple Award Schedules Program Owner's Manual to improve the program by providing the customer information on how Multiple Award Schedules could be used. It was developed in recognition that procurement is not just following rules and regulations but is the process of developing efficient acquisition strategies to acquire goods and services at the best price and quality.

With changes being made to the program, FSS provides continuous and significant outreach designed to educate customers through such resources and programs as: GSA Expo Multiple Award Schedule conferences, mass mailings, and meetings with and letters to Senior Procurement Executives announcing changes. FSS will make greater efforts to educate and assist its customers about the ordering procedures and the benefits of the program in managing their purchases.

The GSA IG reviewed GSA's FY 1999 Performance Plan and provided comments on the Multiple Award Schedules Program. The IG was concerned that changes made to the schedule program to implement the Federal Acquisition and Streamlining Act and the Clinger Cohen Act may not result in fair and reasonable prices for federal customers. They believe there is a shortcoming in the performance plan because goals are not related to pricing. Since the report was issued the IG has said that this problem may be exacerbated by changes FSS had made to the Schedules Program such as establishing long-term contracts and corporate contracting, although both of these program changes are commercial practices.

The IG said in their report that identifying benchmarks and measurements relating to pricing for the diverse products and services offered from the MAS is a daunting task. We agree. The IG went on to say that as part of its (FSS) continuing efforts to improve its service, as well as, obtain the best value for its customers, the Federal Supply Service has engaged a consultant to review its performance measures. They recommended as part of this process that measurements for determining best value, including pricing, should be developed.

Many factors need to be taken into consideration in determining best value, including administrative cost/savings and price. We know from previous studies that there are administrative time-savings benefits to federal agencies when using Schedules. Price, FSS addresses in a twofold manner. When Schedule contracts are negotiated, prices are determined to be fair and reasonable before award. Secondly, provision has been made in policy and procedures that encourages agencies to request and take advantage of better prices should additional savings opportunities be available at the time of their placing orders.

We agree with the IG that the objective is daunting and have nonetheless requested that the Logistics Management Institute (LMI), who is working with us on performance measures, provide assistance in evaluating feasibility and approaches. Once the input from LMI is received FSS can determine the next step to determine if and how this should be addressed in future goal-setting.

In November 2000, GAO issued a report "Contract Management, Not Following Procedures Undermines Best Pricing Under GSA's Schedule". The General Accounting Office (GAO) reviewed 22 orders that the Department of Defense placed against Federal Supply Schedule contracts. GAO found that DOD did not follow GSA's established procedures for purchasing services. GAO recommended that GSA provide additional guidance on purchasing services to agencies and promote more competition. Action is already underway to incorporate procedures in the Federal Acquisition Regulations.

In January 2001, the GSA IG issued a report: "Limited Audit of Federal Supply Service's Contracting for Services Under Multiple Award Schedule Contract".  The review found that schedule contracts for services are extremely popular with federal agencies.  The benefits include a streamlined procurement process which result in faster delivery of needed services.  Further, the IG addressed changes that FSS is making to the program (increased training for procurement personnel, placing servicing ordering procedures in the FAR, emphasis on past performance information) and felt these proposed changes will strengthen the program.

In August 2001 The GSA IG issued a special report on "Multiple Award Schedule (MAS) Pricing Practices", which challenged the MAS pricing policies.  FSS implemented the IG's recommendations to emphasize the regulatory requirements of the MAS program.  Two examples are 1) providing an acquisition letter on evergreen contracts and 2) procurement information bulletins on exercising contract options.  FSS is in the process of implementing a contract review process to ensure FSS is awarding quality contracts.  GSA has revised its occupational certification program for contract specialists and its training requirements.

The MAS Program closely mirrors commercial buying practices.  It provides federal customers with millions of state-of-the-art; high-quality commercial products and services at volume discount pricing on a direct delivery basis.  As indicated in the November 2000 GAO report, it provides agencies with a simplified and streamlined process to obtain commonly used products and services.  GSA is committed to improving the manner in which its MAS Program is utilized by customer agencies.

Vehicle Acquisition and Leasing Services

In February 2000, the General Accounting Office released a report titled, "Limited Progress in Acquiring Alternative Fuel Vehicles and Reaching Fuel Goals."  The intent of the report was to measure progress of reaching petroleum displacement goals as defined in the Energy Policy Act of 1992 (EPACT).  The report examined alternative fuel vehicle (AFV) acquisitions and alternative fuel use by federal agencies.  GAO findings indicate EPACT's 2000 petroleum reduction goals will not be met and identified major barriers that are limiting both the acquisition of AFVs and the utilization of alternative fuels.  These are the classic problems that have impeded the growth of alternative fuel vehicle program and fuel use:

- High vehicle incremental cost
- Lack of refueling stations
- High cost of developing alternative fuel infrastructure
- Regulated vehicle population is too small

According to GAO, the population of covered fleets is simply too small to meet the EPACT reduction goals.  Even if all federal, state and fuel provider[1] fleets were fully compliant with EPACT, their collective alternative fuel use would only make up 1% of the petroleum replacement goals.  GAO estimates that a large portion of private fleets and privately owned vehicles would have to be covered under EPACT AFV acquisition mandates if the petroleum reduction goals are to be met.

In FY 2000, a final report titled "Review of controls over FSS Payments" was issued.  The audit objective was to determine whether management controls were adequate to provide reasonable assurance that FSS payments are for valid purchases.  The audit included an assessment of FSS purchase controls as well as payment controls.  Recommendations specific to the GSA Fleet program were to increase use of point-of-sale controls for fleet services card transactions; increase analysis of fleet card data to identify potentially improper transactions; ensure follow-up

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[1] A fuel provider fleet might be, for example, a fleet of natural gas powered vans operated by the local natural gas utility.

on potentially improper transactions; and, ensure customers and vendors were informed about the proper use of the card.

All actions on these recommendations were completed by August 2000. Major accomplishments toward completion of the recommendations included implementation of a single non-fuel database to allow review of all non-fuel transactions regardless of method of payment; increasing customer education and access to information via the Internet, and detailed reviews of all transactions both regionally and nationally.

In FY 2000, the GSA Office of Inspector General performed an audit on the Federal Supply Service's use of indefinite delivery indefinite quantity (IDIQ) contracts. For the purpose of this audit, the IG focused on multiple award IDIQ orders placed with the Office of Vehicle Acquisition and Leasing Services. The purpose of the audit was to determine if FSS' use of multiple award IDIQ contracts is consistent with the Federal Acquisition Streamline Act (FASA) and Federal Acquisition Regulation (FAR) 16.5, Indefinite Delivery Contracts. The audit found that the Office of Vehicle Acquisition and Leasing Services and customer agencies must ensure that a fair opportunity to compete is provided to all vendors under multi-vendor programs. The audit recommended: 1) that new ordering procedures be established that will require agencies to review the GSA price lists to compare prices and products for each and every IDIQ contractor of the respective vehicles; 2) that customers are provided with instructions on methods to comply with FAR 16.5, and 3) that FSS establishes a data collection and reporting system that ensures sales are reported into the Federal Procurement Data System (FPDS). Actions were taken and this audit is now considered closed.

Travel and Transportation

FSS monitors the quality of contractor-performed audits of transportation bills by tracking money saved, overcharges collected, and resultant protests and claims. The relatively minimal percentage of protests and claims judged in favor of the carriers further validates this function. The overcharge detection process also helps validate the freight, household goods, travel charge card, and travel management center programs.

An Inspector General limited audit assessment of the Performance Measure for Government Airfare Savings was concluded in January 2000. It recommended that the measure's description acknowledge that the data, upon which this calculation is performed, is derived from reports of other agencies. The Performance Plan description has been revised accordingly. They also suggested the need for uniform documentation of the formula for calculating this savings. These and other measures will be subject to such documentation.

Personal Property Management

In 1999, the GSA Inspector General conducted a limited audit of the FSS performance measure for savings achieved through the reutilization and donation of excess personal property. The purpose of the audit was to evaluate the adequacy of policies and procedures to ensure the existence and completeness of acquisition cost data for the performance measure. The OIG recommended that it be made clear that FSS accepts data as reported by federal agencies. We have changed the description of the measurement in the FSS portion of the GSA Performance Plan accordingly. Secondly, the OIG criticized the uniformity of data collection. During the period in which the audit was conducted, FSS was performing data collection in a manual mode for a limited period of time, as it bridged to the enhanced Federal Disposal System (FEDS). Those enhancements have been implemented, and FSS is confident that the current quality of data collection would meet auditing standards.

# X. FEDERAL TECHNOLOGY SERVICE

The mission of the GSA Federal Technology Service (FTS) organization is to provide information technology solutions and telecommunications services that deliver products and services to support our customers' missions. FTS provides local and long-distance telecommunications services, information technology solutions, and information security services to federal agencies and other authorized entities, such as the Native American Tribal Nations, on a fee-for-service basis. FTS is a self-sustaining group of business units funded by reimbursements from customers through the Information Technology (IT) Fund.

FTS has two business lines: IT Solutions and Network Services. Although each has unique characteristics, there is substantial coordination and interaction between the two business lines because of the growing interrelationships between the IT and telecommunications technologies. This convergence of business lines and the use of the IT Fund to finance FTS programs are important as FTS plans for the future.

FTS revenues have increased from approximately $1.5 billion in FY 1995, to $6.2 billion in FY 2001, and are projected to total $6.4 billion and $6.5 billion in FY 2002 and 2003 respectively. Most of this increase is in the information technology solutions business line, in which there is a growing demand for FTS products and services.

FTS has one organizational unit, The Office of Information Assurance and Critical Infrastructure Protection (OIACIP), which is funded through direct appropriations. This unit assists the federal community in meeting the challenges of securing operations in the open systems environment of the Internet. OIACIP programs include the Federal Computer Incident Response Center (FedCIRC), the Federal Bridge Certification Authority (FBCA) and the National Security Emergency Preparedness Center.

# FTS Management Strategy

### IT Solutions, Network Services, the Office of Information
### Assurance and Critical Infrastructure Protection

Over the last several years, FTS has experienced extraordinary revenue growth particularly in the IT Solutions Business Line. This growth has had a significant impact upon our systems infrastructure, our character and culture, and our financial condition specifically our cash balances and accounts receivable position.

Today, we are a different organization than we were five to six years ago and in many ways a different organization than we were two years ago. Our challenges and issues are different today.

Last year, we began a transformation and what we call a mid-course correction. Our goals and measures support this transformation and mid-course correction. Further, these goals and measures will help guide us to where we need to be in the future.

Our transformation can be characterized in several ways:

1. More focus on operating budgets, cost containment, and cost control and less focus on revenue and market share.
2. More focus on best value for our clients, savings achieved by our programs, and competition in the marketplace and less focus on revenue.
3. More focus on infrastructure and the financial health of the IT Fund and less focus on growing the business.
4. More focus on public service and our social and governmental responsibilities and less focus on entrepreneurialism.
5. More focus on stability, customer service, and best value and less focus on growth for the sake of growth.

To ensure that FTS is positioned to sustain and enhance its contributions to the federal community, FTS has strategies in place to succeed in achieving FTS Performance Goals that align with GSA Goals and Objectives.

FTS will focus on providing best value to customer agencies and taxpayers.  FTS maintains a customer focus concerned with customer satisfaction with FTS products and services, delivery reliability and performance quality.  FTS identifies and makes new products and services available to customers.

FTS will operate efficiently and effectively.  FTS will strive to award performance based contracts and improve the acquisition processes and methods to reduce time to award.  FTS will provide timely and effective service delivery and will ensure that the IT infrastructure enhances service delivery.  FTS will exercise cost control plus ensure cost efficiency of operations in order to provide competitive prices to customers and to provide fees that reflect those operational cost efficiencies.

FTS will ensure financial accountability.  FTS will take steps to improve the financial condition of the IT Fund by continuing its work to improve communications with customers and business processes related to billing and collections.  FTS will work to ensure that financial data reliably reports business operations.

FTS will have a world-class workforce and a world-class workplace.  FTS strives to hire and retain associates that are highly trained in the acquisition, telecommunications and IT fields.  They are a critical link in FTS' endeavors to achieve customer satisfaction and the effective procurement of technology.  In order to foster a culture in which all associates will succeed and are respected, FTS is implementing initiatives to increase internal communication, recognize and develop associates, and provide current technology so that our workforce excels at customer service.

<u>FTS will carry out social, environmental and other responsibilities as a federal agency</u>.  FTS will raise the level of awareness for information security across the federal government.

**IT Solutions and Network Services**

| GSA Strategic Goal | Provide Best Value For Customer Agencies And Taxpayers. |
|---|---|
| GSA Strategic Objective | Customer satisfaction. |

**Performance Goal**

**Customer Focus – Provide customer satisfaction with FTS products and services, delivery reliability, and performance quality**

Customer satisfaction regarding FTS products, services and FTS associates, is measured using independent surveys to determine rate of satisfaction. Surveys are designed to assess program quality, timeliness, reliability, cost, and technical capabilities and cooperation.

**Performance Measure**

Percentage of customers indicating satisfaction on annual customer survey.

| | |
|---|---|
| FY 1999 Actual | 80% |
| FY 2000 Actual | 76% |
| FY 2001 Actual | customer survey not conducted |
| FY 2002 Target | based on survey scoring methodology |
| FY 2003 Target | based on survey scoring methodology |

**Strategies**

Strategically focus survey efforts to collect data concerning customer requirements and service expectations. Develop surveys that target specific areas for improvement of customer satisfaction for each business line and in addition provide regional breakouts.

Conduct training in customer satisfaction with the business lines to target and address areas designated for improvement and discuss tactics that can be employed to improve service.

Encourage managers within business lines with high customer satisfaction scores to share those business practices that have helped attained these high scores with other managers.

Conduct focus groups, at the business line level, to better understand what is needed to improve customer satisfaction.

**Budget Link**

The FTS Office of Strategic Planning and Business Development has earmarked $200,000 in FY 2003 to begin development of the survey.

**Verification/Validation**

Use of an independent contractor to conduct the surveys will ensure valid and reliable data.

**IT Solutions and Network Services**

| | |
|---|---|
| GSA Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Effectiveness in achieving cost management. |

**FTS Performance Goal**

**Cost Control/Efficiency - Ensure cost efficiency of operations.**

There are two primary costs in providing value-added products and services to federal customers - Cost of Product and Cost of Delivering Product. Operating expenses reflect the Cost of Delivering Product to federal agencies. These costs are recovered by establishing rates/fees during the financial planning process. Therefore, cost management of the Cost of Delivering Product is critical to assess the organizational process improvements and greater efficiency in operations, resulting in the opportunity for lower rates in the future.

**Performance Measure**

Operating Expenses as a % of Gross Margin

| | |
|---|---|
| FY 1999 Actual | 75.3% |
| FY 2000 Actual | 95.8% |
| FY 2001 Actual | 93.8% |
| FY 2002 Target | 91 - 96% |
| FY 2003 Target | 91 - 96% |

**Strategies**

Develop expense targets for each business unit and measure performance quarterly. Timely monitoring of actual expenses in comparison to targets allows for necessary adjustments and will facilitate the goal which is to break-even.

Reduce non-revenue producing programs.

Limit indirect costs associated with the program.

Keep the cost of support services as reasonable as possible.

Refine how FTS utilizes data accuracy goals in internal measures and in the linking budget to performance process.

Meet FTS's revenue estimates.

Work to stay on schedule and meet contractual commitments.

Make sure all program costs are passed through as appropriate to the customer.

**Budget Link**

FY 2003 Information Technology (IT) Fund budget projects total expenses of over $6.4 billion which includes operating expenses of $336 million. Operating expenses include direct, indirect, and GM&A costs.

**Verification/Validation**

Financial data are currently being maintained in two GSA systems, the National Electronic Accounting and Reporting (NEAR) system and Pegasys.

**IT Solutions and Network Services**

| GSA Strategic Goal | Ensure Financial Accountability |
|---|---|
| GSA Strategic Objective | Provide sound financial information for management. |

**FTS Performance Goal**

**Financial Condition – Improve the financial condition and solvency of the Information Technology (IT) Fund.**

Financial performance measures are used to assess the liquidity/solvency, financial operations and financial position of the fund. These measures provide fundamental information about the operating activities of the organization and are used to monitor, control and revise the operations to meet FTS' strategic goals.

Plan verses actual results and variance analysis is a key tool in monitoring and controlling operations. This technique focuses on revenue as well as cost to ensure the viability of the fund.

**Performance Measure**

Revenue Planned vs. Actual

|  | Goal<br>+/- 2.5% of plan | IT Fund<br>(in thousands) | |
|---|---|---|---|
|  |  | Plan | Actual |
| FY 1999 Actual | -11.9% | $4,194,911 | $3,697,221 |
| FY 2000 Actual | 4.7% | $4,838,016 | $5,062,978 |
| FY 2001 Actual | 6.3% | $5,849,980 | $6,218,366 |
| FY 2002 Target | +/- 2.5% | $6,321,786 | |
| FY 2003 Target | +/- 2.5% | $6,453,301 | |

Revenue forecasts are developed during the budget process based on planned levels of orders and expected performance. The operating expense caps, which include operating costs and general and administrative costs, are established by the management within FTS for the two business lines – Network Services and IT Solutions. Accurate forecasting of new orders, as well as unfilled orders, is a key element in the development of revenue, operating expense, and margin.

**Budget Link**

FY 2003 Information Technology (IT) Fund budget projects total expenses of over $6.4 billion, which includes operating expenses of $336 million. Operating expenses include direct, indirect, and GM&A costs.

**Performance Measure**

Net Operating Result (NOR) Plan vs. Actual

| | Goal<br>+/- 2.5% | IT Fund<br>(in thousands) | |
|---|---|---|---|
| | | Plan | Actual |
| FY 1999 Actual | 82.6% | -$91,895 | $16,029 |
| FY 2000 Actual | 48.6% | -$107,378 | -$55,214 |
| FY 2001 Actual | 29.4% | -$81,668 | -$57,667 |
| FY 2002 Target | +/- 2.5% | -$8,116 | |
| FY 2003 Target | +/- 2.5% | $7,000 | |

NOR is an efficiency measure of the enterprise use of resources in providing goods and services to federal customers. This financial measure reflects the management control of operating cost, reserve expenditures, fee structure and revenue forecasting capabilities.

The net operating results of the IT Fund allow FTS to contribute toward maintaining a sufficient level of retained earnings (reserves) which are necessary to operate the fund and address new initiatives.

**Budget Link**

The FY 2003 Information Technology (IT) Fund budget projects total Net Operating Results of $7 million (shown in Results of Operation exhibit).

**Performance Measure**

Retained Earnings Budget vs. Actual

| | Goal<br>+/- 2.5% | IT Fund<br>(in thousands) | |
|---|---|---|---|
| | | Plan | Actual |
| FY 1999 Actual | 48.5% | $178,500 | $265,150 |
| FY 2000 Actual | 130.2% | $90,469 | $208,257 |
| FY 2001 Actual | 5.3% | $159,059 | $150,590 |
| FY 2002 Target | +/- 2.5% | $167,175 | |
| FY 2003 Target | +/- 2.5% | $174,175 | |

The retained earnings of the IT Fund include a permanent reserve, termed Working Capital, and temporary reserves to finance one-time/non-recurring costs. The Working Capital reserve is used to finance recurring operations of the fund. The temporary retained earnings allow for more stable rates for services even where revenue and expenses vary widely because of unique events. Maintaining sufficient levels of retained earnings (reserves) is necessary for operating the fund and addressing new initiatives. The end of FY 2000 saw an increase in retained earnings sufficient to bring the IT Fund to a more optimal comfort level of $200 million. However, a continued focus on the forecasting of retained earnings must be instituted to maintain this current level.

**Budget Link**

The FY 2003 Information Technology (IT) Fund budget projects a total increase in retained earnings of $7 million.

**Strategies**

Financial Controls

Financial controls are established within the program operations to ensure the accuracy, timeliness, and completion of financial data as well as ensuring compliance with all statutes, rules, and regulations.  All organizational units within FTS have a role in the financial system of internal controls.

Develop expense targets for each business unit against which performance will be measured quarterly.  Timely monitoring of actual expenses as compared to targets allows for necessary adjustments to meet targets.

Develop revenue targets, contribution indices, operating expense authority/limitations, reserve expense targets, and approved FTE ceilings for all revenue producing FTS organizational units.

Accurate Forecasting

A major goal is to accurately forecast the revenue, operating expenses and reserve expenses of the fund.  This requires detailed information on revenue sources, which is obtained from the business line managers and other materials concerning federal procurement plans.  FTS continues to use new tools to forecast customer requirements and to provide the staff with access to customer information through new technologies such as CRM (Customer Relationship Management).

FTS uses statistical forecasting and trend analyses to develop annual cost and revenue plans.  Plan execution is monitored monthly, and a mid-year review is performed.

To manage operating costs, all reserve accounts are reviewed on a monthly basis to monitor cost growth.  FTS will continue to improve the capital model for capital requirements.

FTS ensures financial accountability as it manages and controls its financial execution through its budget planning.  Such services include the preparation of external budgets; preparation of annual budget allowances for each major FTS program; monitoring/controlling allocations and use of resources (both dollars and FTE); and providing ongoing accounting services and financial systems management.  FTS financial management includes monitoring the IT Fund; developing and implementing financial plans; managing capital assets; and coordinating FTS financial activities and interests with GSA's Chief Financial Officer.

Cost Consciousness/Control

FTS continues to emphasize cost consciousness/control to ensure the most effective and efficient operation of the fund.  FTS enhances its performance by focusing on effective operations – including workflow, data, and best practices – which are augmented by new technology.  The new systems integrate with FTS legacy systems.

Compliance with Statutes, Regulations, and Policy

FTS ensures that its business practices adhere to all statutes, regulations, and policies concerning acquisition and finance.

**Verification/Validation**

Operating Expenses

a)  Data sources: FTS Business Volume Forecast

b)   Information on FTS data sources:

- Current baseline exists with trend data covering: Fiscal years 1998 through 2003.
- Use of existing agency legacy systems to collect and report data – NEAR system, FTS Financial Profit and Loss Statements
- Action to improve the completeness and reliability of performance data: FTS financial statements are audited annually by a private accounting firm and received an unqualified opinion.

<u>Net Operating Results</u>

a)   Data sources: FTS Business Volume Forecast

b)   Information on FTS data sources:

- Current baseline exists with trend data covering: Fiscal year 1998 – 2003.
- Use of existing agency legacy systems to collect and report data – NEAR, FTS Financial Reports.
- Action to improve the completeness and reliability of performance data: (i) Implementation of sales automation software within the Customer Relationship Management program.  (ii) FTS financial statements are audited annually and received an unqualified opinion.

<u>Retained Earnings</u>

a)   Operating expenses include direct, indirect, and GM&A costs.

b)   Information on FTS data sources:

- Current baseline exists with trend data covering: prior fiscal years.
- Use of existing agency legacy systems to collect and report data – NEAR, FTS Financial Reports.
- Action to improve the completeness and reliability of performance data: FTS financial statements are audited annually and received an unqualified opinion.

Financial data are currently being maintained in two GSA systems, the National Electronic Accounting and Reporting (NEAR) system and Pegasys.

**Office of Information Security and Critical Infrastructure Protection**

| GSA Strategic Goal | Carry Out Social, Environmental, and other Responsibilities as a Federal Government Agency |
|---|---|
| GSA Strategic Objective | Exercise social responsibility towards security awareness. |

**FTS Performance Goal**

**Information Security - Raise the level of awareness of information security across the federal government.**

The Government Information Security Reform Act requests that federal civilian agencies report computer security incidents to GSA. GSA's FedCIRC (Federal Computer Incident Response Center) is the federal government's central focal point for computer security incident recognition, reporting, handling and prevention.

FedCIRC has achieved its initial goal of establishing reporting from all cabinet level executive agencies.

To measure the goal of increasing awareness across government FTS has developed a list of agencies, independent establishments and government corporations, boards, commissions and committees (hereafter all are referred to as agencies) that have not reported any computer security incidents to FedCIRC. The list has been divided into 3 steps ranging from Tier 1 agencies that tend to be large or high profile agencies, to Tier 3 agencies that are small and have missions that are less sensitive. FedCIRC has targeted a certain number of agencies from each tier from which to encourage reporting.

**Performance Measure**

Number of agencies reporting to FedCIRC from each Tier.

|  | Reporting Target | Number of Agencies Targeted for Reporting | Total Agencies Reporting |
|---|---|---|---|
| FY 2001 Actual | Not an established measure | Not an established measure | 31 |
| FY 2002 Target |  |  |  |
| Tier 1 Agencies | 42 | 21 |  |
| FY 2003 Target |  |  |  |
| Tier 1 Agencies | 21 | 21 |  |
| Tier 2 Agencies | 42 | 11 |  |
| Tier 3 Agencies | 41 | 7 |  |

**Strategies**

Promote the importance of partnering and reporting to FedCIRC through collaboration with agency CIO's, Incident Response Teams, senior executives and management.

Clarify and obtain buy-in from stakeholders regarding the FedCIRC mission in order to encourage voluntary reporting by agencies.

Educate agencies on the importance of the reporting procedures with bulletins and frequent memos during the reporting period.

Consistently track reporting agencies throughout the reporting period and follow-up with non-reporting agencies.

**Budget Link**

Included in the Office of Information Assurance and Critical Infrastructure Protection (OIACIP) FY2003 Budget Request under the Operating Expenses, GSA Account.

**Verification/Validation**

Data reported by the agencies is verified and analyzed by subject matter experts that are under contract to the Office of Information Assurance and Critical Infrastructure Protection.

# Information Technology Solutions

## IT Solutions Business Line

The Information Technology (IT) Solutions business line provides the full range of IT products and services, including security solutions, to its agency clients through contracts with industry partners.  IT Solutions provides a variety of ways for agency customers to buy -- through FTS contracts, through the use of the Federal Supply Service's Multiple Award Schedules Program[1], and through the contracting offices of other agencies with which the IT solutions business line has developed strategic partnering arrangements.  Federal customers can choose among numerous services at various levels of support.

The IT Solutions business line aims to provide all clients, regardless of size or geographic location, access to the same products, services, or solutions and with the same level of service.

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[1] Schedules are Multiple Award Indefinite Quantity, Indefinite Delivery (IDIQ) contracts available to all federal agencies worldwide that allow for direct placement of orders with contractors.

**IT Solutions**

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers. |
|---|---|
| GSA Strategic Objective | Customer satisfaction. |

**FTS Performance Goal**

**Competitive Environment - Foster competition.**

As an executive agent, GSA is authorized to award and administer task and delivery order contracts on behalf of federal agencies. This performance metric measures the competitive environment and competition fostered in placing orders against these contracts. It tracks the percent of the dollar value of task and delivery order awards where all contract holders were afforded a fair opportunity to be considered for the award.

**Performance Measure**

Percentage of Task and Delivery Orders subject to the fair opportunity process

| | |
|---|---|
| FY 1999 Actual | Not an established measure |
| FY 2000 Actual | Not an established measure |
| FY 2001 Actual | 70% |
| FY 2002 Target | ≥ 75% |
| FY 2003 Target | ≥ 80% |

Data was not collected prior to FY2001, as this is a new performance measure.

**Strategies**

Implement market awareness programs for industry partners and provide all contract awardees a fair opportunity to be considered for award unless an appropriate exception is cited.

Consider feasibility of issuing draft solicitations to generate more industry partner interest and feedback

**Budget Link**

Information Technology (IT) Fund obligations of $6.4 billion include amounts for executive agent IDIQ contract orders subject to fair consideration.

**Verification/Validation**

Data will be collected by a combination of automated systems such as the Federal Procurement Data System (FPDS), IT Solutions Shop (ITSS), and manually. FTS management will validate and verify the accuracy of data.

**IT Solutions**

| | |
|---|---|
| GSA Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Maximize procurement effectiveness for customer cost savings. |

**FTS Performance Goal**

**Cost Control/Efficiency - Assist customers in achieving significant savings in the acquisition of products and services.**

IT Solutions is committed to offering its federal clients quality goods and services at competitive prices. In a competitive environment, it is important to continue to award and implement contracts that utilize the advantages of aggregating agency requirements. IT Solutions provides a variety of ways for agency customers to buy –through FTS contracts, through the use of FSS Schedules, and through contracting vehicles administered by other agencies. Client agencies that use FTS minimize the federal cost of acquisition and avoid lengthy procurement procedures.

**Performance Measure**

Percent of dollar savings between Independent Government Cost Estimates (IGCE) and award amounts.

| | |
|---|---|
| FY 1999 Actual | Not an established measure |
| FY 2000 Actual | Not an established measure |
| FY 2001 Actual | Not an established measure |
| FY 2002 Target | $\geq$ 10% |
| FY 2003 Target | $\geq$ 10% |

Actual results for FY 1999, FY 2000, and FY 2001 are not available since this information was not collected. The methodology comparing the IGCE to the award amount is an interim measure pending the identification of alternatives to measure cost savings and procurement effectiveness.

**Strategies**

Continue to award and implement contracts that utilize and leverage the government's buying power through the aggregation of agency requirements.

Maintain an FTS staff that is knowledgeable of market conditions.

Partner with enterprises to further improve customer relationships and the overall IT program.

Provide price expectations in terms of benchmark prices.

Use market surveys (i.e. published market sources) to get a better understanding of area markets and to obtain the best price/best value.

Work with agencies to maximize the value of their products and services, yet maintain cost control.

**Budget Link**

FY 2003 IT Fund obligations of $6.4 billion include amounts for contracts.

**Verification/Validation**

IT Solutions management will validate and verify the accuracy of data based on contracting documents.

| IT Solutions | |
|---|---|
| GSA Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Maximize procurement effectiveness for customer cost savings. |

**FTS Performance Goal**

**Acquisition Practices - Improve acquisition processes and methods to reduce time to award.**

The Information Technology (IT) Solutions business line provides all types of IT products and services, through contracts with industry partners.  Client Support Centers (CSCs) within IT Solutions provide direct client interface and support, issue and manage task orders against contracts, and deliver (resell) solutions to clients.   To improve customer communications concerning task order requirements and service expectations, CSCs will track and report actual task order award dates for services and commodities against the task order award dates that are negotiated with customers.

**Performance Measure**

Percentage of negotiated award dates for services and commodities that are met or bettered.

| | |
|---|---|
| FY 1999 Actual | Not an established measure |
| FY 2000 Actual | Not an established measure |
| FY 2001 Actual | Not an established measure |
| FY 2002 Goal | $\geq 90\%$ |
| FY 2003 Goal | $\geq 90\%$ |

Actual results for FY 1999, FY 2000, and FY 2001 are unavailable because negotiated award dates were not measured.

**Strategies**

All new agreements as of January 1, 2002 will report a negotiated award date for services and commodities in order to improve customer and industry partner communications about requirements and service expectations.

Research and further enhance the FTS delivery system.

Improve contact and communication with customers.

Perform reviews of past projects to evaluate success and prepare lessons learned for consideration in future projects.

**Budget Link**

FY 2003 IT Fund obligations of $6.4 billion include amounts for contracts.

**Verification/Validation**

IT Solutions management will validate and verify the accuracy of data based on contracting documents.

# Network Services

## Network Services Business Line

The Network Services business line offers comprehensive telecommunications services including global voice, data, and video services supporting both local and long distance government telecommunications users. FTS also provides advanced telecommunications products and services through specialized services contracts. The specialized services contracts currently provide customers with a variety of fully competed contracts for wireless communications, technical management support services, international calling, wire and cable, satellite equipment and services, and Internet access. The wide array of service offerings best reflects the overall success of both the long distance and local services programs.

## Local Telecommunications Services

FTS provides local voice and data telecommunications services to federal agencies nationwide. Switched services are currently provided through more than 400 local telecommunications systems, which offer all the features of the most modern systems. The Metropolitan Area Acquisition (MAA) contracts deliver substantial price reductions in local telephone markets by taking advantage of increased competition as permitted by the Telecommunications Act of 1996. With MAA contracts awarded in a total of 24 cities nationwide, FTS offers many local service customers the potential to significantly reduce costs. FTS plans to emphasize to agency customers the value FTS can provide in dealing with the changing environment, as well as the "cradle to grave" support offered by FTS that allows agencies to concentrate on core missions. FTS will also increase dialogue with industry, the Federal Communications Commission and State Public Utilities Commissions to assure that customers needs are met.

## Long-distance Telecommunications Service

GSA provides long distance telecommunications services to customers primarily through the FTS2001 contract. In FY 2001, GSA met the challenge of bringing customers much better prices by completing the transition to from FTS2000 to FTS2001. 138 customer agencies were transitioned, and this involved complex logistics, emergency procedures, planning, testing, and project management support. FTS2001 provides federal agencies with integrated voice, data, video, and wireless telecommunications, and provides agencies with flexible billing options and direct access to the industry partners. The cost of federal long-distance services declined from an average 27 cents per minute in FY 1988 to 3.0 cents per minute in FY 2001 and is projected to be 2.1 cents per minute in FY 2003.

**Network Services**

| | |
|---|---|
| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
| GSA Strategic Objective | Customer satisfaction. . |

**FTS Performance Goal**

**Cost Savings/Cost Avoidance - Assist customers in achieving significant savings in the acquisition of products and services.**

FTS is committed to offering customers quality services at competitive prices. Metropolitan Area Acquisition (MAA) contracts offer significant savings to customers in metropolitan areas that are served by the MAA program.

**Performance Measure**

Estimated Cost Savings due to MAA implementation and pricing.

| | |
|---|---|
| FY 1999 | N/A |
| FY 2000 | $   250,000 |
| FY 2001 | $  3,000,000 |
| FY 2002 Goal | $10,000,000 |
| FY 2003 Goal | $15,000,000 |

FTS is modifying the MAA tracking database to begin to collect savings data by MAA city based on the difference between previous rates and new MAA rates.  An assessment will be conducted to refine the baseline and projections and to determine an efficient way to gather and quantify more complete measures, particularly for new customers.  FTS will use the baseline cost savings to raise awareness in the federal community of actual cost savings, promote initiatives that reflect cost avoidance, and assist customers in achieving significant savings.

**Strategies**

Continue to pursue opportunities to increase the customer base in all MAA cities.

Maintain an FTS staff that is knowledgeable of market conditions.

Continuously compare MAA pricing against industry benchmarks to guarantee maximum savings for MAA customers.  Exercise options such as MAA's "Price Management Mechanism" as necessary.

Work with our customers to maximize the value of their products and services.

**Budget Link**

The FY 2003 Information Technology (IT) Fund budget reflects regional telecommunications expenses of $362 million.

**Verification/Validation**

The Office of Regional Services will validate and verify the reported data from the MAA tracking database.

**Network Services**

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
|---|---|
| GSA Strategic Objective | Customer satisfaction. |

**FTS Performance Goal**

**Cost Savings/Cost Avoidance - Assist customers in achieving significant savings in the acquisition of products and services.**

**Performance Measure**

Estimated Cost Savings due to FTS2001 use and pricing for domestic outbound switched voice service

Savings will be estimated annually based on an annual survey of large commercial customers. The survey will provide information on differences between commercial and FTS2001 prices. The price difference will be applied to actual minutes of usage bought by Government customers from FTS 2001 contracts.

| | |
|---|---|
| FY 1999 Actual | Not an established measure |
| FY 2000 Actual | Not an established measure |
| FY 2001 Actual | Not an established measure |
| FY 2002 Target | Methodology being developed |
| FY 2003 Target | Methodology being developed |

**Strategies**

Provide state of the art telecommunications products and services at competitive prices allowing customers to achieve savings.

Deliver services to customers in a timely manner.

Reduce surcharges/fees through efficiencies in operations.

Maintain an FTS staff that is knowledgeable of market conditions.

Use area market surveys to comparison shop for the best prices for domestic outbound-switched voice services in the market area.

Work with our customers to maximize the value of their products and services.

Partner with government contractors to free up FTS resources to better manage customer relationships while providing top quality service.

**Budget Link**

The FY 2003 Information Technology (IT) Fund budget reflects long distance expenses of $625 million. This includes anticipated payments to FTS2001 vendors based on prices negotiated and program operating costs.

**Verification/Validation**

The Office of Service Delivery will validate and verify the reported data using indices available from professional service companies.  An annual survey of large commercial customers will also be utilized.

Financial data are currently being maintained in two GSA systems, the National Electronic Accounting and Reporting (NEAR) system and Pegasys.

**Network Services**

| | |
|---|---|
| GSA Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Improve service delivery and cost effectiveness. |

**FTS Performance Goal**

**Service Delivery - Provide timely and effective service delivery.**

**Performance Measure**

In the MAA order process – Number of days from order placement to service delivery

| | |
|---|---|
| FY 1999 | N/A |
| FY 2000 | 150 Days |
| FY 2001 Actual | 150 Days |
| FY 2002 Goal | 90 Days |
| FY 2003 Goal | 60 Days |

Implementation Progress  - Percent completed

| | |
|---|---|
| FY 1999 | 0% |
| FY 2000 Actual | 10% |
| FY 2001 Actual | 68% |
| FY 2002 Goal | 90% |
| FY 2003 Goal | 100% |

FTS will maintain a sound baseline to measure the timeliness of MAA service delivery and implementation progress and strive to improve service delivery practices and strategies.

**Strategies**

Work closely with our industry partners to establish realistic, mutually agreeable implementation schedules.

Use the MAA Tracking Database to continuously track performance against the established annual goal.

Examine inefficiencies in the order process to determine streamlining procedures.

**Budget Link**

The FY 2003 Information Technology (IT) Fund budget reflects regional telecommunications expenses of $362 million.

**Verification/Validation**

The Office of Regional Services will validate and verify the reported data from the MAA tracking database.

**Network Services**

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
|---|---|
| GSA Strategic Objective | Customer satisfaction. |

**FTS Performance Goal**

**Cost Control/Efficiency - Provide competitive prices to customers for local and long distance services.**

Continue the downward trend in the average line rate for local service.

**Performance Measure**

Average line rate.

| | |
|---|---|
| FY 1999 Actual | $19.74 |
| FY 2000 Actual | $18.81 |
| FY 2001 Actual | $18.00 |
| FY 2002 Actual | $15.72 |
| FY 2003 Goal | $14.80 - $15.10 |

**Strategies**

Promote ongoing competition and continue to reduce prices paid to industry partners through MAA and other contractual arrangements.

Continue to reduce overhead rates through improved service delivery techniques.

Promote initiatives that reflect cost avoidance to assist customers in achieving significant savings.

Increase federal awareness of potential cost savings under MAA and other contractual vehicles.

Increase the Office of Regional Services customer base.

**Budget Link**

The FY 2003 Information Technology (IT) Fund budget reflects regional telecommunications expenses of $362 million. This includes anticipated payments to MAA and non-MAA vendors based on prices negotiated and program operating costs.

**Verification/Validation**

The Office of Regional Services will collect, validate, and verify the data reported by the regions.

**Network Services**

| | |
|---|---|
| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
| GSA Strategic Objective | Customer satisfaction.. |

**FTS Performance Goal**

**Cost Control/Efficiency - Provide competitive prices to customers for local and long distance services.**

The FTS network services objectives for cost control and efficiency include promoting the use of FTS2001 purchasing power as a catalyst for change in the telecommunications industry. This includes fostering cross-agency cooperation and aggregation of requirements, use of technological enhancements to drive costs down, and use of marketplace dynamics and economics to attain the best price, technology, and value.

**Performance Measure**

Price per minute for domestic outbound switched voice service

| | |
|---|---|
| FY 1999 Actual | 6.4 cents |
| FY 2000 Actual | 4.5 cents |
| FY 2001 Actual | 3.0 cents |
| FY 2002 Target | 2.2 - 2.6 cents |
| FY 2003 Target | 1.9 - 2.1 cents |

**Strategies**

Re-engineer customers' networks to optimize efficiency and reliability.

Reduce overhead rates to improve service delivery costs.

Continue to award and implement contracts that utilize the advantages of economies of scale by leveraging buying power.

Increase federal community awareness of potential cost savings under FTS contracts

**Budget Link**

The FY 2003 Information Technology (IT) Fund budget reflects long distance expenses of $625 million. This includes anticipated payments to FTS2001 vendors based on prices negotiated and program operating costs.

**Verification/Validation**

Calculations are performed with the aid of computer models developed by Mitretek Systems that have been in use and updated over several years.

# Management Challenges and Solutions

### *IT Fund Cash Management/Solvency*

### *Measuring Savings*

This plan includes several measures that will attempt to measure cost savings and cost avoidance to customers. GSA and FTS have much to learn in this area, and we plan to study how to best measure savings and cost avoidance over the next year with an eye toward improving the measures.

Savings must be assessed within a context, such as a comparison to other GWACs or commercial prices. Measuring savings to customers is further complicated because of past FTS program success. Long distance prices are a good example of this dilemma. Through FTS successes in leveraging buying power and the competitive marketplace, FTS is able to offer highly attractive long distance prices to customers; this very success then becomes the new benchmark. Agencies that opt to go directly to providers can use the new benchmark to attempt to negotiate even lower prices. However, such an agency loses the benefit of the cost avoidance that FTS offers in terms of the cost of acquisition staff necessary to negotiate contracts. Cost avoidance is also a difficult area to measure because customers may be reluctant to disclose such costs due to concerns regarding potential impacts on their own budgets and appropriations.

### *Shift in Focus*

FTS has experienced explosive revenue growth. This growth has affected FTS organizational culture and strained the infrastructure. As a result of this growth, FTS has changed, and the leadership is now shifting focus. FTS goals and measures have been changed in this plan to reflect that shift in focus. FTS is focusing on best value, savings and competition. FTS is paying attention to needed reinforcement of business critical infrastructure and to the financial health of the IT Fund, now and for the future. FTS is emphasizing public service and seeking stability and excellence in customer service.

# XI.  OFFICE OF GOVERNMENTWIDE POLICY

The Federal Property and Administrative Services Act of 1949 authorizes GSA to provide for a government-wide system for the procurement and supply of property and management services and prescribe guidelines for the use and disposal of property.  Under this authority, the Administrator of GSA helps federal agencies better serve the public by offering, at best value, superior workplaces, expert solutions, acquisition services and management policies.  In December 1995, GSA created the Office of Governmentwide Policy (OGP), and brought under a common direction the responsibility for providing a government-wide policy infrastructure that supports federal agencies in the management of property, technology, and administrative services.

OGP's mission is to improve government-wide management.  OGP is responsible for carrying out the policy and regulatory functions assigned to GSA by Congress, and exercises GSA's authority as one of the central management agencies of the federal government.  OGP brings interagency groups together to collaborate on developing the policies and guidelines for the implementation of federal laws, executive orders and other Executive Branch guidance.  OGP facilitates government-wide reform by providing federal managers with business-like incentives, tools, and flexibility to prudently manage their assets.  OGP also identifies and promotes best practices to make the federal government's management processes more efficient and effective.  OGP's policymaking authority and policy support activities encompass the following areas.

Acquisition and Contracting
Electronic Government & Information Technology
Personal Property including Aircraft and Motor Vehicles/Fleet
Real Property and the Workplace
Travel
Transportation and Mail
Committee Management (Federal Advisory Committees)
Regulatory Information Services

OGP also creates and leads networks of agency representatives who are affected by policymaking in these areas, to collaborate and explore new approaches to address relevant issues as the environment or priorities change.  Such collaborative efforts and exchange ensure "buy-in" from the policy customers, and produce smarter solutions and more consistent processes throughout the government.  In addition, OGP provides leadership in the use of the Internet and digital technologies in the drive toward a citizen-centric e-government that bridges the gap among individuals, businesses and governments.  By creating opportunities for intergovernmental and public-private collaboration OGP encourages better information sharing, and functions as a clearinghouse for the exchange of information on federal procurement opportunities and information resource management.  OGP has also made it a priority to help federal agencies build a highly skilled and knowledgeable workforce, and encourages innovative solutions toward more productive work environments.  Operating from a central point with access to industry, all other federal agencies and other governments, OGP is uniquely positioned to coordinate major government-wide improvement initiatives.

OGP's sphere of influence is extensive, covering the following:

All federal procurement actions – 33.3 million, obligating more than $200 billion annually
26,700 federal contracting specialists
125,000 other acquisition workforce members
The entire Government space inventory – 3.3 billion square feet;
The disposal of over $11 billion of federal excess and surplus property (both real and personal) each year
All federal fleet activities – nearly 600,000 vehicles and 1,200 civilian agency aircraft;
Over $9.0 billion in federal travel expenditures
 Over $14 billion in federal transportation expenditures

**FY 2003 Performance Plan**

OGP develops useful and balanced management policies that provide best value for the federal agencies, and continues to search for better tools to allow federal agencies to cut costs and exceed performance standards. This performance plan establishes objectives and strategies that align with the President's Government-wide management reform initiatives, especially those that seek to improve the federal government's value to the citizen. To accomplish this, OGP has set the following strategic objectives:

Promote best management practices
Maximize opportunities to deliver single-face customer-centric e-Government
Increase the use of OGP performance measures by other federal agencies
Achieve responsible asset management
Strengthen Government-wide policy-making process to improve Government management and operations
Align OGP spending with strategic priorities and performance goals
Improve the knowledge and skills of the federal workforce
Maintain a positive and productive OGP work environment
Assist federal agencies to meet their social and environmental responsibilities

**Moving to Outcome Measures**

The impact of policy can be huge, but tends to be indirect. There is a chain of events linking the outputs we produce to the outcomes we want. Many other people and organizations affect that chain of events. All contribute. Historically, we have concentrated on the outputs of the policy process. We counted the regulations or the best practices or the web hits and used that as a proxy for our effectiveness. The true test of a policy, however, is not that it exists, but that it is used and useful. In other words, outputs are important, but it is outcomes that matter. In our case the outcome is that the government is better managed because of what we do. In this performance plan we are, for the first time, attempting to estimate the impact of our policies on stakeholders. That means that we are estimating the effectiveness of improvements or cost savings as a result of the better management resulting from the policies we develop. That also means we are articulating the value chain that connects those efforts to the desired outcomes and identifying the other contributors to those outcomes.

The sixteen goals from the FY 2002 performance plan have been consolidated, modified, and restructured into eleven performance goals in FY 2003. This consolidation will provide OGP a sharper management focus and encourage the targeting of resources. Consequently, many of the FY 2002 performance measures have been replaced with new measures that are more customer-focused and outcome-oriented. These measures aim to provide stakeholders a more accurate picture of the impact of OGP's programs and initiatives, and will help management to define strategic direction and align OGP's performance with GSA agency goals. The new approach requires OGP to perform value chain analyses to connect products and services with outcomes. OGP is at the beginning stages of collecting the data on the new measures, and is exploring approaches to ensure the validity of such data. The outcome measures will help determine Government-wide improvement in effectiveness, improvement in policymaking process, and Government-wide savings/cost avoidance. The measurement results will be used to assess progress, to further refine the goals and measures, and to decide on action plans for continuous improvement. The ultimate goal is to improve organizational performance and the delivery of products and services for the benefit of customers and stakeholders.

Some of the performance goals that follow are specific high priority goals that are illustrative of OGP's strategic objectives. OGP has other performance goals that are critical to its programs but in the interest of brevity will be tracked and reported internally.

**5 Year Budget Data Display**

$(000)

| | 1999 | 2000 | 2001 | 2002 | 2003 |
|---|---|---|---|---|---|
| OGP TOTAL | 51,054 | 52,000 | 57,021* | 59,992 | 68,429 |

\*  Does not include Congressional initiatives

- FY 1999 and FY 2000 numbers listed are budget estimates, not actual obligations

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
|---|---|
| GSA Strategic Objective | Promote best management practices. |

**Performance Goal**

**Ensure adoption of Federal Premier Lodging Program (FPLP) within the 77 target markets.**

OGP identifies and advocates best practices Government-wide and facilitates management improvement as needed to maximize best value on the Government's investment in property, technology, and human capital. OGP has an ongoing outreach effort in disseminating best management practices through various channels of communication. This sharing of opportunities leads to smarter, cost-effective solutions for the management of government's resources that benefit the government and its citizens. OGP's program offices have established internal performance goals to promote best management practices for the various program areas within OGP's responsibility. The performance goal shown here is only one of several in the Office of Transportation and Personal Property.

**Performance Measure**

Number of room nights under FPLP contracts

| FY 2002 Target | 165,355 |
|---|---|
| FY 2003 Target | 555,000 |

**Budget Link**

Approximately $9.8 million is allocated to achieve this strategic objective. Of this amount, $.2 million is for FPLP.

**Strategies**

Continue implementation of the FPLP program.

Increase hotel industry participation through networking and targeted advertising.

Promote the use of FPLP properties by federal travelers by publication of brochures listing participating hotels, sponsoring travel forum, and FPLP website.

Maximize regulatory leverage to ensure adoption of FPLP within the federal community.

**Verification/Validation**

Number of room nights used by FPLP travelers will be verified by management data submitted by participating properties on a monthly basis. Data from travel charge cards will also be gathered as a secondary source of FPLP use information. Number of hits on the FPLP web page is also being tracked.

| GSA | |
|---|---|
| Strategic Goal | Provide Best Value For Customer Agencies And Taxpayers |
| GSA Strategic Objective | Maximize opportunities to deliver single-face customer-centric e-Government. |

**Performance Goals**

**Satisfy authentication needs for 100% of PMC e-government initiatives.**

**Promote the use of XML for federal PMC e-government initiatives.**

OGP provides leadership to the federal community in the identification of high payoff e-government opportunities for using digital technologies as part of the strategy to create a more citizen-centric government.  This transformation of government will improve the service delivery to citizens, industry and employees, as well as drive the unification and simplification of federal systems to increase the effectiveness and efficiency of government operations.  OGP consistently works in intergovernmental partnerships and alliances with other organizations to establish a workable policy and technology framework, resulting in greater value to our customers.

OGP provides policy development for one-stop Internet access for the delivery of information and services to all federal and state websites (51 million web pages.  The Office of FirstGov merged its operations with the Federal Consumer Information Center and maintains the official federal portal for providing citizens and businesses with a one-stop, multi-channeled access to federal services via the Internet, faxes, e-mail and through a national contact center utilizing 800 numbers.  OGP will continue to provide policy development and coordination for this new office housed in the Office of Citizen Services.

**Performance Measures**

Number of PMC e-government initiatives with completed authentication needs assessment and determined solutions sets

FY 2002 Target          6
FY 2003 Target         22

Number of PMC e-government initiatives adopting XML recommendations, leveraging industry specifications, and registering data interfaces

FY 2002 Target          1
FY 2003 Target          5

**Strategies**

Identify government-wide applications that require authentication and XML standardization.

Provide standard ways to describe and organize data and information shared across various Internet applications and databases through a Standards Architecture and Guidance (XML/Smartcards).

Establish a consistent approach to the authentication of individuals and businesses who interact with the government.  For sensitive or risky applications, a federal Public Key Infrastructure (PKI) and policies are needed.  Promote the use of the federal bridge to achieve interoperability between disparate Agency PKI implementations.  Encourage the adoption of cross-agency Access Certificates for Electronic Services Public Key Infrastructure to advance the interoperability of PKI services to citizens.

Continue to work with the grants community to achieve a customer-centric, seamless integration of the Catalog of Federal Domestic Assistance (CFDA) web site with the cross-agency federal common portal,

to provide a fully comprehensive and continuously updated on-line catalog in support of the government-wide electronic grants management initiative.

Provide Internet access to information regarding executive oversight of federal regulatory activity under Executive Order 12866, and federal information collection activity under the Paperwork Reduction Act.

Provide policy development and coordination to accelerate channel integration and expansion for an integrated government-wide multi-channel delivery of services to citizens and businesses. Facilitate customization of channels to better focus and organize transactions by customer segmentation. Assist in the upgrade and expansion of the functionality of the FirstGov website including enhancements to content and management, customer relationship management, integration with e-authentication options, and other e-government initiatives as appropriate.

**Budget Link**

Approximately $36.0 million is allocated to achieve this strategic objective.

**Verification/Validation**

OGP works closely with the federal agencies and industries concerning IT issues, e-authentication and XML standards are two issues being addressed. Feedback from this ongoing interaction will help to determine new requirements and the value and effectiveness, from the customers' perspective, of improvements and new functionality. Online customer surveys will provide customer satisfaction data. Automated tracking mechanisms monitor data count on various electronic transactions, plus record of number of web hits and inquiries received and of agencies posting information to the various systems.

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
|---|---|
| GSA Strategic Objective | Increase the use of OGP performance measures by other federal agencies. |

**Performance Goal**

**Increase the number of agency programs using OGP performance measures**

OGP recognizes that identifying and instituting the right performance measures will enable managers to drive changes and improve overall program performance. OGP continues to work with stakeholders, customers, and outside experts to establish meaningful measures that produce usable performance indicators for its numerous programs. Through interagency communication and cooperation, OGP is also taking steps to identify opportunities for potential collaboration in promoting the development and use of Government-wide performance measures.

**Performance Measure**

Number of agency programs that use OGP performance measures (e.g. GSA real property measures, acquisition, aviation, travel measures).

|  | # of Agencies |
|---|---|
| FY 2002 Target | 300 |
| FY 2003 Target | 330 |

**Strategies**

Identify existing performance measures for OGP program areas and identify agency programs currently using those measures.

Collaborate with interagency teams to identify, develop, and publish government-wide baseline performance measures for all areas within OGP program responsibility.

Coordinate with interagency teams to identify and agree on common reporting elements and integrate performance indicators into government-wide shared reporting and management systems.

Provide performance measurement training for GSA associates and other agencies when needed.

Identify opportunities g overnment-wide to present and address performance measurements.

Continue working with interagency teams to obtain broader input and develop procedures to collect performance data. Benchmark private sector practices for comparative purposes. Continuously refine the established framework of measures.

**Budget Link**

Approximately $3.08 million is allocated to achieve this strategic objective.

**Verification/Validation**

Tabulation of customer survey results on the usage of performance measures in various federal agencies and internal GSA Services, together with the voluntary reporting of performance measurement data, will allow OGP to assess the effectiveness of its efforts in promoting usage of performance measurements.

Automated data checks are performed on actual usage by customers of shared systems with built-in performance indicators.

| GSA Strategic Goal | Achieve Responsible Asset Management |
|---|---|
| GSA Strategic Objective | Improve property management. |

**Performance Goal**

**Promote and assist agencies in implementing needed reforms to improve asset management practices as a result of passage of Property Act reform legislation.**

Example:
Assist agencies in developing 6 proposals for public-private partnerships during the fiscal year as a result of legislation.

To promote efficient and effective property management Government-wide, OGP has drafted legislative change to the Federal Property and Administrative Services Act of 1949 (Property Act). The Property Act reform bill incorporates private industry practices that will provide federal managers the financial incentives and flexibility needed to prudently manage their personal and real property assets. Once enacted, OGP will provide guidance and assistance to agencies in finding solutions to increase efficiency in management of property assets.

**Performance Measure**

Number of successful reforms to improve asset management practices as a result of passage of Property Act reform legislation

FY 2002 Target          TBD
FY 2003 Target          TBD

**Strategies**

Monitor and support legislative efforts to Property Act reform legislation.

Revise regulation to incorporate changes resulting from Property Act reform legislation.

Collaborate with interagency working groups to develop pilot programs to promote revised asset management practices as a result of legislation.

Develop procedures to monitor changes in asset management practices government-wide as a result of legislation, develop criteria to evaluate success of these changes.

**Budget Link**

Approximately $.5 million is allocated to achieve this strategic objective.

**Verification/Validation**

OGP program staff will be working closely with federal agencies in the development and implementation of reforms, such as in public-private partnerships. Interagency meetings and surveys will be used to obtain information on changes to asset management practices within the federal community. Progress of reforms and partnerships will be monitored and evaluated.

| GSA | |
|---|---|
| Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Strengthen government-wide policy-making process to improve Government management and operations |

**Performance Goals**

**Improve clarity of OGP policies, regulations and guidelines.**

**Expand functionality of shared management systems to allow for better decision-making in Government management of property, technology, and administrative services.**

Since federal agencies have multiple missions, there must be sound policies in place that afford agencies the flexibility to accomplish their goals in the most effective manner. OGP provides this policy framework, through issuance of policies and guidelines for the management of property, technology and administrative services, which enables federal agencies to accomplish their missions. These policies provide the guiding principles for consistent processes and the efficient management of government, and also foster sound business practices and ensure ethical standards.

To maintain an effective government-wide framework that supports the development and evaluation of policies, which allow for better decision-making in government management of property, technology, and administrative services, OGP works with numerous customer agencies to reach agreement on common requirements for comprehensive database management systems. Those shared management systems, such as the Federal Aviation Interactive Reporting Systems (FAIRS), Federal Procurement Data System (FPDS), and Catalog of Federal Domestic Assistance (CFDA), cover programs in acquisition, real property, personal property, and transportation. The flexibility and interconnectivity which results enables the establishment of management controls to promote program accountability and leads to better asset management decisions.

**Performance Measures**

Number of regulations issued in plain language

FY 2002 Target          TBD
FY 2003 Target          TBD

Number of agency programs that use OGP shared management systems to support decision-making in management of property, technology, and administrative services

FY 2002 Target          TBD
FY 2003 Target          TBD

**Strategies**

Organize, lead and collaborate with federal agencies to address Government-wide issues concerning management of property, technology, and administrative services. Create focus groups as needed.

Work with internal and external rulemaking offices to make the regulatory process more timely and efficient.

Solicit input from other federal agencies, stakeholders, and private industries in the policy formulation process to ensure buy-in and that regulations and guidelines are clear and easily understood.

Facilitate ongoing policy review by interagency committees to ensure established policies and guidelines are relevant.

Sponsor training seminars and working groups for the exchange of information and update of new policies and guidance.

Develop and/or refine common database systems to incorporate analytical reporting capabilities and promote Government-wide use as management tools. Solicit feedback on accessibility and usefulness of shared reporting and management systems for continuous improvement.

**Budget Link**

Approximately $7.98 million is allocated to achieve this strategic objective.

**Verification/Validation**

Program staff will monitor milestones and specific performance indicators for publication of regulations against established timeframes. Customer Survey results, along with input obtained from interagency meetings, and normal business contacts, will be evaluated by management to determine the usefulness of the OGP regulations and the policymaking process. OGP will also solicit feedback to identify current and future needs for management information systems and continuously evaluate integration of customers' requirements in shared systems. OGP program staff will ensure the integrity, timeliness, and accuracy of data systems through their work with systems support personnel.

| GSA Strategic Goal | Ensure Financial Accountability |
|---|---|
| GSA Strategic Objective | Align OGP spending with strategic priorities and performance goals. |

**Performance Goal**

**Ensure OGP expenditures are linked to performance plan strategic priorities.**

Under the pressure of budgetary restraints and shrinking workforce, agencies are exploring innovative ways to accomplish their mission while maintaining service excellence. OGP also recognizes the importance of aligning performance goals with overall budget objectives, and continues to refine its strategic direction and focus on responsible allocation of resources.

**Performance Measure**

Percentage of resources aligned with strategic priorities (percentage of resources linked to specific initiatives/projects)

FY 2001 Actual      35%
FY 2002 Target      60%
FY 2003 Target      80%

**Strategies**

Ensure that OGP management and staff are clear on GSA/OGP strategic objectives and priorities.

Conduct internal program reviews to assess performance and set targets, linking expenditures to projects and initiatives.

Conduct periodic meetings with budget office to evaluate status of funds and monitor allocation of resources.

When feasible, acquire/utilize automated tools to track resources against initiatives/projects.

**Budget Link**

Approximately $2.92 million is allocated to achieve this strategic objective.

**Verification/Validation**

Business cases for projects will be reviewed periodically by senior managers including resource estimates, supported by data collection. Outcomes will be verified through financial reports from GSA financial systems.

| GSA Strategic Goal | Maintain a World-class Workforce and World-class Workplace |
|---|---|
| GSA Strategic Objective | Improve the knowledge and skills of the federal workforce |

## Performance Goal

**Establish core technical and general competencies and Government-wide standards for program areas within OGP's responsibility.**

OGP is building a government-wide community of government officials who are responsible for leadership in this ever-changing environment. A common goal for the federal agencies is to develop training opportunities for federal associates that provide for all facets of professional and personal growth. OGP is committed to providing assistance to government agencies in establishing career enhancement opportunities and building and maintaining a highly proficient workforce to support current and future organizational capabilities.

OGP also supports GSA's effort to foster a world-class workforce within the agency, and will work with GSA management to develop strategic plans to attract and retain talented and capable associates.

## Performance Measure

Number of OGP program areas with established core competency requirements

FY 2002 Target      TBD
FY 2003 Target      TBD

## Strategies

Identify existing requirements and government-wide standards for professionals in program areas under OGP's purview.

Partner with other governments, educational institutions, and industry groups to identify core competencies essential for successful federal workers.

Work with other federal agencies and industry groups to establish government-wide professional standards in the acquisition, information technology, and asset management fields, and promote adoption of these standards.

Develop Internet-based education and training for federal workers, and expand the number and types of training available on-line to support e-learning.

Host workshops and forums to share expertise and to serve as educational opportunities for federal professionals in updating and enhancing their core skills.

Expand geographical outreach nationally and locally by improved marketing and increase class availability, and maintain updated and relevant curriculum.

Complete a gap analysis of current workforce against adopted core competencies. Increase and enhance staff skills in program management by providing more opportunities for continuing education and training. Encourage associate participation in professional organizations, activities, and conferences.

## Budget Link

Approximately $3.20 million is allocated to achieve this strategic objective to improve the knowledge and skills of the federal workforce. Plans include working with contractors, federal agencies, and industry groups to identify federal government-wide core competencies, define competency-based profiles, and complete gap analysis of current workforce against adopted core competencies.

**Verification/Validation**

Core competency requirements, once identified, will be communicated to OGP customers within the governments, industry, and educational institutions to ensure buy-in. Customer survey results will be evaluated to assess the extent to which agencies adopt OGP's recommended standards.

| GSA Strategic Goal | Maintain a World-class Workforce and World-class Workplace |
|---|---|
| GSA Strategic Objective | Maintain a positive and productive OGP work environment. |

**Performance Goal**

**Improve overall score on the Gallup Q12 survey.**

OGP promotes high-performance workplaces by focusing on collaborative, multidisciplinary approaches to developing workspace that aligns space and technology with an organization's business goals. It promotes research that links occupant performance to the physical workspace attributes, and designs work environments to increase productivity, encourage innovation and make better use of resources. To provide associates flexibility to help balance their work and family responsibilities, OGP actively supports the Telework Program and ensures appropriate software and equipment are provided to assist associates who have work that can be accomplished away from the conventional office.

**Performance Measure**

Total grand mean score on the Gallup Q12 survey

FY 2002 Target        3.90
FY 2003 Target        4.10

**Strategies**

Continue to redesign and renovate OGP workplace in accordance with the principles of the integrated workplace to improve associate satisfaction, productivity, and retention.

Identify areas that need improvement using satisfaction survey results and work with associates to improve workplace quality.

Review associates' IT needs for integration of up-to-date technology with the workplace.

Continue the implementation of the Telework Program consistent with the policies and goals issued by the Office of Personnel Management.

Provide adequate resources to support the Telework program and remove barriers that discourage participation.

Design and provide incentives relative to performance.

**Budget Link**

Approximately $.20 million is allocated to achieve this strategic objective.

**Verification/Validation**

OGP conducts periodic associates surveys for feedback on the level of satisfaction with the work environment. Results will be tabulated and validated through repeated surveys. Survey results are provided to management for analysis and continuous improvement. The effectiveness of Telework Program is evaluated through (1) informal discussions with teleworkers and an annual OGP-wide survey, and (2) informal discussions relative to measuring performance by results with managers and supervisors.

| GSA Strategic Goal | Carry Out Social, Environmental, and other Responsibilities as a Federal Government Agency |
| --- | --- |
| GSA Strategic Objective | Assist federal agencies to meet their social and environmental responsibilities. |

**Performance Goal**

**Increase the number of agency programs meeting their social and environmental responsibilities in areas of OGP responsibility.**

Example:
Increase the percentage of federal employees that telework to 5% by end of FY03
Increase the number of federal agencies registered in the Computers for Learning (CFL) program by 25% in FY03
Increase Government-wide use of accessible vendor products by 10% in FY03 (Sec 508).

As OGP works to provide federal agencies an economical and efficient system for the management of property assets and general services, it strives to stay aware of changes in the environment and the need to responsibly manage the social, economic and environmental implications that its actions have on the communities.

OGP will continue to improve the management of federal real property while meeting environmental goals. It assists the federal community in designing work areas that are sustainable, energy efficient and environmentally friendly. Through the federal Fleet Policy Council, OGP assists agencies in implementing the requirement of the Energy Policy Act of 1992 by providing guidance and technical advice on the use of alternative fuels. OGP will continue to contribute to efforts to make electronic and information technology procured for use in the federal government accessible to people with disabilities through training, awareness and technical assistance. In addition, OGP plays a key role in helping American children by managing the Computers for Learning (CFL) web site and facilitating the transfer of unneeded government computers to schools. The CFL provides a clearinghouse for schools to register their equipment requirements, and helps federal property managers identify schools in need of computer equipment.

**Performance Measure**

Number of agency programs meeting their social and environmental responsibilities in OGP program areas.

FY 2002 Target          TBD
FY 2003 Target          TBD

**Strategies**

Identify social and environmental responsibilities in program areas within OGP's responsibility and develop performance goals for those areas.

Sponsor interagency working groups, training seminars and forums to develop solutions to address social and environmental issues, for sharing of information and outreach. Provide and publish policy and technical guidance thru websites, meetings, workshops, etc.

Assist agencies to implement the Telework Program consistent with the policies and goals issued by the Office of Personnel Management.

Continue implementation of a multi-year outreach program to increase current and future participation in the CFL program.

Continue to educate federal real property executives and professionals to help them understand the basic principles of sustainable development.

Assist agencies in implementing the requirement of the Energy Policy Act of 1992 by providing guidance and technical advice on the use of alternative fuels.

Provide single source for research on availability of accessible vendor products to facilitate government-wide conformance with Sec 508 standards.  Facilitate discussions and collaboration between disability advocates, the IT industry, governments, and others leading to technical solutions that implement Section 508 of the Workforce Investment Act.  Support Sec 508 agency coordinators through reference materials, training and sharing of best practices.  Maintain, refresh and update Sec 508 on-line training modules. Conduct outreach through conferences, exhibits, presentations, brochures, media campaigns, customer panels, Sec 508 web site, listserves, etc.

**Budget Link**

Approximately $3.88 million is allocated to achieve this strategic objective.

**Verification/Validation**

OGP staff maintains records of agency participation in social and environmental programs collected from interagency meetings, interviews, and conferences, along with printed/electronic survey results.  These records and reports from case studies are reviewed by OGP program managers.  Interagency working groups also evaluate the success of various programs.  In addition, some social and environmental programs with automated systems are designed to track the number of participating agencies.

# XII.  Office of Citizen Services and Communications

The Office of Citizen Services and Communications (OCSC) serves as a central federal gateway for citizens, businesses, other governments, and the media to easily obtain information and services from the government on the web, in print, over the telephone, or by e-mail.  OCS is organized into two components—Citizen Services and Communications.

**Citizen Services** houses three offices:

> The **Federal Citizen Information Center** serves citizens, businesses and other government agencies by operating, maintaining, and providing information content for a variety of channels: web sites, including firstgov.gov, a toll-free telephone number, e-mail, and print publications.

> **E-Gov and FirstGov Solution Support** develops and implements innovative technologies that improve the delivery of government information and services to citizens.  This team also leads USA Services, an e-gov initiative that allows citizens to personalize the services they receive across multiple federal programs, and it supports other e-gov and cross-agency initiatives.

> **Intergovernmental Solutions** collaborates with federal, state, local and foreign governments and intergovernmental organizations to promote more effective use of information technology and e-gov solutions.  The office helps governments work together to provide seamless information and services to individuals, businesses and other governments.

**Communications**, the other component of OCS, plans, administers and coordinates GSA media relations, internal and external communications, marketing activities, events planning, graphics and audiovisual production, and writing and editing services.  Communications is organized into five divisions:

> **Strategic Planning and Marketing** researches and analyzes GSA's customers' needs, coordinates GSA marketing strategy, develops agencywide marketing plans and provides marketing services for FirstGov, USA Services, gsa.gov and other e-gov initiatives.  The division also produces GSA's annual report.

> **Editorial Services** prepares the GSA Administrator's speeches and maintains the standard for the content, style and updating of gsa.gov.

> **Public Affairs** handles GSA media relations and employee communications, presenting an integrated and coordinated message to GSA employees, the news media, the federal government, industry, trade and professional associations.  Public Affairs manages the media relations program for FirstGov, USA Services and other e-gov initiatives, analyzes news coverage for relevance to GSA and communicates GSA news items and employee information throughout the agency.

> **Creative Services** manages GSA's audiovisual and graphic design activities nationwide by helping plan, coordinate, and execute projects through its audiovisual and graphics departments.  Creative Services also acts as a consultant for development, marketing and information campaigns involving multimedia services.

> **External Affairs** manages regularly-scheduled and special events for GSA, provides event and meeting support for GSA's White House liaison and coordinates GSA's visits from foreign officials.

# Office of Citizen Services and Communications

| GSA Strategic Goal | Carry out Social, Environmental, and Other Responsibilities as a Federal Government Agency |
|---|---|
| GSA Strategic Objective | Increase the magnitude, quality, and outreach of federal information in various formats including printed publications, web page accesses, telephone responses, and media activities. |

**Performance Goal**

**Provide 34.8 million accesses to FCIC information products to the American public during FY 2003.**

Federal Consumer Information Center (FCIC) informs the public about vital topics such as health and safety issues, developments in federal programs, and the impact and effects of federal research and regulatory actions. To make sure that every American has access to the most recent and helpful government information, the FCIC identifies information from more than 40 Federal agencies; promotes public awareness of the information through its media and direct mail marketing programs; contracts with the Government Printing Office to distribute printed information from the nationally known facility in Pueblo, Colorado; makes the information available electronically through its Internet web sites; and, through its toll-free National Call Center, answers questions from the American public about federal programs and services. FCIC produces the *Consumer Information Catalog*, which lists hundreds of popular titles from federal agencies on various important subjects. FCIC also publishes the *Consumer Action Handbook,* one of the most popular consumer documents issued by the Government. It is designed to help citizens find the best and most direct source for assistance with their consumer problems and questions.

**Performance Measure**

Accesses to FCIC information products by the American public

| | |
|---|---|
| FY 1999 Actual: | 15.8 million |
| FY 2000 Actual: | 23.2 million |
| FY 2001 Actual: | 29.8 million |
| FY 2002 Target: | 31.9 million |
| FY 2003 Target: | 34.8 million |

Note: The Federal Information Center (FIC) was consolidated with the Consumer Information Center (CIC) in January 2000. The FY 2000 actual includes FIC data for the period January-September, 2000.

**Budget Link**

| | |
|---|---|
| FY 1999 Actual: | $ 7.558 million |
| FY 2000 Actual: | $ 7.422 million |
| FY 2001 Actual: | $10.889 million |
| FY 2002 Program: | $11.746 million |
| FY 2003 Request: | $16.663 million |

Note: The FIC's budget was consolidated with the CIC's budget as of fiscal year 2001. In fiscal year 2003, FCIC will transform the current National Contact Center to a multi-channel National Contact Center that will be able to receive and respond to e-mail and fax inquiries as well as telephone inquiries. It will also provide the contact center with customer relationship management tools to allow FCIC to record, analyze, and report on current and emerging topics of public interest and to identify areas where additional public information is needed.

**Strategies**

With its innovative media program, its centralized distribution system for print products, its comprehensive Web sites, and its toll-free National Call Center, FCIC will continue to successfully provide citizens essential information which they can use to improve their quality of life.

**Validation/Verification**

The Government Printing Office provides publication distribution data.

National Call Center data is provided by the contractor, Aspen Systems, and the telephone provider, MCI WorldCom.

The logs used to support counts are provided from GSA web servers and analyzed with Web Trends software.

All data is then validated and verified by the FCIC staff.

# Office of Citizen Services and Communications

| | |
|---|---|
| GSA Strategic Goal | Operate Efficiently and Effectively |
| GSA Strategic Objective | Increase the ease of accessibility and improve functionality of federal portal. |

**Performance Goal**

**Increase awareness, usage, and customer satisfaction with FirstGov web site.**

The Office of FirstGov merged its operations with the Federal Consumer Information Center (FCIC). This provides the official federal portal for citizens and businesses with a one-stop, multi-channel access to federal services via the Internet, fax, e-mail and through a National Contact Center utilizing 800 numbers.

**Performance Measure**

Percent of customers that rate FirstGov web site as satisfactory or better using on-line customer surveys.

FY 2002 Target       85%
FY 2003 Target       90%

**Strategies**

Upgrade and expand the functionality of the FirstGov web site by improving content and making it user friendly.

Increase the number of pages incorporated into the FirstGov search database.

**Budget Link**

FY 2003 Request:                    $16.663 million

**Verification/Validation**

On-line survey results will be available from GSA web servers.

All data is then validated and verified by the OIC staff.

## XIII.  STAFF SUPPORT

The following GSA Staff Offices are independent of the Services and OGP but are responsible for important performance goals.

**Office of Chief Financial Officer**

The Office of Chief Financial Officer provides policy leadership in financial matters.  CFO reports directly to the Administrator.

**Office of Chief Information Officer**

Office of Chief Information Officer provides policy and technical guidance concerning the GSA IT infrastructure.  CIO reports directly to the Administrator.

**Office of Chief People Officer**

Office of Chief People Officer provides policy and technical guidance concerning the human capital of GSA.  CPO reports directly to the Administrator.

**Office of Enterprise Development**

Office of Enterprise Development works with the GSA acquisition community to provide opportunities for small businesses to participate in government contracting.  OED reports directly to the Administrator.

# Office of the Chief Financial Officer

GSA's tradition of receiving unqualified opinions on its consolidated financial statements continued in FY 2002.  For the 13th consecutive year, our independent audits provided an unqualified opinion.  Among federal agencies GSA is unsurpassed.

While we take great pride in this accomplishment, we recognize that there is more to successful financial management than clean audit opinions.  E-government and new technology will challenge us to continue to strengthen financial accountability and become more efficient and responsive to our customer's needs.  High quality service and reliable and timely financial information will be essential to GSA in maintaining its competitive edge.  We are working to expand and enhance GSA's use of new technologies to improve internal processes, vendor relationships, and customer service.

The Office of the CFO is committed to a corporate alliance with GSA's business managers and clients.  We are dedicated to cost-effective, best-in-class financial stewardship and to being a valuable resource in achieving our customers' business goals.

# Office of the Chief Financial Officer

| GSA | |
|---|---|
| Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
| GSA Strategic Objective | Encourage competition. |

**Performance Goal**

**Meet OMB targets for study and direct conversion of FTE's as shown in the latest GSA FAIR Act Inventory.**

**Performance Measure**

Number of FTE positions studied and dollars saved.

|  | # Studied | $Saved |
|---|---|---|
| FY 2002 Target | 367 FTE | $2 million |
| FY 2003 Target | 719 FTE | TBD* |

*Awaiting OMB guidance.

**Strategies**

Together the FAIR Act and OMB Circular A-76 provide the framework for reviewing commercial positions to determine if in-house or contract performance will achieve the lowest cost for the taxpayer. The FAIR Act required GSA to compile an inventory of commercial positions. From this inventory GSA will analyze individual activities, which include an amount of FTE up to the target levels as set by OMB.

GSA will utilize dedicated Agency resources as well as virtual teams for studies.

GSA will utilize contractor support as appropriate, such as for training and support of competitions or direct conversions.

GSA will maintain a government-wide and industry presence in order to identify and capitalize upon other organization's best practices.

**Budget Link**

Cost of the program is to be determined.

**Verification/Validation**

Results will be subject to independent review.

# Office of the Chief Financial Officer

| GSA Strategic Goal | Operate Efficiently and Effectively |
|---|---|
| GSA Strategic Objective | Provide timely and accurate financial information, the right information, at the right time, to the right person. |

**Performance Goal**

**Comply with the Federal Financial Management Improvement Act (FFMIA).**

**Performance Measure**

GSA use of Pegasys for its standard general ledger by October 2002.

**FY 2002 Target**          **Not Applicable**
FY 2003                          100%

**Strategies**

The OCFO has adopted a "discretionary service" strategy for delivering basic financial management and accounting services to its customers. Basic accounting requirements will be met through Momentum Financials; a commercial software product GSA renamed **Pegasys**. This COTS package will replace the basic accounting components of GSA's old mainframe accounting system with an agency-wide system that provides source data entry, on-line and web-access to financial data, and an integrated workflow for approval processes. The discretionary strategy also support the agency's financial information and reporting needs that will be met by OCFO offering adjunct financial information and reporting services on a cost reimbursable basis. This approach provides GSA with the most flexible and responsive delivery of financial services.

**Budget Link**

This function is performed within the Working Capital Fund with a FY 2002 budget of $302 million.

**Verification/Validation**

Pegasys will be GSA's Official accounting system of record by October 2002.

# Office of the Chief Financial Officer

| GSA Strategic Goal | Operate Efficiently and Effectively |
|---|---|
| GSA Strategic Objective | Increase the use of electronic means for financial transactions. |

**Performance Goal**

**Increase the percentage of vendor invoices received electronically by Electronic Data Interchange (EDI) through the World Wide Web (Internet).**

**Performance Measure**

Percentage of electronic invoices received.

| | |
|---|---|
| FY 1999 Baseline | 12% |
| FY 2000 Actual | 12% |
| FY 2001 Estimate | 24% |
| FY 2002 Target | 28% |
| FY 2003 Target | 29% |

**Strategies**

Encourage vendors to submit invoices via the World Wide Web by placing clauses in GSA contracts and orders.

**Budget Link**

This function is performed primarily by the CFO Office of Finance operating within the Working Capital Fund.  The Office of Finance preliminary FY 2002 budget is $27.6 million.

**Verification/Validation**

 Date Source is the National Electronic Accounting and Reporting System (NEAR).

# Office of the Chief Financial Officer

| GSA Strategic Goal | Operate Efficiently and Effectively |
|---|---|
| GSA Strategic Objective | Increase the use of electronic means for financial transactions. |

**Performance Goal**

**Increase the percentage of vendor payments made by electronic media such as Electronic Fund Transfer (EFT) and purchase credit card.**

**Performance Measure**

Percentage of invoices paid electronically.

| | |
|---|---|
| FY 1999 Baseline | 62% |
| FY 2000 Actual | 71% |
| FY 2001 Estimate | 79% |
| FY 2002 Target | 80% |
| FY 2003 Target | 80% |

**Strategies**

Emphasize the use of purchase credit cards to procurement officials when a purchase is less than $100,000.

Utilize direct mail and personal telephone contact to solicit vendor-banking data.

**Budget Link**

This function is performed primarily by the CFO office of Finance within the Working Capital Fund. The Office of Finance preliminary FY 2002 budget is $27.6 million.

**Verification/Validation**

Data source is the National Electronic Accounting and Reporting System (NEAR).

# Office of the Chief Financial Officer

| GSA Strategic Goal | Operate Efficiently and Effectively |
|---|---|
| GSA Strategic Objective | Increase use of electronic means for financial transactions. |

**Performance Goal**

**Increase the percentage of invoices collected through Treasury's On-Line Payment and Collection (OPAC) System.**

Note that OPAC became the Intra-Governmental Payment and Collection (IPAC) System in mid- calendar year 2001.

**Performance Measure**

Percentage of invoice collected on-line.

| | |
|---|---|
| FY 1999 Baseline | 82% |
| FY 2000 Actual | 85% |
| FY 2001 Estimate | 88% |
| FY 2002 Target | 89% |
| FY 2003 Target | 91% |

**Strategies**

Encourage GSA customers to switch from paying by paper check to an electronic mode such as OPAC.

Improve cash position of Funds and allow more efficient and effective use of staffing by increasing the amount of invoices paid by OPAC/IPAC.

**Budget Link**

This function is performed primarily by the CFO Office of Finance operating within the Working Capital Fund.  The Office of Finance preliminary FY 2002 budget is $27.6 million.

**Verification/Validation**

Date source is the National Electronic Accounting and Reporting System (NEAR).

# Office of the Chief Financial Officer

| GSA Strategic Goal | Ensure Financial Accountability |
|---|---|
| GSA Strategic Objective | Provide accurate and timely financial information – internal and external. |

**Performance Goal**

**Meet all requirements to maintain a clean opinion on GSA's financial statements including compliance with OMB's requirements for accountability reporting (Annual Report).**

**Performance Measure**

Receive a clean opinion on financial statements and issue accountability report by due date.

FY 2002 Target                              100%
FY 2003 Target                              100%

**Strategies**

The reporting of accurate information is a responsibility shared across the entire GSA financial management community.  Responsible for the preparation of the official financial statements for GSA, the CFO works with various financial organizations to: 1) address new accounting and reporting requirements; 2) analyze financial results to identify and resolve irregularities and inaccuracies; and 3) ensure internal controls are monitored and weaknesses resolved timely.

Using the latest OMB guidance, the CFO office works closely with the Office of Inspector General (OIG), external auditors, and the Services and staff offices to identify key milestones and deliverables that each office must meet, as well as more detailed breakouts of assignments of individual responsibilities.  The CFO office oversees the reporting process to ensure due dates are being met and that adequate attention is given to any items that could impede timely completion of tasks.  The challenge of meeting this goal is that standards of accountability reporting are raised each year.  In addition OMB has accelerated the reporting deadline and will continue to do so for years to come.

**Budget Link**

This function is performed primarily by the CFO Office of Finance operating within the Working Capital Fund.  The Office of Finance preliminary FY 2002 budget is $27.6 million.

**Verification/Validation**

An unqualified opinion is issued on GSA's financial statements by the independent external auditor and the accountability report is then submitted to OMB by 2/18/2002.

# Office of the Chief Financial Officer

| GSA Strategic Goal | Ensure Financial Accountability |
|---|---|
| GSA Strategic Objective | Provide accurate financial information. |

**Performance Goal**

**Have no internal control material weaknesses and eliminate reportable conditions for financial and non-financial components identified by the auditor's Management Letter.**

**Performance Measure**

Zero internal control material weaknesses found in financial and non-financial components

FY 2002 Target                    0
FY 2003 Target                    0

**Strategies**

Develop action plans to resolve in one year or less and track to ensure dates are met.

Meet all corrective action plan dates.

**Budget Link**

This function is performed primarily by the CFO Office of Finance operating within the Working Capital Fund.  The Office of Finance preliminary FY 2002 budget is $27.6 million.

**Verification/Validation**

OIG and GSA's external auditors identify no material internal control weaknesses.  The Audit follow-up function identifies no reportable conditions where the action plan dates have not been met.  The Management Letter prepared by the external auditor identifies reportable conditions as being closed.

# Office of the Chief Financial Officer

| GSA Strategic Goal | Achieve Responsible Asset Management |
|---|---|
| GSA Strategic Objective | Manage assets well. |

**Performance Goal**

**Make accurate payments.**

**Performance Measure**

Measure and targets to be determined.  Establish baseline under current contract.

**Strategies**

Use a recovery auditor to validate payment accuracy and initiate recoveries when errors are found.  Other steps are to be determined.

**Budget Link**

This function is performed primarily by the CFO Office of Finance operating within the Working Capital Fund.  The Office of Finance preliminary FY 2002 budget is $27.6 million.

**Verification/Validation**

Data source is the National Electronic Accounting and Reporting System (NEAR) and recovery audits results.

# Office of the Chief Information Officer

The Office of the Chief Information Officer (CIO) pursues new ways of applying computing and communications technologies to the practical problems of information management and seeks to reduce the cost and risk of technology.

The CIO addresses information technology issues of strategic concern as follows.

· Capital Planning
· Computing systems architecture
· Software technology
· Common interoperable services
· Mobile computing and networking
· Security and survivability technologies

# Office of the Chief Information Officer

| GSA Strategic Goal | Operate Efficiently and Effectively. |
|---|---|
| GSA Strategic Objective | Develop policies and practices to facilitate safe electronic transactions within the Government and transactions with industry partners and citizens. |

**Performance Goal**

**Resolve all high-risk vulnerabilities and conditions detected by IT audits or reviews within 30 days of findings and recommendations.**

GSA has had several audits and reviews conducted by PriceWaterhouseCoopers and the Office of Inspector General, which have identified IT Security vulnerabilities and weaknesses. As a result of slow action within the agency to complete work to correct the issues identified, some of the findings have been repeated in subsequent studies.

As GSA must take a much more aggressive approach to resolving findings and recommendations contained in all audits and reviews, we anticipate a more secure IT environment across the enterprise and we will be better able to protect our system, data, and information assets. We anticipate that this will also result in the elimination of repeat findings in the future.

**Performance Measure**

Percent high risk audit action items completed successfully within the 30-day time standard.

FY 2002 Target      100%
FY 2003 Target      100%

**Strategies**

The Office of the Chief Information Officer (CIO) will take action to meet the goal by taking the following actions.

Continue to work closely with the Office of the Inspector General on the conduct and reporting of audits and reviews.

Monitor closely the alignment of action plans with all findings and recommendations.

Reject and request detailed justification for all actions that are not accomplished within the established time standard.

Identify by Service or Staff Office all findings and recommendations and provide statistical aging reports regarding completion of actions.

**Budget Link**

This function is performed within the Working Capital Fund, which has a FY 2002 budget of $302 million.

**Verification/Validation**

Sources for data are the findings of professional consultants, PriceWaterhouseCoopers, and database records maintained by the IG.

# Office of the Chief Information Officer

| GSA Strategic Goal | Achieve Responsible Asset Management |
|---|---|
| GSA Strategic Objective | Develop policies and practices to facilitate safe electronic transactions within the Government and transactions with industry partners and citizens. |

**Performance Goal**

**Ensure GSA IT Capital Investment projects remain within 10% of the cost and schedule approved by the IT Investment Review Process.**

In accordance with the requirements of the Clinger-Cohen Act, the GSA CIO is responsible for ensuring that our IT investments remain within 10% of the planned cost and schedule.

**Performance Measure**

Percentage of IT investment projects that are 1) within the planned cost and schedule requirements and 2) the percentage that exceeds the planned cost and schedule by more than 10%.

|  | Percentage within Cost & Schedule | Percentage Exceeding Tolerance |
|---|---|---|
| FY 2002 Target | 100% | 0% |
| FY 2003 Target | 100% | 0% |

**Strategies**

The Office of the CIO will ensure that the performance goal is met by adopting the following strategies.

Ensure appropriate policies and best practices are used for IT investments, as well as appropriate IT management techniques, in order to conserve Government resources and assets.

Equip business lines with the technological ability to provide quality products and services for our customers.

Develop projects that will facilitate electronic transactions with our Government customers, industry partners and citizens.

Identify and track the number of IT investments that are reviewed and approved through the IT Capital Planning and Investment Process.

Identify and track the IT investments with a completed project plan, cost benefit analysis and risk management plan.

In collaboration with the Services and the Staff Offices, track and report on projects' planned cost and schedule and on any deviations of IT projects.

**Budget Link**

This function is performed within the Working Capital Fund, which has a FY 2002 budget of $302 Million.

**Verification/Validation**

Sources for data are the approved GSA IT Capital Investment Fund Projects and status reports.

# Office of the Chief Information Officer

| GSA Strategic Goal | Provide Best Value for Customer Agencies and Taxpayers |
|---|---|
| GSA Strategic Objective | Incorporate customer feedback and customer satisfaction data in GSA's planning and decision-making processes. |

**Performance Goal**

**Maintain a 95% customer satisfaction rating in services provided**.

The Office of the CIO provides an enterprise-wide Corporate Information Network. In addition the CIO provides mail messaging services and systems within the agency.

**Performance Measure**

Percentage customers rating service and support provided by CIO as highly effective.

FY 2002 Target          95%
FY 2003 Target          95%

**Strategies**

To gauge customer satisfaction with our performance, the GSA Office of the CIO will request immediate feedback on day-to-day service provided.

The CIO will conduct an annual survey of the level of customer satisfaction with services provided.

An assessment will be conducted annually on the performance of the Seat Management contractor.

The results of the survey and the contractor performance assessment will be evaluated to determine corrective actions or changes that may be required to continuously improve the level of service and to maintain a 95% customer satisfaction rating.

**Budget Link**

This function is performed within the GSA Working Capital Fund with a FY 2002 budget is $ 302 Million.

**Verification/Validation**

Sources for data are the approved GSA IT Capital Investment Fund Projects and status reports.

# Office of the Chief People Officer

Workforce and emergency management concerns have moved to the forefront of the federal government's and GSA's agenda.

- GSA's Inspector General identified the demographics of GSA's workforce as a management challenge.
- The General Accounting Office (GAO) added human capital management to the Government-wide "high risk list" of Federal activities.
- The President's Management Agenda for Fiscal Year 2002 identifies "Strategic Management of Human Capital" as one of five Government-wide management reforms.
- The Administrator of GSA has recently established "Maintain a world-class workforce and workplace" as one of the agency's six agency-wide goals.
- The President has established a new Office of Homeland Security to focus on emergency management and security issues within the United States.

The Office of the Chief People Officer (CPO) is responsible for providing GSA with workforce, organization and workplace solutions.  Because it plays the lead role in coordinating GSA workforce management, the majority of CPO resources and efforts will continue to be focused on recruiting, developing, retaining and supporting the GSA workforce.  Additionally, the CPO will significantly increase focus on emergency management and security for GSA associates as well as our external role in providing training to other agencies in Continuity of Operations Planning.

GSA's Workforce Analysis, prepared by the CPO and submitted to the Office of Management and Budget (OMB) on July 6, 2001, indicates that the agency is prepared for the challenge to keep its human capital "need" from becoming a human capital "crisis."  GSA is developing a more effective human capital management process that will be integrated with GSA's strategic objectives and performance management process.  The human capital management process at GSA will address the need for specific recruitment, training, retention, and exit/succession planning as required to maintain the skills and competencies needed to achieve high performance and continuous improvement at GSA.

GSA is an active member of the Human resources Management Council (HRMC), which consists of HR directors from major Federal agencies and executives for the Office of Personnel Management (OPM). The HRMC is developing a human capital measurement template, based on the concept of the "balanced scorecard," that agencies can use to set goals and measure their progress in improving their human capital assets.  As part of this effort, the HRMC contacted representatives of GAO and OMB, who encouraged their efforts to develop a model approach.

GSA assisted in the development of, and plans to use the HRMC template to measure its success in recruiting, developing, maintaining and supporting a world-class GSA workforce.  Although a final template has not yet been adopted, the HRMC has developed a working draft of the following five categories of human capital measures.  They are closely aligned with the "expected near-term results" outlined in the President's Management Agenda initiative for "Strategic Management of Human Capital."

Strategic Competencies.  Recruit, hire, develop, and retain employees with the strategic competencies for mission critical occupations.
Leadership.  Ensure leadership in the agency inspires, motivated, guides others towards goals; coaches, mentors, challenges staff; adapts leadership styles to various situations; models high standards of honesty, integrity, trust, openness, and respect for individuals by applying these values.
Performance Culture.  Create a culture that motivates employees for high performance while ensuring fairness in the workplace.
Learning.  Promote knowledge-sharing culture and a climate for intellectual honesty; promote continuous learning improvement.

<u>Strategic Alignment</u>.  Align human capital policies to support the accomplishment of the agency mission, vision, goals, and strategies (which define its direction and its expectations for itself and its people.)

We've added a sixth element to our plan to include

<u>Environment.</u>   Provide a GSA work environment that attracts and retains talented associates, and supports superior performance.

Although not final, GSA believes that these are the right categories of human capital strategy, and we are adopting them as our human capital framework subject to refinement of the measures over time.  These measures are intended to measure CPO's success.

GSA's workforce performance goals and measures under the six categories described above will evolve and improve over time.  This year's plan continues two performance goals that were included in last year's plan.

- Improve cycle time for recruiting.
- Increase use of GSA Online University as a cost-effective method to improve employee skills.

One goal from last year's plan has been deleted.

- Increase customer satisfaction with filling vacancies.

This year's plan also adds seven new performance goals to support increased efforts to enhance our World-Class Workforce and World-Class Workplace.

- Increase the professional competency of GSA's acquisition workforce as determined by the Clinger Cohen requirements.
- Develop competency models for key real estate and technology positions.
- Recruit and retain high-performing associates in GSA's critical job categories to enable GSA to improve its strategies to recruit and retain talented associates.
- Rank among the 75$^{th}$ percentile in the Gallup Poll Q-12 to be rated as a World Class organization.
- Support government-wide Continuity of Operations Planning in accordance with Presidential Decision Directive (PDD) 63.
- Implement a standard identification card system in GSA nationwide.
- Update and exercise GSA's Continuity of Operations Plans (COOP).

# Office of the Chief People Officer

| GSA Strategic Goal | Operate Efficiently and Effectively |
| --- | --- |
| GSA Strategic Objective | Increase the efficiency and effectiveness of internal operations to support mission accomplishment. |

**Performance Goal**

**Improve cycle time for recruiting.**

**Performance Measure**

Average number of days from the receipt in HR of request for personnel action to referral to a manager (for a combination of external hires and Merit Promotion actions)

| | |
| --- | --- |
| FY 2001 Target | 120 days |
| FY 2001 Actual | 60 days |
| FY 2002 Target | 55 days |
| FY 2003 Target | 45 days |

The Human Resources (HR) Office will identify and encourage cost-effective methods to streamline the recruitment process. At a minimum this will include rolling out an internet-based, automated hiring system GSA-wide. In addition, HR will change the way it evaluates applicants for jobs to a competency based rating process in mission critical jobs. HR will extend its leading edge employment branding strategy as part of its goal in making GSA an employer of choice. HR will consult with its customers to identify best recruiting sources for the vacancy. HR will consult with managers to develop well-defined criteria to distinguish candidates that can meet the business needs of the agency.

**Budget Link**

This function is performed primarily by HR within the Working Capital Fund. The Working Capital Fund has a FY 2002 budget of $302 million.

**Verification/Validation**

Agency personnel records will be the source of data.

# Office of the Chief People Officer

| | |
|---|---|
| GSA Strategic Goal | Maintain a World-Class Workforce and World-Class Workplace |
| GSA Strategic Objective | Leverage learning to create a successful future at GSA. |

**Performance Goal**

**Increase use of GSA On-Line University as a cost-effective method to improve associate skills.**

**Performance Measure**

Increase number of registrations.

| | |
|---|---|
| FY 2000 Actual: | 2,276 elective registrations |
| FY 2001 Target: | 15%  increase |
| FY 2001 Actual: | 182% (6,410 elective registrations) |
| FY 2002 Target: | 15% |
| FY 2003 Target: | 15% |

**Strategies**

GSA On-Line University is a "virtual campus" that offers a variety of electronic training opportunities to GSA associates.  Associates can complete the training at the times most convenient for them, thereby reducing conflict with the daily demands of work.  GSA will encourage the use of GSA On-Line University as an alternative to traditional classroom training, and promote its cost-effectiveness, timesavings, and variety of courses and convenience.  Human Resources will consult with our business partners to identify and develop curriculum to add to OLU course selections.   The addition of new courses geared towards helping associates better contribute to the achievement of GSA's mission and strategic objectives is expected to further increase its usage.

**Budget Link**

The administration of GSA On-Line University is performed within the Working Capital Fund, which has a FY 202 budget of $302 million.  Payment for training is from the budget activity that funds the salary of the individual associate.

**Verification/Validation**

On-Line University usage reports will provide data.

# Office of the Chief People Officer

| GSA Strategic Goal | Maintain a World-Class Workforce and World-Class Workplace |
|---|---|
| GSA Strategic Objective | Elevate the competencies of GSA associates. |

**Performance Goal**

**Increase the professional competency of GSA's acquisition workforce as determined by the Clinger Cohen requirements.**

**Performance Measure**

GSA is currently examining different ways that this might be measured, including applied learning strategy.

Targets to be determined.

**Strategies**

The 1102 acquisition series (i.e., procurement, contracting) is critical to the accomplishment of GSA's mission, because most of the products and services that GSA provides to Federal agencies are acquired from the private sector. GSA will develop information about competencies (existing and desired) for all of its principal job categories, and plans for improving the level of competency where needed. GSA will first focus on the acquisition workforce because of its strategic importance, and use what is learned in this process as a model for other job categories.

**Budget Link**

Members of the GSA acquisition workforce are located throughout GSA in all budget activities.

**Verification/Validation**

To be determined.

# Office of the Chief People Officer

| GSA Strategic Goal | Maintain a World-Class Workforce and World-Class Workplace |
|---|---|
| GSA Strategic Objective | Elevate the competencies of GSA associates. |

**Performance Goal**

**Develop competency models for key real estate and technology positions.**

**Performance Measure**

GSA is currently examining different ways that this goal might be measured.

Targets to be determined.

**Strategies**

Real Estate: HR will partner with PBS and OGP to develop information about competencies (existing and desired) for real estate positions. GSA will develop plans to improve the level of competency where needed and to recruit to address the skills gap

Technology: HR will partner with the CIO to develop information about the competencies (existing and desired) for technology positions GSA will develop plans to improve the level of competency where needed and to recruit to address the skills gap

**Budget Link**

Members of the GSA acquisition workforce are located throughout GSA in a variety of budget activities.

**Verification/Validation**

To be determined.

# Office of the Chief People Officer

| GSA Strategic Goal | Maintain a World-Class Workforce and World-Class Workplace |
|---|---|
| GSA Strategic Objective | Elevate the competencies of GSA Associates. |

**Performance Goal**

**Identify high performing associates in GSA's critical job categories to enable GSA to improve its strategies to recruit and retain talented associates.**

**Performance Measure**

GSA will identify the job categories to which this measure will be applied, and the criteria for identifying high-performing associates.

Targets to be determined.

**Strategies**

A significant part of the current workforce will be eligible to retire, and new associates (especially those who are in younger age groups) are less likely to establish a sense of loyalty to organization. GSA will employ several different strategies to encourage high-performing associates in critical job categories to remain with the agency.

Family-friendly and employee-centric policies and practices such as child care, transit subsidies, telework, alternate work schedules
Financial incentives for high-caliber associates such as retention bonuses and student loan repayment
Flexible employment opportunities and mobility within the agency (e.g., GSA's "You Can Do That Here" employment branding)
A variety of career development and individual development opportunities
Recognition and reward of superior performance and contribution
New associate orientation activities that build a sense of community

**Budget Link**

The administration of these types of programs is primarily performed within the Working Capital Fund. Cost is primarily from the budget activity that funds the salary of the individual associate.

**Verification/Validation**

To be determined.

# Office of the Chief People Officer

| GSA Strategic Goal | Maintain a World-Class Workforce and World-Class Workplace |
|---|---|
| GSA Strategic Objective | Create a Performance Culture. |

**Performance Goal**

**Rank in the 75th percentile in the Gallup Q12 survey.**

**Performance Measure**

Increase grand total mean score from the 67th percentile to the 75th percentile.

Baseline      67th percentile
FY 2002      67th percentile
FY 2003      75th percentile

**Strategies**

The Gallup Q12 survey measures employee attitudes to differentiate the top-performing workplaces from the average and low-performing ones.  These 12 areas are distilled into questions that most closely capture employee perceptions of their workplace environments, thereby deducing what is defined as employee engagement.   Gallup determined that organizations that achieve a grand mean score in the 75th percentile are considered "World Class Workplaces."

Managers and leaders throughout GSA will receive their units' scorecard.   Managers will develop, implement and measure action plans to address the concerns expressed by associates.

**Budget Link**

The administration of these types of programs is primarily performed within the Working Capital Fund. Action planning cost is primarily from the budget activity that funds the salary of the individual associate.

**Verification/Validation**

To be determined.

# Office of the Chief People Officer

| Gsa | |
|---|---|
| Strategic Goal | Provide Best Value For Customer Agencies And Taxpayers. |
| GSA Strategic Objective | Help other agencies plan for and respond to emergencies. |

**Performance Goal**

**Support government-wide Continuity of Operations Planning (COOP) in accordance with Presidential Decision Directive (PDD) 63.**

**Performance Measure**

To be determined.  The performance measure (or measures) will focus on GSA's delivery of COOP training to other Federal agencies, and/or assistance to other agencies in conducting COOP exercises.

FY2001 Target  TBD
FY2002 Target  TBD
FY2003 Target  TBD

**Strategies**

In accordance with Presidential Decision Directives and Federal Preparedness Circulars, GSA is responsible for educating and assisting other parts of the Executive Branch in the areas of emergency planning and emergency response.  In the aftermath of September 11, 2001, GSA has redoubled its efforts to assist other agencies in their efforts to prepare or revise, and to exercise Continuity of Operations Plans (COOP).

**Budget Link**

This function is performed primarily by the Office of Emergency Management within the Office of the Chief People Officer at the headquarters level, and by Emergency Management Coordinators in each region.  Appropriated funding is provided through Fund 142, Policy and Operations.

**Verification/Validation**

To be determined.

# Office of the Chief People Officer

| GSA Strategic Goal | Maintain a World-Class Workforce and World-Class Workplace. |
|---|---|
| GSA Strategic Objective | Provide a work environment that supports superior performance. |

**Performance Goal**

**Implement a standard identification card system in GSA nationwide.**

**Performance Measure**

Percent of GSA that has implemented the standard identification card system.

FY2001 Target  TBD
FY2002 Target  TBD
FY2003 Target  TBD

**Strategies**

The work environment includes the physical workplace, the tools that associates use to accomplish their work, and the flexibilities that allow associates to balance their work and personal lives.  GSA is already in the forefront of federal agencies in providing the tools and flexibilities that attract and retain talented associates.  Implementation of a standard identification card system throughout GSA nationwide, using interoperable "smartcard" technology, will enhance the security and mobility of associates in the workplace.  It will also facilitate their ability to effectively and efficiently accomplish other activities such as property management and information technology access.  GSA already uses smartcard technology for identification cards at several locations, and will move to a single standard.

**Budget Link**

This function is performed by the Office of Management Services in the Office of the Chief People Officer at the headquarters level, and by Administrative Services activities in the regions.  Funding is provided through the General Management and Administration, Working Capital Fund.

**Verification/Validation**

Data will be obtained by querying the various parts of GSA on a quarterly basis.

# Office of the Chief People Officer

| GSA Strategic Goal | Carry Out Social, Environmental, and Other Responsibilities as a Federal Agency. |
|---|---|
| GSA Strategic Objective | Increase GSA's internal capability to plan for and respond to emergencies. |

**Performance Goal**

**Update and exercise GSA Continuity of Operations Plans (COOP).**

**Performance Measures**

Percent of GSA with  COOPs  that have been reviewed and updated as necessary.

FY2001 Target  TBD
FY2002 Target  TBD
FY2003 Target  TBD

Percent of GSA who have participated in an annual COOP exercise.

FY2001 Target  TBD
FY2002 Target  TBD
FY2003 Target  TBD

**Strategies**

GSA responded effectively to the events of September 11, 2001, both internally and externally.  However, the agency became much more aware of the importance of the regular review and update of emergency planning plans, and the need to exercise of those plans to ensure that it is ready for future events.

**Budget Link**

This function is performed primarily by the Office of Emergency Management within the Office of the Chief People Officer at the headquarters level, and by Emergency Management Coordinators in each region.  Appropriated funding is provided through Fund 142, Policy and Operations.

**Verification/Validation**

Data will be obtained by querying the various parts of GSA on a quarterly basis.

# Office of Enterprise Development

The mission of the Office of Enterprise Development (OED) is to engage in strategies that provide opportunities for small businesses in government contracting. In working to live up to this mission, OED is working with GSA's acquisition community (nationwide) to insure that GSA utilizes small businesses in its procurement activities, including small businesses owned by members of the nation's minority communities, women, veterans, and businesses located in HUBZones (historically underutilized business zones).

GSA has a history of success in working with small business. We intend to build on GSA's historic successes to insure that small businesses are given a fair opportunity to compete for GSA's business. By providing opportunities to small businesses, we broaden the number of competitors for procurement opportunities, thereby insuring that the government obtains the best value for the agency's customers and taxpayers.

# Office of Enterprise Development

| GSA Strategic Goal | Carry Out Social, Environmental, and other Responsibilities as a Federal Government Agency |
|---|---|
| GSA Strategic Objective | Broaden the number of competitors for procurement opportunities. |

**Performance Goal**

**Meet or exceed the goal of providing contracting opportunities to small businesses.**

**Performance Measure**

Achieve or exceed GSA-wide small business procurement goals.

| | Small Business | Section 8a | Other Small Disadvantgd. | Woman Owned | Service Disabled Veterans | HUBZone |
|---|---|---|---|---|---|---|
| | | | | | | |
| FY 1999 Actual | 41.5% | 6.5% | 7.24% | 4.75 | N/A | 0.05 |
| FY 2000 Actual | 40.3% | 3.72% | 11.30% | 3.66% | N/A | 0.13% |
| FY 2001 Actual | 40.09% | 4.16% | 11.05% | 4.42% | N/A | 0.56% |
| FY 2002 Target | 40.0% | 6.0% | 10.0% | 5.0% | 3.0% | 2.5% |
| FY 2003 Target | N/A | N/A | N/A | N/A | N/A | N/A |

FY 2003 Targets for small businesses are provided on an annual basis by the Small Business Administration.

## Strategies

Secure Senior Staff (Central office & Regional) commitment to achievement of small business goals by:
- Selling the vision for OED to senior GSA officials (in CO and Regions) through direct contact with the Associate Administrator.
- Present OED plan and provide subsequent updates to Regional Administrators, Deputies, and Assistant Regional Administrators at their periodic gatherings.

Increase collaboration with the Acquisition Community through a number of strategies:
- By assigning responsibility to individual OED Associates for the performance of each Service, the Regions, and the small business programs.
- By providing timely information on small business program activities (policy and regulatory) to the regions and the services
- By working with the Federal Supply Service to develop marketing programs to help small business schedules contract holders sell to GSA.
- By instituting quarterly nationwide networking meetings between GSA acquisition personnel and qualified small businesses (qualified based on references of past performance).
- By developing training modules for Contracting Officers and other acquisition professionals on the small business programs.

Implement focused outreach with the following strategies:

- Promote and participate in events that can best benefit under performing programs and/or industry segments.
- Explore ways to efficiently offer Schedules Workshops in the regional offices.

Pursue opportunities for small business through the implementation of A-76 by:
- Have an OED Associate assigned to the GSA A-76 taskforce.
- Market opportunities to small businesses to compete for designated tasks opened to competition through implementation of A-76.

Explore the benefits of a "Mentor/Protégé" program for GSA contractors
- Examine the possibility of participating in the Small Business Administration's current program.
- Facilitation of informal collaborations between small businesses.

Make greater use of Compliance Reviews and other means for enforcing subcontracting plan compliance (including policy changes).

**Budget Link**
This function, performed within the Working Capital Fund, has a FY 2002 budget of 1.5 million.

**Verification/Validation**

Source of performance data is the GSA Federal Procurement Database.

# CROSSWALK BETWEEN BUDGET ACCOUNTS AND PERFORMANCE PLAN

| Account | Amt in FY 2003 Budget ($ mil.) | Relationship to Performance Plan |
|---|---|---|
| Operating Appropriations-Direct | $260.1 | Each component explained below. |
|    Policy and Citizen Services | [68.4] | Expenses of the Office of Governmentwide Policy and the Office of Citizen Services. |
|    Operating Expenses - GSA | [91.0] | Includes real and personal property management responsibility segments and critical infrastructure protection initiatives.  Also includes Agency Direction  which is not covered by the Plan. |
|    Federal Consumer Information Center | [12.7] | See Office of Citizen Services. |
|    Inspector General | [39.6] | Covered by a separate performance plan |
|    Former Presidents | [3.4] | Non-discretionary.  Not covered by performance measures. |
|    E-Gov Fund | [45.0] | Covers various electronic Government initiatives. |
| Federal Buildings Fund | 6,885.4 | Finances the Public Buildings Service |
|    Construction & Acquisition of Facilities | [558.1] | See Construction and Acquisition responsibility segment. |
|    Repair & Alterations | [984.5] | See Repairs & Alterations responsibility segment. |
|    Installment Acquisition Payments | [179.0] | Consists of time payments on certain buildings authorized and built in prior years.  Not covered in Performance Plan. |
|    Rental of Space | [3,153.2] | See Leasing responsibility segment. |
|    Building Operations | [2,010.6] | See Government-Owned Buildings responsibility segment. |
| Reimbursable Programs | 894.3 | Primarily above standard services provided to PBS tenants.  Also includes work related to large projects funded by the appropriations of tenant agencies and other reimbursable services. |
| General Supply Fund | 3,742.1 | Finances the Federal Supply Service. |
| Information Technology Fund | 6,438.6 | Finances the Federal Technology Service. |
| Working Capital Fund | 329.2 | This account is funded by allocations from the three service-based Funds and the Operating Appropriation.  It finances support activities including those of the Chief Financial Officer, Chief Information Officer and Chief People Officer |
| Real Property Relocation | 2.0 | Covers expenses of other agencies in connection with disposal of real property.  Not discussed in the plan. |
| Federal Consumer Information Center (Reimbursable) | 3.0 | Reimbursements from Federal agencies to cover costs of providing their information to the public.  See Office of Citizen Services. |
| Permanent Indefinite Appropriation | 22.6 | See Travel and Transportation responsibility segment.  This account finances the Transportation Audit function. |

The use of these figures is restricted to GSA and OMB until the President's Budget is submitted to Congress.

Submitted to Congress on February 4, 2002