Testimony

Daniel J. Strodel

Chief Administrative Officer

U.S. House of Representatives

Before the

Subcommittee on Legislative Branch

Committee on Appropriations

March 27, 2012

Summary

Mr. Chairman and Members of the Subcommittee: I am pleased to appear before you to discuss the Fiscal Year 2013 budget request for the Office of the Chief Administrative Officer (CAO).

Let me begin by expressing my gratitude for your continuing support of the CAO's office. We look forward to working with you on this budget request and all other issues during the forthcoming year.

Our FY13 Budget Request is $116,782,000, the same level as our FY12 Appropriation. Building on our efforts during the FY12 budget formulation cycle, we continue to hold the 38 positions we froze in January 2011. We also continue to reduce contractor costs where possible and, with the support of the Committee on House

Administration (CHA), aggressively negotiate better contract terms with vendors. These negotiations have yielded more than $10 million in savings for the House.

In the second half of 2011 we launched two major initiatives: a reorganization to streamline our internal operations and better meet the core needs of the House community, and a Zero-Based Budgeting (ZBB) methodology to ensure our business units run at the highest level of financial efficiency.

The CAO's mission is to provide the highest quality services and technology that support Members as they conduct the House's business. Approximately 80 percent of our budget, including personnel costs, is dedicated to data and voice network; infrastructure and security; mail delivery and security; software applications; furniture and furnishings; and financial services such as payroll, payments, and audit support.

CAO Reorganization

In early 2011, when we knew substantial budget reductions were likely for FY12, we evaluated our operations. Our goal was to reduce our budget without reducing the quality of service we provide to the House by becoming a leaner, more efficient organization. Through the evaluation process, the CAO pinpointed the most essential services required by the House community --- information technology and security; finance, budget and payments; acquisition of goods and services; and management of furnishings and logistics --- and focused resources accordingly.

We disbanded the Strategic Initiatives Business Unit by shifting its core operational activities to other areas, and we established two new business units to realign priorities. The

CAO now comprises five business units dedicated to the services most needed for effective House operations: the Office of Acquisitions Management, the Office of Finance, House Information Resources, the Office of Human Resources, and the Office of Logistics and Support.

The new structure eliminates previous duplication among services and streamlines processes for more timely responses to Member and staff requests. Through these efforts, the CAO is better suited to continue providing the highest level of service, even as budgets remain tight.

Zero-Based Budgeting

Implementing a Zero Based Budget methodology to prepare our FY13 request took this streamlining process even further. To execute our Zero-Based Budget, the CAO business units performed an internal line-by-line review of all Projects, Programs, and Activities (PPAs) under their purview. In this review, Projects described specific investments or improvements that have a start and end date, Programs were defined as operations large enough to take up 10 percent or more of the business unit's budget, and Activities captured the services, functions, and duties we perform that generate outputs for CAO customers. Our Finance office then reviewed the PPAs against our essential services and, working with the business units, revised them according to current and future priorities. We began the process with 219 PPAs and ended with 127.

Each PPA analysis included an overview of services provided, requirement for services (e.g., CHA regulation, public law, or Member request), impact if service was not

funded, and performance measures associated with meeting the expected goal or target for that particular PPA.

Over the course of two months, PPA justifications were submitted and we held extensive meetings where each CAO business unit presented, discussed, and revised its submissions. Final proposals were then submitted, and executive level meetings were held to prioritize PPAs from a CAO-wide perspective. During this review, some PPAs were eliminated and others were elevated in status.

The Zero-Based Budgeting effort allowed the CAO to focus on our core mission and make strategic and critical decisions on services and investments within expected budget levels. The CAO met this goal through internal redistribution and realignment of funds, which allowed for improvements in areas such as internal controls, information security, digital mail, and the PeopleSoft financial system. As a result, the CAO FY13 budget request remains flat without jeopardizing current services provided to the House community.

Technology Improvements and Initiatives

PeopleSoft Improvements

Thanks to the support of this Subcommittee and the Committee on House Administration, the CAO implemented the PeopleSoft financial system in October 2010 for use by the CAO, Office of the Clerk, Office of Inspector General, Sergeant at Arms, Law Revision Counsel and Office of General Counsel. During the first year of this major accomplishment, the CAO focused on stabilizing the production system, adding reports and a

limited amount of new functionality, and retiring and archiving old financial and fixed asset systems and data.

This past year, we have begun to implement several benefits provided by this robust, sophisticated financial system. We have rolled out "inquiry access" so that Members, Committees, and Leadership (MCL) offices can see their budgets and view the real time status of vouchers and purchase orders. Currently, 114 offices have this access; many more offices will soon have this capability.

During FY12 and FY13, we will expand and enhance PeopleSoft functionality even more. Projects include: electronic voucher processing; document management and storage; contract management improvements; budget and planning software implementation; and software upgrades that ensure ongoing improvements to this significant investment. The FY13 budget request includes funding for outside contractor resources to assist our staff in PeopleSoft functional and technical support, system improvements, and server and database administration.

Electronic Voucher Submission Project

The electronic voucher (E-Voucher) and digital document management solution under development will work seamlessly with our PeopleSoft financial system. This new solution will make managing accounts payable easier for all House offices, reducing administrative costs and increasing efficiency within the CAO Office of Financial Counseling.

The CAO will continue to accept hard-copy vouchers, but offices that utilize the E-Voucher process will see significant benefits, including streamlined preparation and submission of vouchers, better control of accounts payable, greater transparency into the payables process, and reduced administrative overhead. Once the E-Voucher project is implemented, the CAO will explore using this technology to streamline and improve other House processes, such as contracting and payroll processing. We plan to continuously improve service and ensure a growing return on our initial PeopleSoft investment.

Remedy Work Ticket and Furniture Inventory System

In addition to expanding PeopleSoft's functionalities, our technology team is expanding the Remedy work ticket tracking system's capabilities. During the past year, the CAO has added an email notification feature for work tickets, tracking leases, and furniture inventory.

We're also improving Remedy's ability to track Franking requests for the Committee on House Administration. In May 2012, the current Franking system will be enhanced so that Members can enter their own Franking requests via a self-service portal.

In June 2012, the Remedy team will begin integrating the Remedy Asset Management Furniture Tracking system with Radio Frequency Identification (RFID) technology that will facilitate the scanning, tracking, and updating of asset records.

We anticipate adding self-service furniture requests through the Service Request Management (SRM) module in the near future. This module allows the CAO to easily define and publish available services in a service catalogue and then automate the request and fulfill

those services. The implementation and pilot launch of the self-service catalogue is scheduled for fall 2012. These improvements will enable quicker transaction processing with fewer errors. Additionally, the Remedy team will upgrade the program's software to the latest version.

Expanded Wi-Fi and House Cloud File Services

The CAO continues to add wireless access points to the more than 750 currently active on the House campus. These wireless access points provide Internet access to staff and public guests via "HouseAccess" and "HousePublic" in each Member office, every House cafeteria, the Members' Dining Room, the Capitol Carryout, the House side of the Capitol Visitor Center, Committee hearing rooms, and staff offices.

We also continue to see a growing number of offices migrate to the "House Cloud." Currently, 332 offices utilize House Cloud File Services, a secure and cost-effective alternative for storing and managing data. With last year's investment in data storage capability, our goal is to continue moving Member offices and Committees to this solution, which will save them funds currently spent on other options, while increasing the House's data security overall.

Business Continuity and Disaster Recovery Capabilities

Our Business Continuity and Disaster Recovery (BCDR) works in coordination with the Sergeant at Arms, the Office of the Clerk, and other legislative branch agencies to strengthen the House's ability to carry on its constitutional duties if disruptive events occur. Over the last ten years, we have built several fully operational BCDR programs. We

maintain and routinely exercise mobile and fixed-site capabilities to ensure readiness and an integrated approach to recovery. This past year, the BCDR team improved broadcast, communication, and data network systems, bolstered alternate site readiness, and supported the Alternate Computing Facility, an offsite information technology center that can be utilized in the case of a disruption on Capitol Hill.

Secure and Digital Mail

In August 2011, the CAO awarded Pitney Bowes Government Solutions with a mail services contract that will save the House $588,000 per month over the old contract, resulting in an annual net savings of over $7 million. This new contract includes an equipment replacement program and the ability to expand digital mail to all Member offices at no additional cost to those offices. Our Acquisitions Management team also worked with the Library of Congress to renegotiate a cost-sharing Memorandum of Understanding for mail services, resulting in further savings of over $800,000 annually.

Purchase Card Program

After several years of a pilot program, the Committee on House Administration recently approved the expansion of the Purchase Card Program for all Member and Committee offices. In preparation for the program's rollout, the CAO developed extensive online and one-on-one training, solicited feedback from House staff, revised purchase card policies, and posted necessary information on HouseNet. The Purchase card provides greater convenience for routine and recurring expenses, speeds payment to vendors, and reduces the need for individual reimbursements and voucher submissions for payments.

Diversity in the Workforce

A significant part of the August 2011 re-organization was the reestablishment of the Office of Human Resources as a CAO business unit. This new unit includes the Diversity and Organizational Change Management Directorate.

Through developing and implementing programs that promote a diverse, inclusive workplace environment, the establishment of this office reaffirms the CAO's commitment to fostering the positive, inclusive workplace environment sought by our employees. To this end, the office is taking a series of steps that represent best practices. The first is focused on positioning the organization. The next includes designing and implementing a diversity program, followed by sustaining commitment to diversity. The CAO is also continuing to work with the other House Officers and the Inspector General to leverage joint policies and activities to create a more diverse and inclusive workplace.

Financial Audit and Internal Controls Achievements

The CAO has embraced the creation of a management internal controls program to address material weaknesses reported in the FY 2009 and FY 2010 financial statement audits. The investment of time and money for this program is substantial, including a contract with a professional services firm to support our efforts, and the results have proven its worthiness. The internal controls program implemented during FY 2011 helped us successfully remediate two material weaknesses, an achievement seen in the FY 2011 Financial Statement Audit Report. Yearly maintenance and testing of the internal controls program will be required to provide assurance that adequate controls continue to be in place over financial reporting and information technology processes. This program assisted with ensuring the fourteenth

consecutive clean audit opinion for the House and will strengthen the policy and procedures of CAO operations for future financial audits.

Improved Contracting and FEDLINK

Pursuant to House Report 112-148, the CAO was directed "to consult with all offices of the House in order to procure their required data services either by using the FEDLINK contracts or a unified House contract." Fulfilling this directive, the CAO first compiled a report of subscription and data service expenses for fiscal year 2010. Then CAO staff met with the Library of Congress and FEDLINK staff regarding using Library of Congress contracts to obtain unified (or enterprise-wide) subscription and data services for House offices.

This was a useful endeavor for comparing costs and evaluating some existing enterprise-wide subscription services. Using this information, the CAO, with CHA approval, cancelled a news service subscription from Factiva, saving the House approximately $1 million. We also negotiated a more expansive site license package for an enterprise-wide subscription for all *National Journal* publications, saving $583,000 of Members' Representational Allowance (MRA) expenses. Finally, under the FEDLINK Blanket Ordering Agreements contract, we negotiated a *CQ - Roll Call* pricing structure that was 25 percent below the FEDLINK pricing.

The CAO will continue to monitor House subscription expenditures to find opportunities where high demand offers the opportunity for unified contracts, and we will continue to explore FEDLINK as a possible resource as we work with vendors to obtain the most advantageous services and pricing for the House.

The Wounded Warrior Program

Our budget request includes $2.175 million to continue the Wounded Warrior Program, which funds fellowships in Member offices throughout the country for veterans wounded in the Iraq and Afghanistan wars. This program helps injured veterans develop valuable skills and experience they can use to transition into full-time civilian employment. Since June 2008, 75 disabled veterans have participated.

Closing Remarks

In this challenging fiscal environment my CAO colleagues and I continue our mission to provide the highest level of service to the House community. I look forward to working with the subcommittee and am happy to answer any questions.

Thank you