DEPARTMENT of HEALTH & HUMAN SERVICES

Program Support Center

FY 2012 Online Performance Appendix

Department of Health & Human Services
Program Support Center
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Introduction

The FY 2012 Online Performance Appendix is one of several documents that fulfill the performance planning and reporting requirements of the Department of Health and Human Services (HHS). Full compliance with the Government Performance and Results Act of 1993 and the Office of Management and Budget Circulars A-11 and A-136 is achieved through the HHS FY 2012 Congressional Justifications and Online Performance Appendices, the Agency Financial Report, and the Summary of Performance and Financial Information. These documents are available at http://www.hhs.gov/budget/.

The FY 2012 Congressional Justifications and accompanying Online Performance Appendices contain the updated FY 2010 Annual Performance Report and FY 2012 Annual Performance Plan. The Agency Financial Report provides fiscal and high-level performance results. The HHS Summary of Performance and Financial Information Report (SPFI) summarizes key past and planned performance and financial information.

Transmittal Letter from PSC Director

I am pleased to transmit the Program Support Center's (PSC) FY 2012 Online Performance Appendix**.** The information delivered in this report is in compliance with guidance provided by the Office of Management and Budget. This report also meets the requirements of the Government Performance and Results Act. In this report, our performance is assessed against the targets in our FY 2012 Congressional Justifications and accompanying Online Performance Appendix.

Data used to report performance results are reliable and complete. Performance results for FY 2010 represented a significant improvement over FY 2009 results and we exceeded the performance targets for six of the nine performance measures. Results for the remaining three performance targets were improved.

PSC continually works toward meeting our mission of providing high quality shared services at competitive prices; at PSC, we are customer-focused and performance-driven. Through this commitment to service, performance and value, PSC is striving to become the shared services provider of choice for government agencies.

Paul S. Bartley
Deputy Assistant Secretary for Program Support

Overview of PSC Performance Management

PSC Approach to Performance Management

The Program Support Center (PSC) serves all components of the Department of Health and Human Services (HHS) and other federal government Agencies throughout the world. PSC provides support services on a fee-for-service basis, and currently offers nearly 60 specialized services and products in the areas of administrative operations, financial management, occupational health, information systems, and acquisitions management.

PSC's mission is to provide a full range of shared services that are consistently high performing, efficient and cost effective. By paying for only the services that are used, and limiting infrastructure costs, PSC customers are able to direct a greater percentage of resources toward achieving their core missions.

PSC strategic goals focus primarily on delivering products and services that are recognized both as high quality and a good economic value. The organization strives to achieve three primary outcomes: higher service quality, lower operating costs, and reduced rates for our customers. By working to achieve these outcomes, PSC supports the Department's efforts for responsible stewardship and effective management. PSC tracks performance measures that link to each of the strategic goals in order to measure its progress toward the goals.

PSC has been working diligently in recent years to reengineer and automate business processes, engage its customers and develop employee skills to meet customer service expectations while better controlling costs. The goal of these efforts is to ensure that PSC improves its service delivery approach so that customers and competitors in the marketplace recognize PSC as the provider of choice.

PSC defined its overall goals to improve quality and deliver cost savings to its customers by using a Logic Model framework for performance management by which outcomes and specific targets are defined. The Logic Model framework evolved into a Balanced Scored approach in 2008. However, the original long-term objectives and performance measures are still relevant and will continue to be tracked through FY 2012. Data reflected in the performance measures reported in this document and are aligned with the HHS strategic goals.

PSC Strategy and Execution

In 2008, the PSC Executive Team defined the characteristics of a PSC organization which was more agile, more responsive to customers, and a better place to work. The resulting strategy outlined a number of initiatives necessary to achieve the PSC vision and goals. The initiatives were defined as part of a Balanced Scorecard focusing on the four domains: *customers and stakeholders; internal business processes; employees; and, financial management practices.*

The result was a series of 15 strategic initiatives which address the long-term objectives. A governance structure was created to ensure accountability for results and integrate cross-service solutions where necessary to implement the initiatives. The resulting "High-GEAR" program was rolled out to all PSC employees in 2009. High-GEAR provided an operational framework for implementing the strategic initiatives. Over 100 PSC employees have volunteered and served on High-GEAR initiative.

In FY 2010 the PSC Executive Team chartered 3 additional High GEAR initiatives focusing on the total customer experience, on new business development, and creating a model for better equipping PSC service managers to manage their people and their business processes.

The following table shows the status of the 18 initiatives defined to date:

PSC High GEAR Initiatives FY2008 – FY2010

Initiative	Status
Re-align PSC	Completed in 2009
KPIs for Decision Making	Completed in 2009
One-Stop Service	Completed in 2009
Customer Relationship Management	Completed in 2009
Service Portfolio	Completed in 2010
E-Gov Travel Communications	Completed in 2009
HSPD-12 Improvement	Completed in 2009
Transhare/Parking Automation	Completed in 2009
SAS Knowledge Management	Completed in 2009
Awards Program	Completed in 2010
Exchange Program	Completed in 2010
Human Capital Management	Completed in 2010
Internship Program	Completed in 2010
Improve Recruiting	Completed in 2010
Create Service Manager Role	Completed in 2010
Customer Experience Management	Completed in 2010
Pilot Service Management	Est Completion Jun 2011
Business Development	Est Completion Jun 2011

The sections which follow include:

- Summary of PSC's performance - actual and planned - from FY 2007-2012
- Details of PSC performance results in FY 2010
- Alignment with HHS goals
- Summary of Findings Statement and Disclosures

Summary of Targets and Results Table

Fiscal Year	Total Targets	Targets with Results Reported	Percent of Targets with Results Reported	Total Targets Met	Percent of Targets Met
2007	10	10	100%	6	60%
2008	10	10	100%	7	70%
2009	10	10	100%	5	50%
2010	9	9	100%	6	67%
2011	8	N/A	N/A	N/A	N/A
2012	11	N/A	N/A	N/A	N/A

Summary of Targets and Results Table illustrates the number of targets PSC reports under the Government Performance and Results Act (GPRA) and the corresponding results[1]

For FY 2010, PSC achieved or exceeded six (6) targets out of its nine (9) performance measures. They are Customer Satisfaction (Performance Measure 1.1.2), Timely Billing (1.1.3), Increase in Number of Customers (1.2.1), Department-wide Consolidations (1.3.1), Overhead Costs (1.3.2) and Financial Audit for the SSF (1.3.6). PSC improved performance results but did not meet targets for Service Quality (1.1.1), Employee Satisfaction (1.3.4), and Cost Recovery (1.3.5).

The change from 10 performance measures in FY 2009 to 9 in FY 2010 was a result of the discontinuation of Intra-service Costs (Measure 1.3.3). This action will permit the PSC to focus resources on the business growth and improved service performance measures.

FY 2011 targets decreased to 8 by the discontinuation of HHS Consolidations (1.3.1). Performance Measure 1.2.2 (Increase in Revenue for top 20 Cost Centers) and 1.2.3

[1] The FY 2010 Total Targets changed from 10 in the FY 2011 OPA to 9 in the FY 2012 OPA because Measure 3.6 (Financial Audit) was not counted. The FY 2011 Total Targets changed from 10 in the FY 2011 OPA to 8 in the FY 2012 OPA because Performance Measure 1.2.2 (Increase in Revenue for top 20 Cost Centers) and Performance Measure 1.2.3 (Increase in Business from Customers outside HHS) which are under baseline development were not counted.

(Increase in Business from Customers outside HHS) – both related to business growth and improved service are under development for FY 2011 and FY 2012.

The total number of performance measures for FY 2012 increases to 11 from 8 in FY 2011 with three new measures: Increase in Overall Customer Satisfaction (1.1.4), Increase in Revenue for top 20 Cost Centers (1.2.2), and Increase in Business from Customers outside HHS (1.2.3).

The standard practice in the PSC is to obtain approval from the PSC Executive Team comprised of the Director, Deputy Director, and the five Service Area Directors before putting a new performance measure into production. The year that the first measurable outcome is produced becomes the baseline year. The baseline may be established as the target performance thereafter, unless the data collection instrument is under development or there is a change in the data source or a necessary adjustment in the measurement instrument such that re-baselining is necessary.

Performance Detail

PSC Online Performance Appendix Performance Measures Table

The following tables provide the targets and actual performance results of each of the Long-Term Objective by year. This section also provides a description of the data sources and approach to validating the data to ensure performance measures are transparent and actually measure the goals or objectives they are intended to measure.

Agency Long-Term Objective: Improve quality – Provide quality administrative support so that high performance can be maintained in HHS Program Services.

Measure 1.1.1: *Increase the percentage of services achieving Service Quality targets. (Outcome)* [2]

FY	Target	Result
2012	95%	Sep 30, 2012
2011	95%	Sep 30, 2011
2010	Set baseline	94%
2009	95%	93% (Target Not Met)
2008	95%	95% (Target Met)
2007	95%	95% (Target Met)

Measure 1.1.2: *Increase the percentage of customers responding to PSC comment cards and indicating excellent/good ratings for satisfaction of services. (Outcome)*

FY	Target	Result
2012	90%	Sep 30, 2012
2011	90%	Sep 30, 2011
2010	90%	91% (Target Exceeded)
2009	90%	88% (Target Not Met)
2008	90%	91% (Target Exceeded)
2007	90%	91% (Target Exceeded)

[2] Refer to Performance Narrative, Performance Measure 1.1.1 for more information..

Measure 1.1.3: *Increase the percentage of cost centers processing billings to coincide with service delivery (Outcome)*

FY	Target	Result
2012	95%	Sep 30, 2012
2011	95%	Sep 30, 2011
2010	95%	97% (Target Exceeded)
2009	95%	97% (Target Exceeded)
2008	95%	95% (Target Met)
2007	Set Baseline	87% (Baseline)

Measure 1.1.4: *Increase the percentage of customers who indicate they are satisfied with PSC performance overall in the PSC Annual Customer Satisfaction Survey (Outcome)*

FY	Target	Result
2012	85%	November 16, 2012
2011	Baseline	November 18, 2011
2010	Under development	82%
2009	Under development	75%

Measure	Data Source	Data Validation
1.1.1	Data on Service Quality is tracked through internal cost center systems on a monthly basis	Service Quality data is tracked by each cost center and is submitted to the PSC Business Office on a monthly basis by cost centers that are randomly sampled and tested for data verification.
1.1.2	Customer satisfaction data is obtained through an electronic survey which is available 24/7 for customer input. In addition, hard copy comment cards are collected from customers as an alternative data collection mechanism.	Customer satisfaction data is collected each month. Customers are asked to complete surveys at the time of services rendered. In addition, the online survey is available through the PSC website and in the signature of PSC employee emails. Comment data is captured by the PSC Performance Manager only.
1.1.3	Data obtained from the PSC Revenue, Invoicing, and Cost Estimation System (PRICES).	Actual performance is based on the monthly billing activity of cost centers, captured in the PRICES system.
1.1.4	The PSC annual customer survey is an on-line questionnaire, administered to approximately 2,500 to 2,800 customers representing all PSC Service Areas.	Overall satisfaction data is obtained from the Annual Customer Satisfaction survey. A cross-section of PSC customers derived from the Inter-Agency Agreements and various customer engagements are

Measure	Data Source	Data Validation
	The survey process and results are administered centrally in the PSC Business Office.	solicited to complete the survey online. The survey results are tabulated after the designated time period (3-4 weeks). The customers targeted for the survey are pre-qualified prior to survey to ensure they are most who The survey is administered by the PSC Performance Manager.

Agency Long-Term Objective: Increase Cost Savings to HHS by Expanding Market Share or Increasing Size of Customer Base.

Measure 1.2.1: *Increase percentage of new customers acquired annually. (Outcome)*

FY	Target	Result
2012	2%	Sep 30, 2012
2011	2%	Sep 30, 2011
2010	2%	2.2% (Target Exceeded)
2009	2%	3% (Target Exceeded)
2008	2%	4% (Target Exceeded)
2007	2%	17.6% (Target Exceeded)

Measure 1.2.2: *Increase sales revenue for each of the top 20 cost centers. (Outcome)*

FY	Target	Result
2012	5%	Sep 30, 2012
2011	Set Baseline	Sep 30, 2011

Measure 1.2.3: *Increase business from customers outside of HHS. (Outcome)*

FY	Target	Result
2012	5%	Sep 30, 2012
2011	Set Baseline	Sep 30, 2011

Measure	Data Source	Data Validation
1.2.1	PSC maintains service level agreements through which customer purchasing	Actual performance is measured by the increase in the number of customers billed through the PRICES

Measure	Data Source	Data Validation
	behavior is tracked. The number of customers serviced by PSC (established by billings) is maintained in the Customer Information section of the Cost Recovery Reports from the PSC Revenue, Invoicing, and Cost Estimation System (PRICES) application. .	system.
1.2.2	Data obtained from PSC Revenue, Invoicing, and Cost Estimation System (PRICES). These reports itemize costs, sales revenue and percentage of cost recovery for each PSC cost center.	Sales revenue data is reviewed monthly to monitor and adjust performance as needed. Final results are determined at the end of the fiscal year and will be calculated as the percentage increase in the sales revenue for each of the top 20 cost centers.
1.2.3	Data obtained from the billings by Customer, and Cost Recovery reports from PRICES.	Actual performance will be measured by the increase in sales revenue from customers outside of HHS.

Agency Long-Term Objective: Increase Cost Savings to HHS through Asset Management [3]

Measure 1.3.1: *Participate in Department-wide consolidations. (Outcome)*

FY	Target	Result
2011	Discontinued – Refer to Performance Narrative, 1.3.1 for details	N/A
2010	1 consolidation	2 consolidation (Target Exceeded)
2009	1 consolidation	2 consolidation (Target Exceeded)
2008	1 consolidation	2 consolidation (Target Exceeded)
2007	1 consolidation	0 consolidation (Target Not Met)

Measure 1.3.2: *Maintain PSC overhead rate to be less than 1.4% of total costs. (Outcome)*

FY	Target	Result
2012	1.4%	Sep 30, 2012
2011	1.4%	Sep 30, 2011
2010	1.6%	1.1% (Target Exceeded)
2009	1.6%	1.2%

[3] Performance Measure 1.3.3 (Intra-service Costs) was removed because it was discontinued in FY 2010 as reported in the FY 2011 OPA.

FY	Target	Result
		(Target Exceeded)
2008	1.6%	1.2% (Target Exceeded)
2007	1.6%	1.3% (Target Exceeded)

***Measure 1.3.4:** Increase the percentage of overall employee satisfaction PSC-wide. (Outcome)*

FY	Target	Result
2012	75%	Feb 28, 2013
2011	75%	Feb 29, 2012
2010	75%	69% (Target Not Met but Improved)
2009	75%	66% (Target Not Met but Improved)
2008	75%	53% (Target Not Met)
2007	75%	58% (Target Not Met)

***Measure 1.3.5:** Increase the percentage of cost centers recovering within an established variance and achieving target Net Operating Result (NOR). (Outcome)*

FY	Target	Result
2012	75%	Sep 30, 2012
2011	75%	Sep 30, 2011
2010	75%	62% (Target Not Met but Improved)
2009	75%	56% (Target Not Met)
2008	75%	61% (Target Not Met but Improved)
2007	100%	60% (Target Not Met)

***Measure 1.3.6:** Achieve unqualified audit opinion for the SSF. (Outcome)*

FY	Target	Result
2012	Achieve unqualified audit opinion for the SSF.	Dec 30, 2012
2011	Unqualified audit opinion, no new MW and RC, and measurable progress in correcting existing MW and RC.	Dec 30, 2011
2010	Unqualified audit opinion, no new MW and RC,	Unqualified audit opinion, no MW and RC, and

FY	Target	Result
	and measurable progress in correcting existing MW and RC	measurable progress in correcting existing MW and RC (Target Met)
2009	Unqualified audit opinion, no new MW and RC, and measurable progress in correcting existing MW and RC	Unqualified audit opinion, no new MW and RC, and measurable progress in correcting existing MW and RC (Target Met)
2008	Unqualified audit opinion, no new MW and RC, and measurable progress in correcting existing MW and RC	Unqualified audit opinion, no new MW and RC, and measurable progress in correcting existing MW and RC (Target Met)
2007	Unqualified audit opinion, no new MW and RC, and measurable progress in correcting existing MW and RC	Not completed (Target Not Met)

Measure	Data Source	Data Validation
1.3.1	Data obtained from the PSC Business Office which has responsibility for tracking participation in Department-wide consolidation efforts. **This measure is being discontinued in FY2011**	Actual results presented based on Assistant Secretary for Administration's (ASA's) approval of consolidation efforts. Actual reductions calculated as the total administrative FTEs over the prior year.
1.3.2	Data obtained from Cost Recovery Reports from the PSC Revenue, Invoicing, and Cost Estimation System (PRICES).	Actual performance will be calculated as the percentage of total overhead costs to total costs.
1.3.4	Data obtained from the results of the annual human capital survey, i.e., Human Resource Management Index (HRMI) survey, Federal Human Capital Survey, or equivalent survey.	Actual results will be based on the annual human capital survey.
1.3.5	Data obtained from Cost Recovery Reports from the PSC Revenue, Invoicing, and Cost Estimation System (PRICES). These reports itemize the costs, including obligations and expenses; revenue; and percentage of cost recovery for each PSC cost center.	Cost recovery data from the PRICES system is reviewed monthly to monitor and adjust performance as needed. Final results are determined at the end of the fiscal year and will be calculated as the percentage of all cost centers whose cost recovery is 100%.
1.3.6	Data will be obtained from the annual audit of financial statements.	Actual results will be identified in the annual financial audit performed by independent auditors.

Performance Narrative

This section describes the actual PSC performance in each of the measures identified in the previous section for FY 2010 associated with the 3 Long-Term Objectives:

- Improve Quality
- Improve Cost Savings by Expanding Market Share
- Cost reduction to HHS through Better Asset Management

The narrative for each measure below also includes a recent history of performance.

1.1 Long-Term Objective: Improve Quality:

PSC has a long term goal of consistently improving the delivery of quality and timely services to its customers. There are three important measures that indicate quality of service in the PSC: timeliness, quality and customer satisfaction. Customer satisfaction is measured at both point-of-service (comment cards) and "overall satisfaction" as scored in the annual PSC customer survey. The annual survey (1.1.4) will be fully implemented in FY 2012.

Performance Measure 1.1.1 (Overall Service Quality: Increase the percentage of services achieving Service Quality targets – Reset baseline in FY 2010):

In FY 2010, this performance measure was modified from previous years to include both service *quality* and *timeliness*. During FY 2010, the performance result was 94%. In FY 2011, the performance target was re-baselined at 95% to accommodate the expanded scope of overall quality.

PSC measures the quality of service delivery against performance standards established for each product and service as published in its Directory of Products and Services. Service *quality* takes into consideration such things the number of errors or defects. For example, the PSC Supply Service Center (SSC) has a quality standard: 99.95% of deliveries to customers will have no damaged shipments." Service is considered *timely* when response time or turnaround time to the customer is within the published performance standard. An example, of an SSC timeliness standard is: "98% of Express Orders will be processed and shipped within 1 business day." Most of the services do not have a quality-specific performance standard. They use timeliness as their sole measure of quality. As more services develop mechanisms for tracking and reporting quality-specific standards they will be added to the Directory of Services.

Satisfactory performance targets are generally set at 95% to 100%. These standards exist to establish clear performance expectations for PSC employees and customers.

For Performance Measure 1.1.1, PSC tracks performance data to determine the percentage of its products and services that are achieving their individual service quality standards. While these standards are rolled up for high-level reporting, each Cost Center

Manager is accountable for meeting the goals for the product or service for which he or she is responsible. Performance responsibilities are assigned and documented under the Performance Management Appraisal Program (PMAP). Results for individual product and service lines are compiled monthly. The data is reviewed, and service issues are remediated and tracked for improvement. PSC Business Operations (PBO) provides regular training for Cost Center Managers so that they can properly analyze performance results for their respective areas of responsibility.

In FY 2007, PBO tracked 150 individual timeliness standards for 82 products and services. Performance results: timely 95% of the time, thus PSC achieved the performance target of 95%.

In FY 2008, PBO tracked 156 individual timeliness standards for 71 products and services. There were less products and services in FY 2008 compared to FY 2007 due to cost center consolidation. Performance results: timely 95% of the time, thus PSC achieved performance the target of 95%.

In FY 2009, PBO tracked 169 individual timeliness standards for 75 products and services. There were more products and services in FY 2009 compared to FY 2008 due to the addition of new products and services such as the ONE-DHHS call center, Project Management Services, IT Security Services and Financial Reporting. Performance results: timely 93% of the time, which did not meet the performance target of 95%. Failure to meet the performance target was attributed to the initial challenges in some processes created by the PSC organizational realignment that resulted in a number of cost centers being moved from Financial Management Service (FMS), Administrative Operations Service (AOS) and Enterprise Support Service (ESS) to the newly-formed service area, Information and Systems Management Service (ISMS).

In FY 2010, PSC did not achieve its target for service quality standards. However, improvements have been made in this area. The number of products and services increased over FY 2009 with the addition of Medical Affairs, and COOP Disaster Recovery and Infrastructure. PBO tracked 198 service quality standards for 83 products and services in FY 2010. The FY 2010 service quality result of 94% did not meet the performance target of 95%. PSC missed the FY 2010 target because of some stabilization challenges in new systems and processes.

In FY 2011 and FY 2012, the target for Performance Measure 1.1.1 will be 95%. PSC will continue to analyze the targets established for each product and service to ensure that appropriate yet challenging targets are established for upcoming years.

Performance Measure 1.1.2 (Customer Satisfaction: Increase the percentage of customers responding to PSC comment cards and indicating excellent/good ratings for satisfaction of services - Target exceeded in FY 2010):

Improving quality also requires a subjective measure of customer satisfaction. One mechanism the PSC uses to measure the customers' perception of quality is the percentage of customers expressing satisfaction with the quality of services provided in its point-of-service survey instrument – the "comment card."

PSC encourages customers to complete an on-line survey upon delivery of products and services and provides a link to the survey on the signature line of employee emails and on the PSC's website (www.psc.gov).

The satisfaction rating is also a viable indicator of customers' intent to purchase more products and services or continue to engage the PSC instead of a competitor (i.e., customer loyalty).

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

As a result of prior-years' performance and in an effort to create an attainable yet challenging target, the FY 2007 target was set for 90% of customers to be satisfied with PSC services. For FY 2007, 1,507 customers completed the PSC On-line comment card survey with a resulting customer satisfaction rating of 91%, thus PSC achieved the target of 90%. In addition, all but one Service Area within the PSC exceeded the 90% target for customer satisfaction. FMS is the one Service Area that did not meet the target. The lower customer satisfaction results could be attributed to the implementation and stabilization period of the new UFMS accounting system. While this effect could be expected under the circumstances, both PSC and FMS leadership are continuously monitoring the results and working to resolve issues that may contribute to the lower customer satisfaction ratings.

In FY 2008, the questions in the comment cards were updated and modified to be more relevant to customer requirements and easier to understand. Questions specific to the Information Technology Operations (ITO) were also added so that management would be aware of items applicable only to ITO. The PSC initiative related to Dissatisfied Customers was also implemented. For each dissatisfied comment related to a certain product or service documented in the monthly Customer Satisfaction report, the Cost Center Manager was required to complete a Comment Card Feedback Form to provide a corrective action plan to resolve the issue.

The FY 2008 Customer Satisfaction result demonstrated that 1,645 customers completed the PSC On-line Customer Survey with a resulting customer satisfaction rating of 91%, achieving the target of 90%. All Service Areas within the PSC exceeded the 90% target for customer satisfaction rating.

The FY 2009 Customer Satisfaction result showed that 1,679 customers completed the PSC On-line Customer Survey with a resulting customer satisfaction rating of 88%, just short of the 90% target. Based on the customer comments, most of the dissatisfaction was due to the initial challenges from the organizational realignment within the PSC, which disrupted some processes and created some customer frustration as PSC personnel familiarized themselves with their new responsibilities.

The FY 2009 PSC realignment was approved by HHS so that PSC could better serve its customers and best leverage the expertise of its employees. The biggest change in the realignment was the formation of ISMS (Information & Systems Management Service). As PSC had grown and adapted to its customer needs over the years, the IT assets were distributed throughout PSC. This distribution of skills made sense at the time but posed a challenge in managing the IT assets and competencies. Over time as the PSC grew it became evident that a centrally managed IT organization made more sense to centralize these resources especially because IT is more important to the PSC Long-Term Objectives as a means to be more productive, reduce its rates, and deliver services more efficiently.

The following table displays the customer satisfaction results by Service Area in FY2009.

FY09 Overall Satisfaction Ratings by Service Area

FY 2009 Overall Satisfaction Ratings (# of Comments)	AOS	ISMS	FMS	FOH	SAS	OD	BCSS[4]	BFC	PSC Overall
Very Satisfied	364	270	206	187	115	29	26	3	1200
Satisfied	141	29	32	44	11	3	18		278
Dissatisfied	29	16	11	12	3	2	6	1	80
Very Dissatisfied	31	26	35	9	6		12	2	121
Total	565	341	284	252	135	34	62	6	1,679
Percentage of Customers Very Satisfied and Satisfied	89%	88%	84%	92%	93%	94%	71%	50%	88%

In FY 2010, there was an increase in the percentage of customers responding to PSC comment cards and the percentage indicating excellent/good ratings for services received. The results for customer satisfaction in FY 2010 showed that 2,023 customers completed the PSC On-line Customer Survey with a resulting customer satisfaction rating of 91%,

[4] BCSS – Business Continuity Support Services was transferred to the Office of the Assistant Secretary for Administration in FY 2009 as a policy-setting function instead of a service delivery organization.

thus PSC achieved the target of 90%. Table 4 displays the customer satisfaction results by Service Area in FY 2010.

FY10 Overall Satisfaction Ratings by Service Area

FY 2010 Overall Satisfaction Ratings (# of Comments)	AOS	ISMS	FMS	FOH	SAS	OD	BFC	PSC Overall
Very Satisfied	975	135	217	110	106	65	3	1,611
Satisfied	122	22	21	42	8	8	0	223
Dissatisfied	33	6	17	12	9	2		79
Very Dissatisfied	52	5	29	8	14	2		110
Total	1182	168	284	172	137	77	3	2023
Percentage of Customers Very Satisfied and Satisfied	93%	93%	84%	88%	83%	95%	100%	91%

In FY 2011 and FY 2012, the target will remain constant because of the planned relocation of PSC offices and possible unintended disruption of some services.

Performance Measure 1.1.3 (Timely Billing: Increase the percentage of cost centers processing billings to coincide with service delivery - Target exceeded in FY 2010):

As a fee-for-service organization, it is important for PSC to process its billings when services are rendered in order to recognize revenue from its customers in a timely manner. In FY 2007 the PSC established the performance measure for FY 2008 that strives to achieve timely billings. In its first year 87% was established as the baseline. The 87% resulted from the cost centers billing on time 707 instances out of 815 actions in FY 2007.

Timely billing in the PSC Revenue, Invoicing, and Cost Estimation System (PRICES) system is affected by the prompt and accurate receipt of billing data from the PSC service providers. Billing is considered timely when the invoices for the products and services of are entered by the Cost Center Manager into PRICES on or before the monthly cut-off date or deadline. To illustrate this timely billing, if the cut-off date for entering December invoices is January 3, the Cost Center Manager must complete his/her billing on January 3with a work order date of December 31st in order for the PRICES system to process this billing for the December billing deadline and for the billing to be considered timely.

Even though the FY 2007 baseline result was 87%, the preliminary target that was established for FY 2008 was for 95% of cost centers to process billings to coincide with service delivery. In FY 2008, the PSC was successful in achieving the target.

In both FY 2009 and FY2010, PSC exceeded the target of 95% with a rating of 97% for both fiscal years. However, the performance targets will remain at 95% for FY 2011 and FY 2012 due to enhancements to the planned billing process. The planned billing system upgrade may result in unintended inefficiencies in FY 2011 and FY2012.

Performance Measure 1.1.4 (Increase in Overall Satisfaction: Increase the percentage of customers positively responding to the Annual Customer Survey with a selection of "Strongly Agree" or "Moderately Agree" - New in FY 2012):

As part of its continuing effort to improve product and service delivery, customer satisfaction and service quality, PSC conducts an annual customer survey. The objectives of the Survey are to identify opportunities for improvement and develop a standard for customer satisfaction performance across service areas in the PSC.

The annual survey targets customers who can speak authoritatively to their organization's experience with the service(s) they receive from the PSC relative to service levels, cost of service and so forth. These customers are usually program managers, budget officers, agency directors and executive officers (Chief Financial and Chief Information Officers) in their organizations. This survey supplements the comment card survey (Performance Measure 1.1.2) which is a point-of-service survey targeting end-users of PSC services. The Annual Customer Survey is a single, unified customer satisfaction survey that is applicable to all products and services and provides insight into customer needs and service expectations than the comment cards cannot provide. The PSC conducted the first of the annual surveys in FY 2009.

The customer’s overall satisfaction is reflected in the response to the following question: "Overall how satisfied are you with the performance of the PSC in this service?" Subsequent questions focus on satisfaction in a number of areas such as PSC knowledge, accuracy and timeliness of information, and communication. The survey’s response rate is also being tracked. The survey response rates are calculated for each service area by subtracting the total number of undeliverable survey requests from the total number of survey invitations sent and then dividing the result by the total number of responses.

The FY 2009 Annual Customer Survey was administered online, and was open to customers for five weeks beginning in November 2009. During this time two reminders were sent, and Service Area outreach programs were conducted. The survey was deployed to 2,489 PSC customers. The overall response rate was 24% (588 surveys were completed) and the Overall Satisfaction result was 83%.

The highest performing areas from the FY 2009 survey results were:

Customer's *overall satisfaction* with the PSC – 83%
Would recommend the PSC to others – 82%
PSC staff *knowledge* – 82%
PSC *quality* – 82%

The lowest performing areas from the FY 2009 survey were:

Customer satisfied with the *value* of PSC services - 75%
Customers satisfied with the PSC's *communication of the range of services offered.-74%*
Satisfied with the *communication of the pricing* of PSC services - 64%
Satisfied with the *price* of PSC services - 63%

In FY2009-FY2010 the PSC had implemented certain strategies aimed at improvements in the low performing areas:

– Conducted focus group sessions with key customer representatives from HHS Operating Divisions as part of the Customer Experience Management initiative
– Service Area executives and staff assigned to engage each HHS customer contact to review any issues and fill any communication gaps.
– Establish a common performance element for customer satisfaction in the performance management appraisal program (PMAP)
– Host customer events designed to educate customers about PSC's service portfolio and support capabilities
– Increase survey participation for each cost center/service and for key customer agencies, e.g. ACF, AHRQ, AOA, CMS, NIH, SAMHSA, CDC

The FY 2010 Annual Customer Survey is closed as of February 4, 2011. The target for FY 2010 was re-evaluated taking into account that FY 2009 results were heavily weighted by FOH that had over half of all responses to the survey and scored well above the average. By using the percentage of positive survey responses *by service area* going forward, instead of the overall number of responses across the PSC, the results will be adjusted for the FOH contribution. The preliminary results for FY 2010 is 82% (compared a to 75% average by service area in FY2009). The response-rate target will be 20% overall which is a well-established benchmark for surveys.

The survey instrument was designed and deployed as an online survey questionnaire. All communications are conducted through e-mail originating with the Service Area and organized by Cost Center in order to effectively manage responses and incoming questions. The FY10 Annual Customer Survey results will be published in March 2011.

The FY 2012 performance target is 85% for overall satisfaction on the Annual Customer Survey. This percentage increase comes in FY 2012 after the PSC has had sufficient time to adjust its business processes and operations schedules to the survey.

1.2 Long-Term Objective: Improve Cost Savings to HHS by Expanding Market Share or Increasing Size of Customer Base:

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

One method of controlling price increases is through obtaining new Federal customers, both from HHS and from outside the Department. In so doing, the PSC can spread overhead costs to a greater number of work units, and it can achieve economies of scale, thus lowering the cost to customers. When a greater portion of the expanded market includes external customer agencies, the effect on internal HHS customer agencies is that the total cost to the Department can be reduced[5] As a result, the PSC monitors its customer's usage of services (in addition to managing costs, which is discussed in the Long-Term 1.3).

There are three measures to track customer usage. The first measure, Increase in Number of Customers (1.2.1), tracks the percentage of new customers acquired annually. The second measure, Increase in Revenue for top 20 Cost Centers (1.2.2) will be fully implemented in FY 2012. This performance measure is being utilized to track the increase in sales for the top 20 cost centers. The top 20 service contribute over 80% of the total PSC revenue. The third measure, 1.2.3 will also be fully implemented in FY 2012. This performance measure is being utilized to track the increase in revenue from customers *outside* of HHS.

Performance Measure 1.2.1 (Increase in Number of Customers: Increase percentage of new customers acquired annually - Target exceeded in FY 2010):

The FY 2007 result for this measure was 17.6% with an increase of 189 new customers. The bulk of the FY 2007 new customers were from the Department of Defense (29%), 12% were from Department of Labor and 12% were from the Department of the Interior.

In FY 2008, PSC increased its customer base by 2% over FY 2007. The FY 2008 result for this measure was 4% with an increase of 54 new customers. 87% of the FY 2008 new customers were new customers of the CASUs. The other new customers were acquired by the Supply Service Center, Federal Occupational Health (FOH) Seattle and the Division of Property Management (AOS). The bulk of the FY 2008 new customers

[5] While expanding the market is one component of the equation, the other component that has an overall effect on total HHS cost is actual cost of service delivery. When market share and total delivery costs are both tracked the full savings to the Department can be determined.

were from DOD (27%), the General Services Administration (7%) and DOI (3%).

In FY 2009, the PSC achieved the Increase in Number of Customers (measure 1.2.1) with an increase of 3% in new customers (42). Half of the new customers were acquired by AOS, 7 were acquired by SAS, 3 were new customers of FOH and 11 were acquired by FMS. The bulk of the FY 2009 new customers were 34% from DOD, 9% from City/State Government, 5% from DOI and 4% from DOJ.

In FY 2010, the PSC achieved the Increase Number of Customers (1.2.1) target with a result of 2% with an increase of 30 new customers. 87% of the FY 2010 new customers were new customers of AOS of which 80% were by the CASUs. The other new customers were acquired by the SAS's Supply Service Center (7%), FOH's Employee Assistance Program (3%) and ISMS's Information Technology Infrastructure and Operations (3%). The bulk of the FY 2010 new customers were from DOD (47%), GSA (10%), and Labor (6%).

For FY 2011 and FY 2012, PSC has set a target of maintaining 2% growth rates for the number of new customers over the prior year.

Performance Measure 1.2.2 (Increase in Revenue for top 20 Cost Centers: Increase sales revenue for each of the top 20 cost centers - New in FY 2011):

In an effort to improve cost savings by expanding market share, PSC has established a new performance measure for FY 2011 designed to achieve an increase in sales revenue for each of the top 20 revenue-producing cost centers. This performance measure was under development in FY 2010.

The tables below show the top 20 cost centers for FY 2009 and FY 2010, respectively:

Top 20 Cost Centers for FY09 by Revenue

Rank	PSC Product/Service	Service Area	FY 2009 Revenue
1	CLINICAL SERVICES	FOH	$101,024,540
2	KC CASU	AOS	$76,592,352
3	ACQUISITIONS MANAGEMENT	SAS	$72,835,071
4	DENVER CASU	AOS	$51,744,916
5	NY CASU	AOS	$50,508,481
6	SUPPLY SERVICE CENTER	SAS	$45,304,249

7	IT SERVICES (ITO)	ISMS	$44,474,599
8	ENTERPRISE APPLICATIONS	ISMS	$28,893,792
9	ENVIRONMENTAL HEALTH SERVICES	FOH	$28,600,312
10	TELECOMMUNICATIONS MGMT./WITS	ISMS	$28,503,358
11	UFMS O and M	ISMS	$27,933,045
12	EAP	FOH	$23,525,643
13	ACCOUNTING SERVICES	FMS	$21,939,009
14	PERSONNEL/PHYSICAL SECURITY-HSPD12	AOS	$19,885,776
15	PAYMENT MGT GENERAL	FMS	$17,576,461
16	ENTERPRISE EMAIL SYSTEM	ISMS	$14,671,039
17	BUILDING OPERATIONS – DELEGATED	AOS	$13,276,523
18	PAYROLL	AOS	$11,680,752
19	COST ALLOCATION	FMS	$10,109,885
20	DEBT MANAGEMENT	FMS	$9,514,572

Top 20 Cost Centers for FY10 by Revenue

Rank	PSC Product/Service	Service Area	FY 2010 Revenue
1	KC CASU	AOS	$122,799,710
2	CLINICAL SERVICES	FOH	$112,635,867
3	ACQUISITIONS MANAGEMENT	SAS	$75,948,548
4	NY CASU	AOS	$60,702,699

Rank	PSC Product/Service	Service Area	FY 2010 Revenue
5	DENVER CASU	AOS	$48,133,285
6	SUPPLY SERVICE CENTER	SAS	$46,217,003
7	IT SERVICES (ITO)	ISMS	$31,545,636
8	TELECOMMUNICATIONS MGT/WITS	ISMS	$31,232,678
9	ENTERPRISE APPLICATIONS	ISMS	$30,646,012
10	UFMS O and M	ISMS	$30,548,803
11	ENVIRONMENTAL HEALTH SERVICES	FOH	$27,181,472
12	EAP	FOH	$24,997,236
13	ACCOUNTING SERVICES	FMS	$24,839,648
14	PERSONNEL/PHYSICAL SECURITY-HSPD12	AOS	$22,242,811
15	PAYMENT MGT GENERAL	FMS	$17,852,111
16	BUILDING OPERATIONS – DELEGATED	AOS	$13,944,615
17	PAYROLL	AOS	$12,148,593
18	IT INFRASTRUCTURE	ISMS	$11,361,914
19	DEBT MANAGEMENT	FMS	$10,461,944
20	COST ALLOCATION	FMS	$9,664,852

Like most businesses, most of PSC's sales come from a small subset of their operating units or products. For the PSC, these operating units and products are represented by Cost Centers. The top 20 Cost Centers account for more than 80% of all revenue of PSC's 60-plus Cost Centers. PSC's intention is to put a greater focus on these sales leaders because of the established business relationship and the benefits derived from reducing rates for customers, creating a larger base against which to spread overhead costs, and the ability to absorb losses from new or struggling cost centers.

A preliminary target is being established for FY 2011, which is to strive for a 5% increase in total sales revenue from the top 20 PSC revenue-producing cost centers. The revenue data for this performance measure will be obtained from the Cost Recovery Reports. In this performance measure, each CASU, e.g. Kansas City, will be considered as one cost center because it has a common management structure, similar customer base and goals.

This performance measure compares the increase in revenue for the top-20 cost centers with the top-20 from the previous fiscal year. For example, Clinical Services which is ranked number 1 in FY 2009 by revenue is compared to the cost center ranked number 1 in the FY 2010 top-20, which is the Kansas City CASU.

From the revenue comparison, the percentage increase in revenue for each of the top-20-ranked cost center will be calculated between FY 2009 and FY 2010. The percentage increases will be added and divided by the number of rankings (20).

In the FY 2009 and FY 2010 comparison, the result came out to be 8% increase in revenue for the top 20 revenue-producing cost centers. After the development period of this performance measure in FY 2011, the PSC will have a more realistic performance target in FY 2012. At that time, it will be possible to validate whether 5% is an attainable and challenging target for the percentage increase in total revenue from the top 20 PSC revenue-producing cost centers.

Performance Measure 1.2.3 (Increase in Business from Customers outside of HHS: Increase business from customers outside of HHS -New in FY 2011):

In another effort to improve cost savings by expanding market share, PSC has established a new performance measure for FY 2011 to achieve an increase in business from federal customers outside of HHS. This performance measure calculates the share of non-HHS revenue as a percentage of total PSC revenue.

As a shared service provider for HHS, PSC's primary responsibility is the support of HHS's needs. Nonetheless, PSC markets its services to other Governmental Agencies (OGAs). Greater volume can lower the unit price for all of PSC's customers. An additional benefit occurs on the costing side because the increase in business is handled without a proportional increase in expenses (economies of scale). Thus, the PSC's overhead expense is spread over a greater base, which reduces rates for HHS customers. For these reasons, PSC is committed to increasing sales from all customers, including those outside of HHS.

This performance measure is under development in FY 2011 in order to establish a baseline. The data for this performance measure is obtained from the Customer Report and Cost Recovery Reports in its PRICES invoicing system. A preliminary target is being established for FY 2011 to strive for 5% increase in business from customers outside of HHS. In FY 2009, the revenue from customers outside of HHS was $369 million and in FY 2010, the revenue from customers outside of HHS was $396 million for a 7% increase in business from customers outside of HHS.

After the development period of this performance measure in FY 2011, we will have a more realistic performance target in FY 2012. At that time, we will be able to validate whether the 5% is an attainable and challenging target for the increase in business from non-HHS business.

1.3 Long-term Objective: Improve Cost Savings to HHS through Asset Management:

Two critical factors that influence a customer's decision to purchase services from PSC are quality of the service and the price. PSC's first three performance measures address methods for monitoring quality, timeliness and improving customer satisfaction.

The previous three performance measures focus on monitoring volume of products and services purchased, which directly correlates to the prices PSC charges its customers. The remaining performance measures address factors that influence price; however, this set of measures focuses on the overall cost of delivering the products and services. If PSC costs can be maintained or reduced and the volume of services purchased remains steady or increases, then prices will remain the same or decrease.

Performance Measure 1.3.1 (Department-wide Consolidations: Participate in Department-wide consolidations - Discontinued starting in FY 2011; Target exceeded in FY 2010):

This performance measure was established in FY 2007 and replaced a retired measure that previously tracked PSC's contributions to the Department's goal for a reduction in administrative staff. The new measure was intended to track PSC's participation in Department-wide consolidations which addressed the overall Department goal of reducing administrative costs. The following is an accounting of the PSC performance to date:

FY 2007 – PSC did not participate in a Department- wide consolidation.

FY 2008 – PSC participated in two Department-wide consolidations through HHS Consolidated Acquisition Solution (HCAS) and HSPD-12 Shared Biometric Enrollment and PIV Card Issuance Initiative. PSC had a leading role in the Department-wide consolidation of acquisition systems. There were two distinct ways in which this created administrative cost savings. First, by consolidating operations and maintenance activities for HCAS into one group, PSC was able to bring IHS onto HCAS without additional administrative staff. Additional HHS Operating Divisions joined in this effort in FY 2009 without a requirement for additional administrative staff. Cost savings have been achieved between HCAS Operations and UFMS operations with respect to sharing and leveraging tools, processes, and infrastructure. This obviated the need for an additional FTE and achieved approximately $1.5 million savings in contractor resources, $1.1

million in savings in software tool costs, and $0.5 million in server infrastructure.

PSC, in a calculated effort to reduce costs and minimize duplication of effort across HHS, purchased and deployed 22 HSPD-12 mobile Biometric enrollment and 21 Personal Identity Verification (PIV) card issuance stations across the United States and affiliated US territories. This program offered OPDIV and STAFFDIV field offices the opportunity to enroll and be issued the new PIV card without having to procure, install and maintain expensive equipment, as well as staff the effort. These networked systems also eliminated the need for personnel to travel to their headquarters' offices for enrollment and PIV card issuance, saving time and money.

This FY 2008 effort achieved savings for the Department during its first eighteen months of operation. Other HHS organizations chose to use the PSC Division of Security Services (DSES) at PSC as an HSPD-12 enrollment and issuance service provider. NIH, NDMS, CMS, IHS, OMHA, and the OIG signed memoranda of understanding governing the provision of these services by the PSC.

FY 2009 – PSC exceeded the performance target under this Department-wide Consolidations performance measure by its involvement in two Department-wide consolidations through HHSIdentity EAM (Secure Single Sign-On) and iProcurement. The HHS Identity EAM was created under one integrated infrastructure which can use identity cards or one ID and password login to access multiple applications. iProcurement was developed to provide the Department with a functionality that streamlined the procurement process at the requisition and receiving stages.

FY 2010– PSC participated in Department-wide consolidations and achieved the performance target by incorporating the Learning Management System (LMS) and e-Gov Travel under the single sign-on capability.

This goal is no longer one of the HHS Goals (refer to: Alignment with HHS Strategic Plan Table). The PSC decided to discontinue this performance measure in FY 2011 in order to concentrate on metrics that are more closely aligned with the new strategy of the Assistant Secretary for Administration and have more direct impact on price, service quality and customer satisfaction. Even though this performance measure is discontinued, PSC will continue to support the goal of reducing administrative costs.

Performance Measure 1.3.2 (Overhead Costs: Maintain PSC overhead rate to be less than 1.4% of total costs - Target exceeded in FY 2010):

PSC recognizes that it must be prudent in controlling overhead costs (those not involved directly in the performance of our products and services). To achieve this outcome, PSC originally established a performance measure to reduce the resources consumed by overhead to the extent possible while still maintaining required internal support functions.

FY 2007 – PSC established a revised target of maintaining an overhead rate of 1.6% or less. This budgeted overhead rate increased slightly from the FY 2006 target due to inclusion of FTE and contractual costs into overhead that were previously supplemented by the PSC Service Areas. In addition, the increase included funds for upcoming business initiatives as well as increases related to oversight of competitive sourcing contracts. In FY 2007, the actual overhead rate result was 1.3% so that the FY 2007 target of 1.6% was achieved.

FY 2008 – PSC achieved a 1.2% performance result which achieved the FY 2008 target of 1.6%. The performance target for FY 2008 was materially exceeded by the aggressive actions of the Office of the Director to control costs.

For both FY 2009 and FY 2010, the performance targets were to maintain an overhead rate of 1.6%. Thus, PSC achieved its target by maintaining a low overhead rate of 1.2% in FY 2009 and 1.1% in FY 2010. PSC controlled the overhead costs by limiting contract costs under the Office of the Director. For FY 2011 and FY 2012, the target for this performance measure is the rate of 1.4% based on the PSC's ability to control overhead costs from previous years.

Performance Measure 1.3.4 (Employee Satisfaction: Increase the percentage of overall employee satisfaction PSC-wide - Target was not met but improved for FY 2010):

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

In the measurement of employee satisfaction levels before FY 2009, PSC relied on the results of the Department's bi-annual human capital survey (even years) and the OPM HCIS (odd years). The results of the FY 2007 survey were released to PSC in March 2008 and demonstrated that PSC employees who responded to the survey had an overall job satisfaction rating of 58%. Therefore, the FY 2007 target of 75% was not met. To address the outcome of the FY 2007 Human Capital Survey, the PSC continued the implementation of the employee engagement program to communicate survey results and generate discussions over how to address negative results.

The results of the FY 2008 Human Capital Improvement Survey that were released to PSC in April 2009 indicated that 27% of PSC employees responded to the survey. The personnel who participated in the survey revealed an overall job satisfaction rating of 53%. Therefore, the FY 2008 target of 75% was not met. To address the outcome of the FY 2008 HCIS, PSC evaluated the results and planned new strategies to address the shortcomings. PSC implemented Operation High GEAR, a series of 15 initiatives to address tactical and strategic goals to transform the PSC into a customer-focused shared services organization. Five of the 15 initiatives were designed to improve PSC's Human Capital experience (refer to section "PSC Approach to Performance Management")

The PSC Employee Communication Survey results conducted in FY 2008 showed that many components of PSC communications were effective in providing useful and timely information to the PSC employee. The survey revealed that the PSC employee newsletter (eNews,), was "Useful" or "Somewhat Useful" to 73% of the respondents. Feedback from the new-hire orientation program revealed that knowledge of HHS, PSC and PSC Performance increased by 10%, 40% and 42% respectively. In addition, 51% of the attendees of the new hire orientation rated it as excellent and 58% felt that it was relevant, contained the right amount of detail, and prepared them to work in the PSC.

The results of the FY 2009 AES employee survey that were released to the PSC in August 2010 revealed an overall job satisfaction rating of 66%. Therefore, the FY 2009 target of 75% was not met. The FY 2009 Employee Satisfaction performance results were combined with its HHS parent organization at the Office of the Secretary for a random sample of HHS full-time employees only because of the rollout of the new Employee Viewpoint Survey (EVS) in February 2010. In other words, the FY 2009 Employee Satisfaction for the Office of Secretary was 66% and not statistically relevant for PSC employees.

The results of the FY 2010 Employee Viewpoint Survey (EVS) that were released to PSC in August 2010 revealed an overall job satisfaction rating of 69%. Even though PSC did not meet the target of 75%, it indicates employee satisfaction has been steadily increasing in the last few years. The increase in PSC's employee satisfaction was due to employee-centered policies and numerous proactive actions and initiatives. Aside from the High GEAR Program, PSC leadership has been actively opening channels of communication as evident in its All Hands Meetings, recognition and awards programs and work-life balance programs.

Each quarter, PSC conducted an All-Hands Meeting to share vital organization information with PSC staff, and gathered feedback through a post-meeting survey. According to average survey results, 75-80% of respondents viewed meeting topics favorably, indicating that the meetings were an effective forum for learning and providing feedback to PSC leadership. Approximately 80% responded favorably that leadership is engaged and committed to improving the work environment.

Concerning the Awards Program, more than one-third of all PSC employees participated in a survey conducted on December 7, 2009, used to ascertain supervisors' and employees' perceptions and knowledgebase about the current Employee Awards Program. Survey results indicated that approximately 80% of employees and 90% of supervisors have received awards while employed by the PSC. Also, perceptions vary between supervisors and employees on whether awards improve morale and performance. Based on these findings, PSC made changes in the structure and management of the PSC awards program.

PSC implemented the new Employee Awards and Recognition Program in FY 2010 including a communications and training module around awards as a means to ensure that managers are aware of their role in rewarding high performance and employees are aware of the process. The PSC has also provided work-life balance programs such as Alternative Work Schedules (AWS) and Child Care Subsidy which began on October 1, 2000.

PSC implemented a Succession Planning Program to ensure it is proactively planning for the loss of employees in mission-critical positions. The Succession Planning Programs help improve job satisfaction through mentoring and training that prepares personnel to be ready for the mission critical positions.

PSC will continue to measure employee satisfaction as a critical component of its performance management program. PSC will continue to improve human capital processes by focusing on human capital strategy, workforce planning and recruiting, knowledge management, career development, rewards and recognition, succession planning, and work-life balance.

These efforts are expected to assist the PSC in achieving higher levels of employee satisfaction across the organization and help it achieve the targets of 75% overall job satisfaction for FY 2011 and FY 2012.

Performance Measure 1.3.5 (Cost Recovery: Increase the percentage of cost centers recovering within an established variance and achieving target Net Operating Result (NOR) - Target was not met but improved for FY 2010):

As a fee-for-service working capital fund, PSC must fully recover its operating costs with revenue from the customers it serves at the agency level. In order to ensure that cost-recovery information is being managed as effectively as possible, PSC must track it at each individual cost center (product/service).

Each cost center identifies costs, develops rates/prices, and budget then generates revenue. Cost recovery data is reviewed monthly to monitor and adjust performance as needed. Cost recovery is measured through the Net Operating Results (NOR) report which maintains the variance between revenue and obligations. If the revenue of a cost center is equal to or more than its obligations, then it has fully recovered its costs for that fiscal year. Final performance results are determined at the end of the fiscal year and the Cost Recovery performance measure is calculated as the percentage of all cost centers that fully recovered their costs.

The Cost Recovery performance measure enables PSC management to evaluate the performance, cost, and business results of each product line; identify problem areas; and take appropriate action. PSC monitors cost center performance with an expectation that all costs will be covered by customer revenue.

The performance results for FY 2007 showed that only 60% of cost centers fully recovered costs thus the target was not met. The results achieved for FY 2007 were also below the target of 100%. Overall the PSC recovered 100% of its operating costs.

The performance results for FY 2008 showed that 61% of cost centers fully recovered costs. The FY 2008 target was not met but the performance result had improved. While the results achieved for FY 2008 were below the target of 100% once again, PSC recovered 100% of its operating costs overall.

Even though the performance result for FY 2007 was 60% and the result for FY 2008 was 61%, the number of cost centers that did not achieve the performance targets for two consecutive fiscal years was reduced from 10 or 22% to 7 or 11% of the total number of cost centers.

While PSC continues to strive for full cost recovery at the organizational level and cost center level each year, it realizes that unforeseen circumstances and business fluctuations may alter its operations during the course of the year. Therefore, PSC established its FY 2009 target to have 75%, instead of 100%, of its cost centers recover costs. The PSC did not meet its target on this metric in 2009. The performance result was 56% which was a decline of 5% from 2008 and 19% below target. The decrease was mainly due to the challenges brought by the changes in indirect allocations during the organization realignment.

The result for FY 2010 showed that the target was not met but improved by 6% compared to FY 2009 due in part to the Operation High GEAR program. The focus of one of these initiatives is the improvement in basic budget formulation, rate-setting, billing and cost recovery practices and mastering key performance measures at the cost center level. The target of 75% will remain in effect for FY 2011 and FY 2012.

Performance Goal 1.3.6 (Financial Audit: Achieve unqualified audit opinion for the SSF- SSF Audit met in FY 2010)

A key component in managing PSC's costs is to monitor its financial data and ensure that we meet financial reporting requirements. Achieving an unqualified audit opinion from independent auditors is a significant performance measure of how PSC implements financial and management controls and maintains its financial records. Based on government-wide standards, the PSC has adopted a measure that targets a clean, unqualified audit opinion.

The FY 2007 financial audits of the PSC were not completed due to the deployment and stabilization of the Unified Financial Management System (UFMS). Though an independent audit of PSC activities was not completed, all PSC programs were part of the Department-wide audit, which resulted in an Unqualified 'Clean' Opinion for FY 2007.

Effective FY 2008, the SSF fund was audited instead of there being a PSC-specific audit. The Service and Supply Fund Board approved the expansion with the support of the Department's CFO. In FY 2008, PSC received an unqualified "clean" opinion of the SSF balance sheet, with no material weaknesses and reportable conditions.

The FY 2009 SSF Audit completed in March 2010 resulted in a clean opinion of the balance sheet and the related statements of net cost and changes in net position. The clean opinion on FY 2009 SSF financial statements substantiated liquidity, financial flexibility and financial management efficiencies. PSC once again achieved unqualified audit opinion in FY 2010 for the Service Supply Fund. The successful FY 2010 audit results demonstrated again, PSC's continued commitment to its customers and its ability to manage and achieve positive results. The target for the SSF-wide audit performance measure will remain the same for FY 2011 and FY 2012.

OpDIV/StaffDIV-level Information

Alignment with HHS Strategic Plan

The following table displays the alignment of PSC strategic goals with the overall goals of HHS.

HHS Strategic Goals	**PSC Objective 1: Improve Quality – in** administrative support to enable PSC customers to focus on their missions.	**PSC Objective 2: Improve Cost Savings to HHS through Market Expansion/New Business Opportunities -** to spread costs, resulting in rate reductions.	**PSC Objective 3: Cost Reduction to HHS through Asset Management** – reducing annual costs to our customers through productivity improvements including fiscal and human capital improvements**.**
1 Transform Health Care			
1.A Make coverage more secure for those who have insurance, and extend affordable coverage to the uninsured			
1.B Improve health care quality and patient safety			
1.C Emphasize primary and preventive care linked with community prevention services	X	X	
1.D Reduce the growth of health care costs while promoting high-value, effective care			
1.E Ensure access to quality, culturally competent care for vulnerable populations			
1.F Promote the adoption of health information technology			
2 Advance Scientific Knowledge and Innovation			
2.A Accelerate the process of scientific discovery to improve patient care			

HHS Strategic Goals	PSC Objective 1: Improve Quality – in administrative support to enable PSC customers to focus on their missions.	PSC Objective 2: Improve Cost Savings to HHS through Market Expansion/New Business Opportunities - to spread costs, resulting in rate reductions.	PSC Objective 3: Cost Reduction to HHS through Asset Management – reducing annual costs to our customers through productivity improvements including fiscal and human capital improvements.
2.B Foster innovation at HHS to create shared solutions		X	X
2.C Invest in the regulatory sciences to improve food and medical product safety			
2.D Increase our understanding of what works in public health and human service practice			
3 Advance the Health, Safety and Well-Being of the American People			
3.A Ensure the safety, well-being, and healthy development of children and youth			
3.B Promote economic and social well-being for individuals, families and communities			
3.C Improve the accessibility and quality of supportive services for people with disabilities and older adults			
3.D Promote prevention and wellness	X	X	
3.E Reduce the occurrence of infectious diseases	X		
3.F Protect Americans' health and safety during emergencies, and foster resilience in response to emergencies			

HHS Strategic Goals	PSC Objective 1: Improve Quality – in administrative support to enable PSC customers to focus on their missions.	PSC Objective 2: Improve Cost Savings to HHS through Market Expansion/New Business Opportunities - to spread costs, resulting in rate reductions.	PSC Objective 3: Cost Reduction to HHS through Asset Management – reducing annual costs to our customers through productivity improvements including fiscal and human capital improvements.
4 Increase Efficiency, Transparency, and Accountability of HHS Programs			
4.A Ensure program integrity and responsible stewardship of resources	X		X
4.B Fight fraud and work to eliminate improper payments	X	X	
4.C Use HHS data to improve the health and well-being of the American people			
4.D Improve HHS environmental, energy, and economic performance to promote sustainability		X	
5 Strengthen the Nation's Health and Human Service Infrastructure and Workforce			
5.A Invest in the HHS workforce to meet America's health and human services needs today and tomorrow	X	X	
5.B Ensure that the Nation's health care workforce can meet increased demands			
5.C Enhance the ability of the public health workforce to improve public health at home and abroad		X	
5.D Strengthen the Nation's human services workforce			

HHS Strategic Goals	**PSC Objective 1: Improve Quality – in** administrative support to enable PSC customers to focus on their missions.	**PSC Objective 2: Improve Cost Savings to HHS through Market Expansion/New Business Opportunities -** to spread costs, resulting in rate reductions.	**PSC Objective 3: Cost Reduction to HHS through Asset Management** – reducing annual costs to our customers through productivity improvements including fiscal and human capital improvements**.**
5.E Improve national, state, and local surveillance and epidemiology capacity			

Summary of Findings and Recommendations from Completed Program Evaluations

As the shared services provider for the Department, PSC's mission is to assist and enable HHS to focus on its core mission of enhancing the health and well being of all Americans. The PSC accomplishes this by providing a centralized services provider to deliver common administrative services to the HHS Operating Divisions. Through the resulting economies of scale the PSC is able to better control costs for all and lift the administrative burden from the Divisions.

PSC's activities are administrative in nature not programmatic. As such they not subject to program evaluations.

Most of the performance measures of PSC deal with some aspect of customer service and support.

Disclosure of Assistance by Non-Federal Parties

There is no contribution from non-Federal entity in preparing the FY 2011 OPA.

List of Acronyms

AOS - Administrative Operations Service
ASA – Assistant Secretary Administration
BCSS - Business Continuity and Security Services
BFC - Board for Corrections
CASU – Cooperative Administrative Service Unit
FMS - Financial Management Service
FOH - Federal Occupational Health
ISMS - Information & Systems Management Service
OD - Office of the Director
OGA – Other Government agency
OpDIV – Operating Division
PBO - PSC Business Office
PRICES - PSC Revenue, Invoicing, and Cost Estimation System
PSC - Program Support Center
SAS - Strategic Acquisition Service
SSF – Service & Supply Fund
StaffDIV – Staff Division