



U.S. House of Representatives

# CAO Semiannual Report

July – December 2011

Submitted February 14, 2012



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# FROM THE CHIEF ADMINISTRATIVE OFFICER

The second half of 2011 brought significant changes to the Office of the Chief Administrative Officer (CAO).

Among the most significant was a major internal reorganization to streamline our internal operations and better meet the core needs of the House community. We also enacted a zero-based budget methodology to ensure our business units run at the highest level of financial efficiency. Externally, we helped negotiate the most cost effective agreements possible with vendors and contractors who provide products and services to the House.

Charged with running the House's administrative operations, the CAO provides Members and staff with payroll and benefits services, technology support, and cyber security. We manage food services and mail delivery contracts, process purchase orders, refurbish and supply furniture, and offer a range of other services from technical training to graphic design.

I am proud of our continued management of programs and services essential to House operations.

The success of our operation is dependent on our close, working relationships with the Committee on House Administration, the Appropriations Subcommittee on the Legislative Branch, and other House organizations. We also cooperate on a daily basis with the Clerk of the House, the Sergeant at Arms, and the Architect of the Capitol.

CAO employees are dedicated to providing the best service possible to support Members and staff as they efficiently and effectively do the business of the People's House.



Dan Strodel

Chief Administrative Officer



# EXECUTIVE SUMMARY

The Office of the Chief Administrative Officer (CAO) launched two major initiatives during the second half of 2011: an internal reorganization of the business units that comprise the CAO and a concerted effort by those units to save House offices money through renegotiated contracts and enterprise solutions.

The top priority of the restructuring was to increase efficiency by streamlining operations. These moves, coupled with a new zero-based budget initiative, saved several million dollars this year and will mean continued savings in the years ahead.

The CAO then looked beyond its own organization and, with the support of the Committee on House Administration (CHA), saved Member and Committee offices hundreds of thousands of dollars by negotiating the most cost effective agreements possible with vendors who provide services and products to the House community.






Chief among these included significant savings on news and research subscription services to House offices. Additionally, successful contract negotiations with the mail services provider, as well as several other vendors who provide the House with temporary staff and services, contributed to major reductions in expenditures.

The CAO also launched several new initiatives. Highlights include:

- Expanded the Purchase Card Program for Member and Committee offices.
- Expanded Wi-Fi service throughout the House campus.
- Increased House Cloud File Services.
- Launched a new, easier to use online furniture catalog.

Many of these initiatives involved joint efforts among several business units, and all were aimed at improving service to the House community.

# TIMELINE

- July** — Received Committee on House Administration approval to expand the Purchase Card Pilot Program for Member and Committee offices. 
- August** — Conducted a major internal reorganization of CAO business units to streamline operations and better serve the core mission of the House of Representatives.
- September** — Expanded Wi-Fi access and added 46 Member offices to House Cloud File Services, bringing total enrollment to 332 offices. 
- October** — Launched new online Core Furniture Catalog on HouseNet, an internal House website.
- November** — Completed FY13 CAO zero-based budget with all justifications and schedules.   
Renegotiated National Journal contract to provide Leadership, Member, and Committee offices full access to the entire suite of National Journal products at no additional cost to them.
- December** — Held first ever CAO subscriptions fair in the Rayburn Gold Room. Hundreds of staff attended to learn how to get the best rates on subscription packages going forward.   
Placed the 69th Wounded Warrior fellow since the program's 2008 inception.   
Achieved a total enrollment of more than 1600 students in the House Learning Center during the second half of 2011.

# REORGANIZATION

During the first half of 2011, the CAO conducted an evaluation of operations. The goal was to achieve budget reductions without reducing support or services and to transform the CAO into a leaner, more efficient organization. Through the evaluation, the CAO pinpointed the most essential services required by the House community: information technology and security; finance, budget and payments; acquisitions of goods and services; and management of furnishings and logistics.

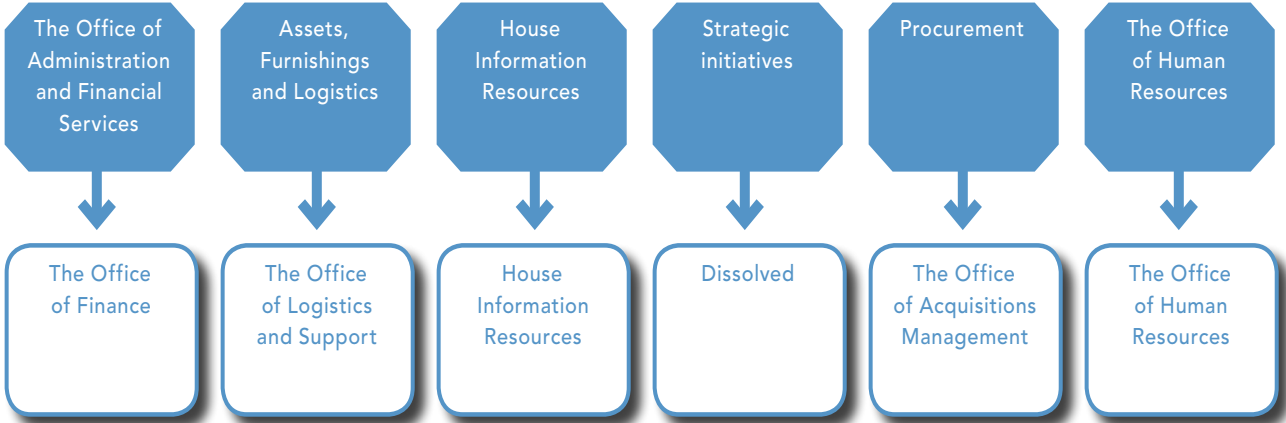
Using these core support services as a guide, the CAO dissolved the Strategic Initiatives Business Unit and consolidated or established operating units within the CAO's organization. This greatly increased the efficacy of the CAO by streamlining it into five business units: the Office of Acquisitions Management, the Office of Finance, House Information Resources, the Office of Human Resources, and the Office of Logistics and Support.

The graphic below describes the revised structure of the CAO.

The new structure eliminates previous duplication among services and streamlines processes for more timely responses to Member and staff requests.

For example, following an evaluation of services provided by the Office of Logistics and Support, the CAO consolidated management of all House support service requests to First Call's customer service representatives, a move that allowed the office to streamline its workflow. As a result, First Call gained unprecedented visibility as the clearinghouse for all House service requests.

Through such efforts, the CAO became a stronger, more efficient organization; our employees are more attuned to the scope of the House's administrative needs and better suited to continue providing the highest level of service.



# ZERO-BASED BUDGETING

Zero-based budgeting is a method of justifying an organization's upcoming annual budget from scratch (a zero base), as opposed to only justifying increases to a budget built on the expenditures from a prior year. For example, instead of asking, "How do we pay for what we already do?" The zero-based budget asks, "If we weren't doing this today, would we pay to start doing it?"

Citing the "ever-increasing strain on the federal budget," the Committee on Appropriations' 2012 Legislative Branch Appropriations Bill specifically directed "each and every agency of the Legislative Branch to develop and present their budget requirements from a zero base."

As such, the CAO formulated its FY 13 budget request using a zero-based budget methodology that identified the programs, projects, and activities (PPAs) essential to providing non-legislative support and services to the House. The business units then began the challenging process of building funding requests for those items from a starting point of \$0.

PPAs were defined as follows:

- **Program:** Identified by Leadership, the Committee on House Administration (CHA), or CAO as important to the House and large enough to require 10 percent or more of the business unit's budget and/or specified or documented as an existing program.
- **Project:** The performance of a specifically planned investment or improvement that has a defined beginning and end date.
- **Activity:** The performance of a specific service, function, or duty that would generate an output (item, product or service produced/requested) to the customer (internal or external).

The zero-based methodology helps ensure business units focus on the right priorities for current spending and future investments. Business units asked if the House community required a continuing or new service or product, and if so, how they could provide it most cost effectively. Units isolated high priority budget items and redirected funds accordingly. In other cases, business units discovered they could do more with less, and budget requests were reduced.

For example, after performing their zero-based budget exercise, House Information Resources (HIR) identified several areas to save money and identified improvements to focus on essential software upgrades and storage technologies. Rather than simply requesting additional funds for existing projects without proven cost-benefits, HIR instead redirected resources to those that clearly serve a current or forecasted House need.

Similar instances occurred throughout each business unit during the CAO's zero-based budgeting initiative, enabling the organization to produce its most cost-effective budget to date.



# SUBSCRIPTION SERVICES

The CAO negotiated a new House-wide enterprise subscription to National Journal in the fall of 2011, which now allows Leadership, Member, and Committee offices full access to the entire suite of National Journal products at no cost to them. This move is expected to save the House a conservative estimate of \$600,000 annually over the previous cost of individual office subscriptions.

This success prompted the CAO to seek similar success with other vendors who offer subscription services to the House.

After a thorough, expedited review of major House subscription service providers, the CAO and the Office of the Clerk also identified and compiled services provided free-of-charge to Leadership, Member, and Committee offices by internal organizations such as the Government Printing Office, the Library of Congress, and the Office of the Clerk.

The CAO and the Office of the Clerk then hosted its first ever subscriptions fair in the Rayburn Gold Room on December 14, 2011. Subscription service vendors, along with representatives from the Library of Congress's THOMAS, the Office of the Clerk, and the CAO Office of Finance, demonstrated products and explained pricing options so that Leadership, Member, and Committee offices could get the best deal on their subscription packages going forward.

Over five hours, hundreds of staff representing Leadership, Member, and Committee offices visited the fair.



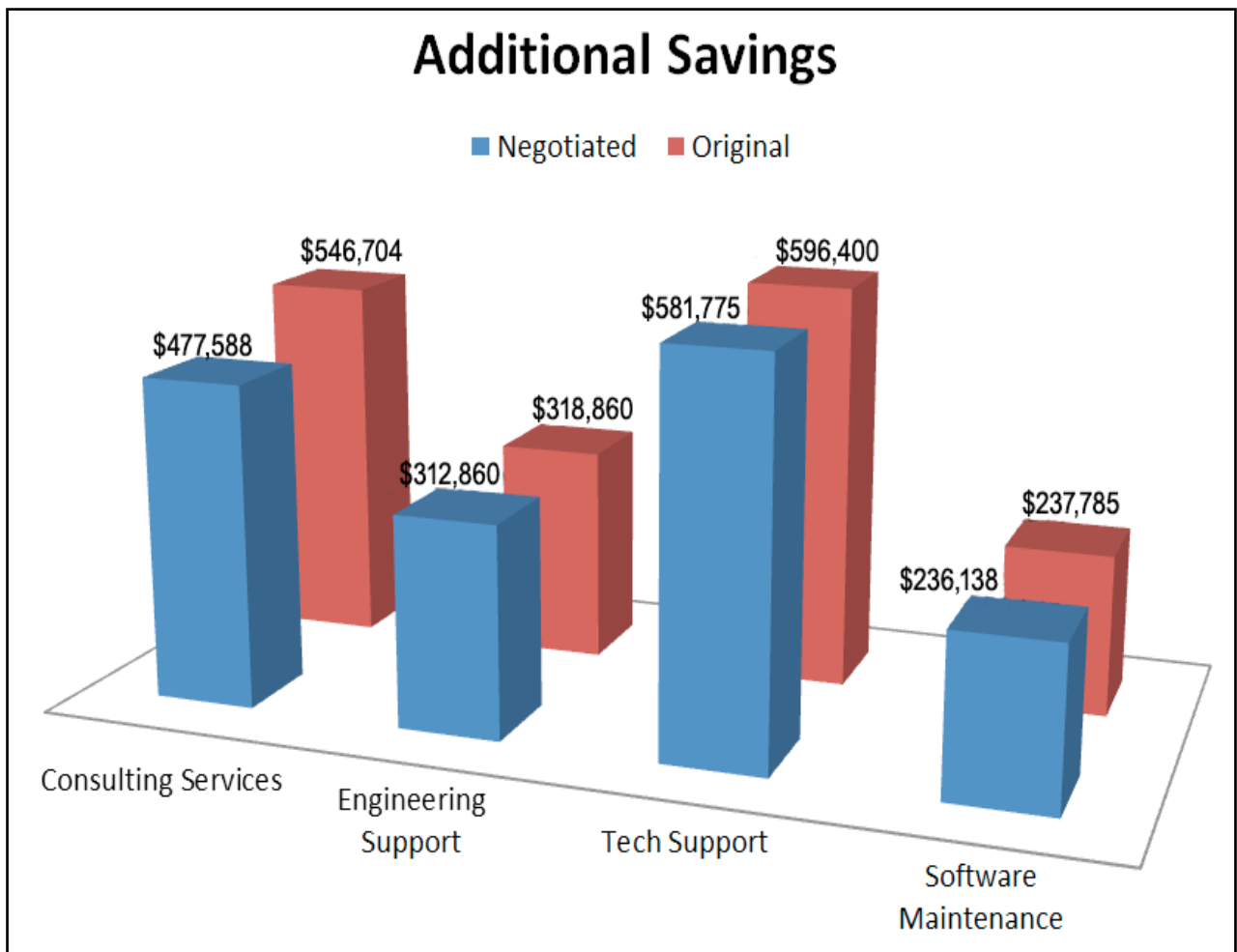
## CONTRACTS

The CAO successfully negotiated an array of contracts and service agreements during the second half of 2011. This work yielded more than \$10 million in savings for the House. Here are some highlights:

- 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 the cost of an equipment replacement program and provides the ability to expand digital mail to all 441 Member offices, all at no additional cost. In the wake of this agreement, the CAO then worked with the Library of Congress to successfully renegotiate a cost-sharing Memorandum of Understanding, resulting in further savings of over \$800,000 annually.

- Designed and implemented a new business model for meeting temporary and professional staffing requirements for information technology needs. For example, based on the new master contracts for FinMart and PeopleSoft support, the CAO projects a combined savings of more than \$400,000 over the next year.
- Negotiated an early payoff of an existing five-year network equipment lease, eliminating the 2012 and 2013 budget requirements of \$1.2 million and saving \$30,000 in interest payments.
- Cancelled or reduced scheduled fee increases on Correspondence Management Systems' Maintenance and Systems Administration Services, Non-Computer Equipment Maintenance Services, and Voice Equipment and Maintenance Services, netting a total savings of nearly \$750,000.
- Exercised the fourth and final options on temporary staffing contracts. This resulted in discounts of up to 14 percent on previously applicable GSA rates.

The chart below describes an additional \$91,000 in savings obtained by the CAO through successful contract negotiations during the second half of 2011.



# NEW AND EXPANDED INITIATIVES

## Expanded Purchase Card Program

On July 8, 2011, the Committee on House Administration approved the expansion of the Purchase Card Program for Member and Committee offices for the first half of 2012. In preparation for the program's rollout, the CAO began a range of extensive online and one-on-one training activities, solicited feedback from House staff, revised purchase card policies, and posted the necessary information on HouseNet.

## Expanded Wi-Fi and Cloud Services

The CAO continues to add wireless access points to the more than 700 currently active on the House campus. These provide Internet access to staff and public guests via "HouseAccess" and "HousePublic" in each Member office, every House office building cafeteria, the Members' Dining Room, the Capitol Carryout, the House side of the Capitol Visitor Center, and most Committee hearing rooms and staff spaces.

The CAO also continues to provide a growing number of Members and staff with a secure and cost-effective alternative for managing data through the House Cloud File Services (HCFS). Forty-six additional Member offices have been added to the HCFS during this reporting period, bringing the total number of participants to 332 offices. The House Cloud provides participants with 24/7 access and security, and is one of many HIR efforts to ensure the House keeps pace with emerging technology practices.

## New Financial Systems

Following the successful implementation of the PeopleSoft financial system, the CAO started planning for the 2012 launch of "eVoucher," an electronic-based voucher payment and approval process. When implemented, offices will submit vouchers for payment into PeopleSoft electronically, and the Office of Financial Counseling will approve the vouchers electronically as well. This new process will not only reduce the vast amount of paper forms used and stored currently, it will streamline and speed up the reimbursement and vendor payment process for House offices. Full implementation is anticipated during CY 13.

## New Online Furniture Catalog

The Office of Logistics and Support launched a new Core Furniture Catalog on HouseNet in October. This new online catalog sends furniture requests directly to Workflow Management for processing and scheduled delivery.

Workflow Management also assessed current House furniture inventory and needs, and introduced new furniture pieces to better meet demand, ensure adequate supply and reduce maintenance costs.

## Additional Highlights / Achievements

### Wounded Warrior Program

The CAO placed 12 Wounded Warrior Program (WWP) fellows in Member offices between July and December 2011. Since the

inception of the program in 2008, the CAO has placed 69 fellows in Member offices and one in the Office of the Sergeant at Arms.

Directed by the House Appropriations Committee, the CAO produced the first ever House Wounded Warrior status report. This report documents the success of Wounded Warrior alumni in securing full time careers.

This past August, the WWP was represented at both the National Veterans Wheelchair Games and a Veterans career fair aboard the USS Intrepid in New York City.

## Training and Development

House staff continues to take advantage of training and development opportunities offered by the House Learning Center. More than 1,600 students enrolled in live and online courses from July through December.

The Training and Development unit also coordinated training programs available to the House from external software providers and conducted a video teleconferencing training session with Member offices.

The group also made several upgrades to the House Learning Center rooms, including rewiring and reprogramming the video conferencing system and installing new HD audio/video tuners.

## Additional House Services

### Business Continuity / Disaster Recovery

In the wake of the 5.8 magnitude earthquake that struck the Washington, D.C. area on August 23, 2011, the Business Continuity / Disaster Recovery group (BC/DR) identified several after-action items based on

lessons learned from the event, such as communications enhancements for senior House leaders and planners. Eighty percent of those items were addressed by the close of the 2011 calendar year, and BC/DR is working with other House partners to close those items still outstanding.

During the height of the 2011 hurricane season, BC/DR provided situational awareness reporting on a host of storms. The CAO maintained a forward-leaning posture in anticipation of everything from small, tropical depressions to Hurricane Irene, a storm that hit Washington, D.C. on August 27, 2011. In addition to maintaining internal monitoring and coordination, BC/DR reached out to Member district offices to offer support if needed in the event of a disruption.

In addition, BC/DR:

- Updated its Continuity of Operations Plan to reflect the organizational changes made within the Office of the Chief Administrative Officer.
- Completed Information Technology Contingency plans for seven critical systems identified within HIR by a Business Impact Analysis.
- Developed "Office Recovery Kits" which can be quickly deployed to support Member offices in the event of a disruption. The kits include laptops, printers, Wi-Fi devices, and other equipment that will allow users to set up an office in any location.
- Released an online course, "Preparedness 101" to provide all House staff with information about preparation and safety procedures in emergencies.

## First Call Customer Solutions Center

First Call fielded over 27,000 service calls during 2011, the most in its history. During the last six months, First Call:

- Processed more than 48,000,000 addresses in Mailing Services to ensure accuracy and cost-savings in Member mailings.
- Processed nearly 1,700 passports.
- Served almost 700 walk-in customers in the First Call Customer Solutions Center.

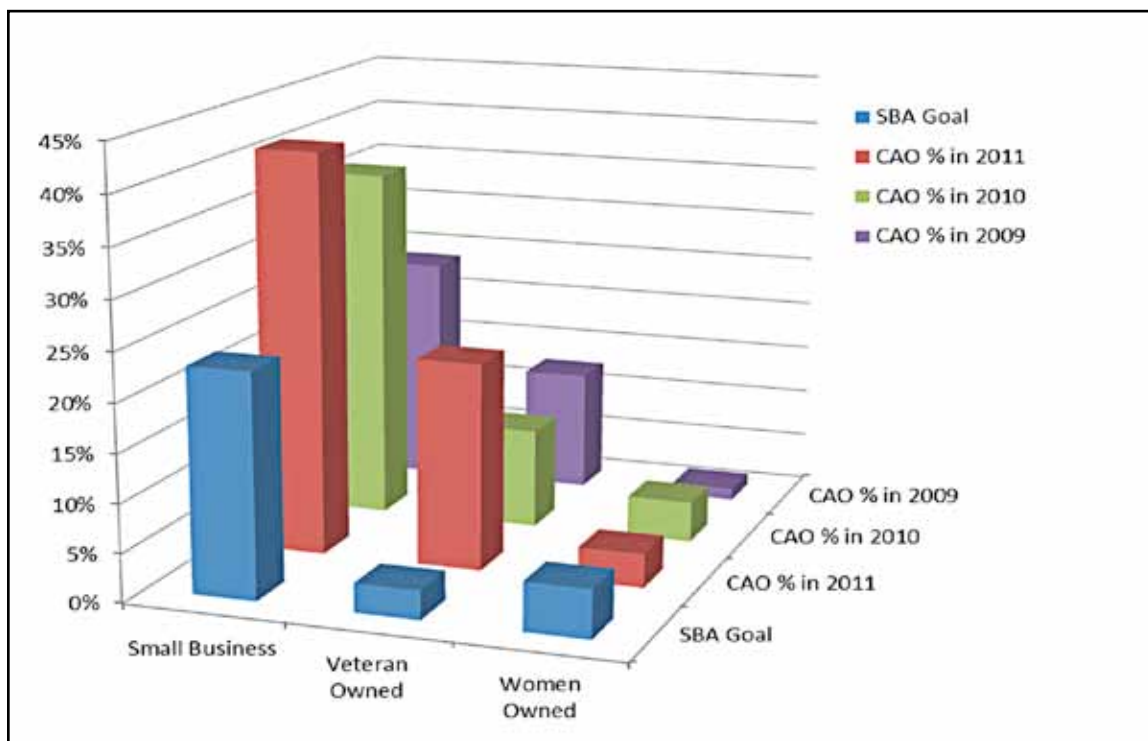
## House Information Resources

House Information Resources (HIR) achieved a 90 percent same-day closure rate for technology support service requests in 2011 while also maintaining a 96 percent customer satisfaction rate.

## Office of Acquisitions Management

The Office of the Chief Administrative Officer continued to support small businesses in 2011, channeling over 40 percent of its total dollars awarded to them. This number greatly exceeds the 23 percent goal set out by the Small Business Administration. The CAO was also a great supporter of Veteran-owned businesses, exceeding the SBA mark by more than 18 percentage points, and is approaching the SBA goal for women, a mark it looks forward to meeting in 2012.

The chart below shows the CAO percentage of total dollars awarded in years 2009 through 2011 compared to the goals set forth by the Small Business Administration.



## House Web Systems Earn Awards

Member and Committee websites designed and hosted by the CAO won awards as part of the Congressional Management Foundation's "Gold Mouse Project" in November. In December, the House of Representatives website, House.gov, which was redesigned in 2011, was awarded honorable mention in the category of "Best Federal Government Websites" by GovLoop.

# CHARTS

## CAO Staffing Chart

(as of 12/31/2011)

	Current FTEs	Vacancies	Total FTEs
Acquisitions	19	3	22
CAO Immediate Office and Galleries	38	4	42
Finance	91	10	101
House Information Resources	263	35	298
House Recording Studio	46	19	65
Human Resources	20	2	22
Logistics and Support	158	5	163
Wounded Warrior Program	30	20	50
TOTAL CAO	665	98	763

# CHARTS

## FY 2011 Budget to Actual Report

(as of 12/31/11)

	Adjusted FY 11 Budget	YTD Actuals	Available Balance	% of Budget Remaining
Chief Administrative Officer				
Single-Year Funds				
Personnel	\$ 61,510,481	\$ 61,501,168	\$ 9,313	0.0%
Non-Personnel				
Total Operations	\$ 75,266,737	\$ 74,789,937	\$ 476,800	0.6%
CAO-Wide Resources	\$ -	\$ -	\$ -	0.0%
Total Non-Personnel	\$ 75,266,737	\$ 74,789,937	\$ 476,800	0.6%
Total Single-Year Funds	\$ 136,777,218	\$ 136,291,105	\$ 486,113	0.4%
No-Year Funds				
CAO-Wide Resources	\$ 6,267,142	\$ 2,211,922	\$ 4,055,220	64.7%
Total No-Year Funds	\$ 6,267,142	\$ 2,211,922	\$ 4,055,220	64.7%
<b>Total CAO Budget</b>	<b>\$ 143,044,360</b>	<b>\$ 138,503,028</b>	<b>\$ 4,541,332</b>	<b>3.2%</b>
BCDR				
Single Year Funds	\$ 17,912,072	\$ 17,830,532	\$ 81,540	0.5%
No Year Funds	\$ 9,708,822	\$ 1,014,089	\$ 8,694,733	89.6%
<b>Total BCDR Budget</b>	<b>\$ 27,620,894</b>	<b>\$ 18,844,621</b>	<b>\$ 8,776,273</b>	<b>31.8%</b>



# CHARTS

## FY 2012 Budget to Actual Report

(as of 12/31/11)

	Adjusted FY 12 Budget	YTD Actuals	Available Balance	% of Budget Remaining
Chief Administrative Officer				
Single-Year Funds				
Personnel	\$ 62,514,000	\$ 14,721,538	\$ 47,792,462	76.5%
Non-Personnel				
Total Operations	\$ 49,943,266	\$ 7,904,025	\$ 42,039,241	84.2%
CAO-Wide Resources	\$ 792,622	\$ -	\$ 792,622	0.0%
Total Non-Personnel	\$ 50,735,888	\$ 7,904,025	\$ 42,831,863	84.4%
Total Single-Year Funds	\$ 113,249,888	\$ 22,625,563	\$ 90,624,325	80.0%
No-Year Funds				
CAO-Wide Resources	\$ 7,992,219	\$ 158,349	\$ 7,833,870	98.0%
Total No-Year Funds	\$ 7,992,219	\$ 158,349	\$ 7,833,870	98.0%
<b>Total CAO Budget</b>	<b>\$ 121,242,107</b>	<b>\$ 22,783,912</b>	<b>\$ 98,458,195</b>	<b>81.2%</b>
BCDR				
Single Year Funds	\$ 12,112,072	\$ 4,295,580	\$ 7,816,492	64.5%
No Year Funds	\$ 13,694,733	\$ 43,671	\$ 13,651,062	99.7%
<b>Total BCDR Budget</b>	<b>\$ 25,806,805</b>	<b>\$ 4,339,251</b>	<b>\$ 21,467,554</b>	<b>83.2%</b>

